

CONFIDENTIAL

EXCHANGE OFFER MEMORANDUM AND CONSENT SOLICITATION STATEMENT



**CLISA**

*Compañía Latinoamericana de  
Infraestructura & Servicios S.A.*

**CLISA - Compañía Latinoamericana de Infraestructura & Servicios S.A.**

*(incorporated under the laws of the Republic of Argentina)*

**Offer to Exchange**

**Any and All of its Outstanding 9.5% Senior Notes due 2023 and  
any and All of its Outstanding 9.5% Senior Secured Notes due 2023  
for its Step-Up Senior Secured Notes due 2027**

**and**

**Solicitation of Consents to the Proposed Amendments to the Indenture  
for its 9.5% Senior Notes due 2023 and to the Indenture for its 9.5%  
Senior Secured Notes due 2023**

The Exchange Offer and Solicitations (as defined below) will expire at 9:00 a.m. (New York City time) on August 12, 2021 (such date and time, as the same may be extended with respect to the Exchange Offer and Solicitations, the “Expiration Date”). Registered holders of the 9.5% Senior Notes due 2023 (the “Old Unsecured Notes”) and the 9.5% Senior Secured Notes due 2023 (the “Old Secured Notes,” and together with the Old Unsecured Notes, the “Old Notes”), and each such holder of Old Notes, a “Holder”) must validly tender their Old Notes, submit their consents and grant certain powers and instructions before the Expiration Date to be eligible to receive the Exchange Price (as described below). To be eligible to receive the Early Participation Consideration (as described below), Holders must validly tender their Old Notes, submit their consents and grant certain powers and instructions before 9:00 a.m., New York City time, on July 28, 2021, unless extended or earlier terminated by the Issuer (as defined below) in its sole discretion, subject to applicable law (such date and time, as the same may be extended or earlier terminated, the “Early Participation Date”). Old Notes tendered for exchange may be validly withdrawn and consents and powers granted and instructions may be revoked at any time prior to 9:00 a.m. (New York City time) on August 12, 2021 (such date and time, as the same may be extended, the “Withdrawal Date”). If on the Expiration Date, the Old Notes validly tendered in the Exchange Offer represent less than 98% of the aggregate principal amount of outstanding Old Notes, but the majorities required by the Bankruptcy Law No. 24,522 and its amendments (hereinafter, the “Bankruptcy Law” or the “LCQ” from the Spanish initials of *Ley de Concursos y Quiebras*, indistinctly) to request judicial approval of Clisa’s APE (from the Spanish initials of *Acuerdo Preventivo Extrajudicial*, or out-of-court reorganization agreement, as defined below) are met and the Special Majority (as described below) is met with respect to the Old Secured Notes, Clisa and the Holders of such Old Notes, on the Exchange Date (as defined below), will enter into Clisa’s APE by which such Holders will accept the restructuring of the debt represented by the Old Notes and the extinction and novation of the Existing Guarantees and the Old Share Pledge (as defined below), by means of an out-of-court reorganization agreement pursuant to the provisions of Title II, Chapter VII of the Bankruptcy Law.

CLISA - Compañía Latinoamericana de Infraestructura & Servicios S.A., a corporation (*sociedad anónima*) organized under the laws of the Republic of Argentina (“Clisa” or the “Issuer”), is hereby offering to Eligible Holders (as defined herein), upon the terms and subject to the conditions set forth in this exchange offer memorandum (as it may be amended or supplemented from time to time, the “Exchange Offer Memorandum”), to exchange its outstanding Old Notes for its new notes described below, which we refer to as the “New Notes.” The offer to exchange Old Notes for New Notes is referred to as the “Exchange Offer.” The public offering of the Old Notes was approved by Resolutions of the Argentine National Securities Commission (*Comisión Nacional de Valores*, the “CNV”) No. 18,109 of July 6, 2016 and No. 20,596 of December 6, 2019.

CUSIP/ISIN	Coupon of Old Notes	Maturity Date of Old Notes	Aggregate Principal Amount Outstanding	Title of New Notes to be Issued	Exchange Price <sup>(1)</sup>	Early Participation Consideration <sup>(2)</sup>
<i>Old Unsecured Notes:</i>						
20445P AE5/US20445PAE51 (Rule 144A) .. P3063X AF5/USP3063XAF52 (Reg. S).....	9.5%	7/20/2023	U.S.\$29,960,000	Step-Up Senior Secured Notes due 2027	U.S.\$1,010	U.S.\$13.50
<i>Old Secured Notes:</i>						
20445P AG0/US20445PAG00 (Rule 144A).. P3063X AH1/USP3063XAH19 (Reg. S) .....	9.5%	7/20/2023	U.S.\$302,261,086	Step-Up Senior Secured Notes due 2027	U.S.\$1,010	U.S.\$13.50

- (1) Per U.S.\$1,000 of Old Notes. Payable in principal amount of New Notes. U.S.\$10 amount per U.S.\$1,000 principal amount corresponds to the partial capitalization of accrued and unpaid interest under the existing Old Notes at the Exchange Date.
- (2) Per U.S.\$1,000 of Old Notes. Payable in cash, corresponding to the partial payment of unpaid accrued interest under the Old Notes on the Exchange Date.

The Issuer is also conducting a solicitation of consents from Holders to make certain proposed amendments to the indenture dated January 17, 2020 under which the Old Secured Notes were issued (the “Old Secured Notes Indenture”), including eliminating substantially all of the restrictive covenants and events of default and related provisions, as well as releasing the collateral securing the Old Secured Notes (the “Old Share Pledge”) and certain subsidiaries from their obligations to guarantee the Old Secured Notes (the “Guarantees of the Old Secured Notes”), as further described in “*Annex A—Proposed Amendments to the Old Notes Indentures*.” The proposed amendments to the Old Secured Notes Indenture require the consent by the Holders of a majority of the aggregate principal amount of outstanding Old Secured Notes, except for the amendments consisting of (i) the release of the Old Share Pledge and (ii) the release of the Guarantees of the Old Secured Notes, which require the consent of Holders of at least 75% in aggregate principal amount of outstanding Old Secured Notes.

In addition, the Issuer is conducting a solicitation of consents from Holders to make certain proposed amendments to the indenture dated as of July 20, 2016, as amended by the supplemental indenture dated as of January 17, 2020, under which the Old Unsecured Notes were issued (the “Old Unsecured Notes Indenture,” and together with the Old Secured Notes Indenture, the “Old Notes Indentures”) that would modify or eliminate certain provisions under the Old Unsecured Notes Indenture, including substantially all of the restrictive covenants and events of default, as well as release the guarantees of the Old Unsecured Notes (the “Guarantees of the Old Unsecured Notes” and, together with the Guarantees of the Old Secured Notes, the “Existing Guarantees”), as further described in “*Annex A—Proposed Amendments to the Old Notes Indentures*” (the consent solicitations to make the proposed amendments to the Old Notes Indentures, hereinafter, the “Consent Solicitation”). The proposed amendments to the Old Unsecured Notes Indenture require the consent of a majority of the aggregate principal amount of outstanding Old Unsecured Notes, except for the release of the Guarantees of the Old Unsecured Notes that will require the consent by the Holders of at least 75% in aggregate principal amount of outstanding Old Unsecured Notes.

If the Quorum (as defined below) is reached, the proposed amendments to the Old Unsecured Notes Indenture will be considered at the Holders’ Meeting to be held at the offices of the Issuer at Av. Leandro N. Alem 1050, 9th floor, C1001AAS, Autonomous City of Buenos Aires (the “City of Buenos Aires”), Argentina on the dates and time to be established for first and second call through legal announcements that Clisa will publish in due course, provided a majority is reached as set out under the Old Unsecured Notes Indenture. Only Holders who have given valid notice of their intention to attend the original Holders’ Meeting will be allowed to participate in the second meeting; provided, however, that if the regulations imposing mandatory isolation and/or restrictions on the free movement of people in the City of Buenos Aires are in force on such dates, then the Holders’ Meeting will be held virtually on the dates and time published in the notice of Holders’ Meeting in accordance with the provisions of Resolution No. 830/2020 of the CNV, applicable also to noteholders’ meetings.

The special majority of 75% of the aggregate principal amount of Old Unsecured Notes required to release the Guarantees of the Old Unsecured Notes and the special majority of 75% of the aggregate principal amount of the Old Secured Notes required to release the Guarantees of the Old Secured Notes and the Old Share Pledge are hereinafter referred to as the “Special Majority”.

Holders of approximately 72.9% of the principal amount of the Old Secured Notes, taken as a whole, have agreed (among other things) to tender their Old Secured Notes in the Exchange Offer, consent to the proposed amendments to the Old Secured Notes Indenture and vote or cause to be voted their Old Secured Notes in connection with the APE Solicitation (as defined below) pursuant to the Restructuring Support Agreement (as defined below), subject to certain conditions therein.

The Issuer also requests that the Holders of Old Notes grant certain powers and provide instructions to the Information, Exchange and Tabulation Agent so that the agent may, on their behalf, among other things: (i) enter into Clisa’s APE; (ii) make any Permitted Amendment (as defined below) to the terms and conditions of Clisa’s APE as may be necessary by virtue of a

resolution of the Court (as defined below); (iii) appear and vote in favor of the ratification to execute Clisa's APE at one or more meetings of Holders of the Old Notes called for such purposes (even by order of the Court) (the "APE Meetings"); (iv) perform any other act as may be necessary under Clisa's APE; and (v) enter into the Local Trust (as defined below) in its capacity as trustor, transferring the fiduciary ownership of the Old Notes of the Holders who have validly participated in the APE Solicitation (hereinafter, the "Participating Holders") to the Local Trustee (as defined below) for the purposes provided in the Local Trust (hereinafter the "APE Solicitation" and, together with the Consent Solicitation, the "Solicitations").

Holders may find the text of the APE Offer (as defined below) that, if accepted as described below, will document Clisa's APE as Annex B to this Exchange Offer Memorandum. Copies of the different Annexes of Clisa's APE should be requested to the Information, Exchange and Tabulation Agent or outside Argentina, to the Dealer Manager, or in Argentina, to the Argentine Dealer Manager, at the addresses listed on the back cover page of this Exchange Offer Memorandum.

If, on the Expiration Date, the Old Notes validly submitted in the Exchange Offer represent *less than* 98% of the aggregate principal amount of outstanding Old Notes, but the Minimum Conditions (as defined below) are fulfilled, Clisa will: (i) on the Exchange Date: (a) deliver to the Information, Exchange and Tabulation Agent an irrevocable offer to enter into Clisa's APE, signed by Clisa (the "APE Offer"), which acceptance by the Information, Exchange and Tabulation Agent on behalf of the Participating Holders, on the basis of the powers granted and instructions provided under the APE Solicitation, will imply the execution of Clisa's APE pursuant to the provisions of Title II, Chapter VII of the LCQ, whereby such Participant Holders will accept the restructuring of the debt represented by the Old Notes and the extinction and novation of the Existing Guarantees and the Old Share Pledge receiving the Exchange Price, and, if applicable, the Early Participation Consideration (hereinafter, "Clisa's APE"); and (b) hold one or more APE Meetings of the Old Notes to discuss the ratification to execute Clisa's APE, at which the Information, Exchange and Tabulation Agent will vote on behalf of the Participating Holders; and (ii) as soon as possible after the Exchange Date, but in any case within five judicial business days in the City of Buenos Aires, Argentina, file Clisa's APE with a national court of first instance in commercial matters based in the City of Buenos Aires, Argentina (such court, together with any court of appeals in commercial matters, the "Court"), in compliance with all other requirements set forth in the LCQ, for purposes of seeking court approval under the terms of Section 76 of the LCQ.

Pursuant to Section 76 of the LCQ, if the Court approves Clisa's APE, it will be binding on 100% of the Holders of the Old Notes, even on the Holders who have not participated in the APE Solicitation (hereinafter, the "Non-Participating Holders"). To seek court approval of Clisa's APE, the Holders representing at least 66.67% of the aggregate principal amount and interest accrued and unpaid of the outstanding Old Notes must have given their consent thereto as of the date on which Clisa issues the statement of assets and liabilities mentioned in subsection 1) of Section 72 of the LCQ (hereinafter, the "Cut-off Date"). Once this requirement has been met, provided that all other legal requirements set by Chapter VII, Title II of the LCQ have also been met, and no objections have been raised or, if raised, they have been resolved in favor of the filing party, the Court will approve Clisa's APE.

Except in the event indicated in the following paragraph, Clisa expects, as soon as possible within thirty (30) days of the date on which the court approval to the APE becomes final, except for any delays not attributable to Clisa, to pay the Exchange Price to the Non-Participating Holders by issuing and delivering New Notes to such Holders in exchange for the Old Notes held by them.

Notwithstanding the foregoing, Clisa may at any time file Clisa's APE with a United States court for purposes of its recognition pursuant to the provisions of Chapter 15 of the United States Bankruptcy Code. In such case, Clisa expects, once Clisa's APE has been approved by the court and as soon as possible within thirty (30) days of recognition of Clisa's APE under applicable U.S. law, except for any delays not attributable to Clisa, to pay the Exchange Price to the Non-Participating Holders in the manner indicated above.

The authorization of the CNV for the public offering of the New Notes includes the authorization for the issuance and public offering of additional New Notes that the Issuer must issue on the Delivery Date (as defined below) for the sole purpose of carrying out the exchange of the Old Notes of the Non-Participating Holders after the resolution approving Clisa's APE is passed. The Issuer will announce the issuance of such additional New Notes or, failing that, the fact that the judicial resolution rejecting the approval of Clisa's APE is definitive.

The New Notes that the Issuer must issue on the Delivery Date will be issued pursuant to a supplemental indenture and will have the same terms and conditions of the New Notes issued on the Issue Date with the exception that the Non-Participating Holder who receives them will only accrue interest (in cash and, where applicable, also in kind) corresponding to the interest period in progress at the time of the Delivery Date and subsequent interest periods.

The receipt of New Notes will be construed as the outright and irrevocable acceptance of the terms of Clisa's APE by the Non-Participating Holders, thus irrevocably waiving any claim against the Issuer and/or Benito Roggio e Hijos ("BRH")

and/or Cliba Ingeniería Urbana S.A. (“Cliba”) to seek collection of any other amounts, including, the right to collect accrued and unpaid interest under the Old Notes held by them as of the Delivery Date.

The Exchange Offer and Consent Solicitation and APE Solicitation are subject to (x) certain conditions (that Clisa may invoke or waive in whole or in part), and (y) to the following conditions (which cannot be waived by Clisa): (i) that Old Notes are validly offered and not validly withdrawn on the Expiration Date, representing 66.67% at least, of the total outstanding nominal value of the Old Notes and interest accrued as of the Cut-off Date (not including the Old Notes that are held by the Issuer or its subsidiaries) and (ii) that the Special Majority is reached with respect to the Old Secured Notes (the “Minimum Conditions”). Solicitations will automatically cease to have effect if the Minimum Conditions have not been met by the Expiration Date.

After the Expiration Date and upon the fulfillment of the Minimum Conditions, the following events are expected to take place on the Exchange Date (in the event Clisa does not terminate the Exchange Offer and Consent Solicitation and APE Solicitation on or before such date) in the chronological order set forth below:

(i) if the Old Notes validly submitted in the Exchange Offer represent 98% or more of the aggregate principal amount of outstanding Old Notes:

- (a) If the Quorum is reached, the Holders’ Meeting will be held so that the Holders of Old Unsecured Notes, represented by the Information, Exchange and Tabulation Agent, who have validly granted their consents, deliver their consents to the amendments to the Old Unsecured Notes Indenture; and, in case of the affirmative vote of the Special Majority of the Old Unsecured Notes, with the release and waiver of the Guarantees of the Old Unsecured Notes;
- (b) (1) the supplemental indenture to the Old Secured Notes Indenture will be entered into; and (2) if it has been approved by the Holders’ Meeting, the supplemental indenture to the Old Unsecured Notes Indenture will be entered into, in each case, for the purpose of making the proposed amendments to such indentures;
- (c) (1) the Old Share Pledge and the Guarantees of the Old Secured Notes will be released, and (2) if it has been approved by the Holders’ Meeting, the Guarantees of the Old Unsecured Notes will be released; and
- (d) Clisa will pay the Exchange Price to the Participating Holders, by issuing New Notes for such face value as may be necessary to exchange them for all the Old Notes validly submitted under the Exchange Offer and accepted by Clisa, paying the Early Participation Consideration, in cash, to the Participating Holders who had validly submitted their Old Notes under the Exchange Offer on or before the Early Participation Date, as accepted by Clisa, and cause the execution and delivery of the guarantees of the New Notes and the Share Pledge Agreements (as defined below) to secure the New Notes; or

(ii) if the Old Notes submitted in the Exchange Offer represent *less than* 98% of the aggregate principal amount of outstanding Old Notes:

- (a) Clisa will deliver the APE Offer to the Information, Exchange and Tabulation Agent in order to enter into Clisa’s APE;
- (b) if the Quorum is reached, the Holders’ Meeting will be held so that the Holders of Old Unsecured Notes, represented by the Information, Exchange and Tabulation Agent, who have validly granted their consents, deliver their consents to the amendments to the Old Unsecured Notes Indenture; and, in case of the affirmative vote of the Special Majority of the Old Unsecured Notes, with the release and waiver of the Guarantees of the Old Unsecured Notes;
- (c) (1) the supplemental indenture to the Old Secured Notes Indenture will be entered into; and (2) if it has been approved by the Holders’ Meeting, the supplemental indenture to the Old Unsecured Notes Indenture will be entered into, in each case, for the purpose of making the proposed amendments to such indentures;
- (d) (1) the Old Share Pledge and the Guarantees of the Old Secured Notes will be released, and (2) if it has been approved by the Holders’ Meeting, the Guarantees of the Old Unsecured Notes will be released;
- (e) the Information, Exchange and Tabulation Agent acting on behalf of the Participating Holders will accept the Exchange Offer, thus executing Clisa’s APE;



(f) hold one or more APE Meetings of the Old Notes to discuss the ratification to execute Clisa's APE, at which meeting(s) the Information, Exchange and Tabulation Agent will vote to that effect on behalf of the Participating Holders;

(g) pursuant to the provisions of Clisa's APE, Clisa will pay the Exchange Price to the Participating Holders by issuing New Notes for such face value as may be necessary to exchange the New Notes for all the Old Notes validly submitted under the Exchange Offer and accepted by Clisa, paying the Early Participation Consideration, in cash, to the Participating Holders who had validly granted their powers under the APE Solicitation on or before the Early Participation Date, as accepted by Clisa, and cause the execution and delivery of the guarantees of the New Notes and the Share Pledge Agreements to secure the New Notes;

(h) the Old Notes of the Participating Holders will be transferred by the Information, Exchange and Tabulation Agent to TMF Trust Company (Argentina) S.A. (the "Local Trustee"), in order for the Local Trustee to exercise fiduciary ownership over them in accordance with the provisions of the trust agreement that the Information, Exchange and Tabulation Agent as settlor, the Local Trustee and Clisa as beneficiary shall enter into in accordance with the terms and conditions of the offer for the execution of a trust agreement that the Information, Exchange and Tabulation Agent will submit to the Local Trustee and Clisa and that the Local Trustee and Clisa will accept on the Exchange Date (the "Local Trust"), and the Local Trustee will keep such Old Notes in its possession until the Local Trustee is required to deliver them to the trustee of the Old Notes Indentures for cancellation, which will occur on the Delivery Date after the Issuer has notified the Local Trustee and the trustee under the Old Notes Indentures that the court approval of Clisa's APE has become final, or on the date on which the Issuer notifies the Local Trustee and the trustee under the Old Notes Indentures that such court approval has been denied on a final basis or at any other time as resolved by the Company in its sole discretion as long as such cancellation shall not prejudice the APE's proceeding or the Court approval. The terms and conditions of the Local Trust are available to the Holders at the addresses of the Information, Exchange and Tabulation Agent, the Dealer Manager and the Argentine Dealer Manager detailed in the final page of this Exchange Offer Memorandum;

(i) as soon as possible after the Exchange Date, but in any case within five judicial business days in the City of Buenos Aires, Argentina, Clisa will file with the Court Clisa's APE in compliance with all other requirements set forth in the LCQ, for purposes of seeking court approval under the terms of Section 76 of the LCQ. The court approval of Clisa's APE will cause, *inter alia*, the novation and extinguishment of the Guarantees of the Old Unsecured Notes, provided that such Guarantees remain in effect due to the failure to reach the Special Majority at the Holders' Meeting; and

(j) after filing Clisa's APE before the Court, Clisa will use its best efforts to obtain its judicial approval in the terms of Section 76 of the LCQ, not being able to withdraw from said request until its approval or until the rejection of the aforementioned judicial approval has been finalized.

The Issuer is simultaneously conducting the Exchange Offer and Solicitations. Any Eligible Holder who exchanges Old Notes for New Notes pursuant to the Exchange Offer must also deliver its consent to the Solicitations, including the corresponding proposed amendments to the Old Notes Indentures and Clisa's APE, and grant the respective powers and instructions. Eligible Holders may not deliver consents under the Solicitations without tendering their Old Notes for the New Notes in the Exchange Offer.

**Participating in the Exchange Offer and Consent Solicitation and APE Solicitation involves risks. See the "Risk Factors" section beginning on page 37 of this Exchange Offer Memorandum.**

**NONE OF THE EXCHANGE OFFER, THE CONSENT SOLICITATION, THE APE SOLICITATION NOR THE NEW NOTES HAVE BEEN REGISTERED, AND WILL NOT BE REGISTERED, UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED, OR UNDER THE SECURITIES LAWS OF ANY OTHER JURISDICTION, OTHER THAN ARGENTINA. THE NEW NOTES MAY NOT BE OFFERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS, EXCEPT TO ELIGIBLE HOLDERS IN COMPLIANCE WITH SECTION 4(a)(2) OR REGULATION S UNDER THE SECURITIES ACT, AS APPLICABLE.**

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*The Dealer Manager for the Exchange Offer and Consent Solicitation is:*

# BCP Securities, LLC

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*The Argentine Dealer Manager for the Exchange Offer and Consent Solicitation is:*

**Banco CMF S.A.**

July 15, 2021

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## IMPORTANT INFORMATION

The Exchange Offer is being made upon the terms and subject to the conditions set forth in this Exchange Offer Memorandum. This Exchange Offer Memorandum contains important information that Eligible Holders are urged to read before any decision is made with respect to the Exchange Offer. Any questions regarding procedures for tendering Old Notes or requests for additional copies of this Exchange Offer Memorandum should be directed to D.F. King (the “Information, Exchange and Tabulation Agent”).

Clisa hereby invites all Eligible Holders of the Old Notes to exchange, upon the terms and subject to the conditions set forth in this Exchange Offer Memorandum, any and all of their Old Notes for New Notes, all as described below under “*Description of the Exchange Offer and Consent Solicitation and APE Solicitation.*”

Subject to applicable law and the terms hereof, this Exchange Offer may be amended, extended or, upon failure of a condition to be satisfied or waived prior to the Expiration Date or Exchange Date, as the case may be, terminated.

### The Consent Solicitation

The Issuer, through this Exchange Offer, is also soliciting;

- from the Holders of the Old Secured Notes consent to the proposed amendments to the Old Secured Notes Indenture, including eliminating substantially all of the restrictive covenants and certain events of default and related provisions, as well as releasing the Guarantees of the Old Secured Notes and releasing the Old Share Pledge; and
- from the Holders of the Old Unsecured Notes consent to the proposed amendments to the Old Unsecured Notes Indenture, including eliminating certain covenants and events of default and related provisions, as well as releasing the Guarantees of the Old Unsecured Notes.

The Issuer will comply with the requirements established in Argentine Law No. 23,576, as amended and supplemented (*Ley de Obligaciones Negociables*, or the “Negotiable Obligations Law”) and any other applicable Argentine regulations relating to the Holders’ consent to the proposed amendments to the Old Notes Indentures.

The tender of Old Notes by an Eligible Holder for exchange pursuant to the Exchange Offer will constitute the consent of such Eligible Holder to the proposed amendments. To effect a tender of Old Notes and a delivery of consents to the proposed amendments, Holders must electronically transmit their acceptance in accordance with DTC’s ATOP procedures (as defined below). See “*Description of the Exchange Offer and Consent Solicitation and APE Solicitation—Procedures for Tendering.*”

Eligible Holders may not tender their Old Notes for exchange without delivering their consents pursuant to the Consent Solicitation and may not deliver their consents without tendering their Old Secured Notes for exchange pursuant to the Exchange Offer. The proposed amendments require the requisite consents of the corresponding outstanding Old Notes. Following receipt of the requisite consents the parties to the corresponding Old Notes Indenture will enter into a supplemental indenture to such Old Notes Indenture giving effect to the proposed amendments. The proposed amendments to the Old Notes Indentures, if they become effective, may have adverse consequences for Holders that do not tender their Old Notes in the Exchange Offer. See “*Risk Factors—Risks Related to the Exchange Offer and Consent Solicitation and APE Solicitation—Effects of the Proposed Amendments to the Old Notes Indentures.*”

### Old Notes Subject to the Exchange Offer

As of the date of this Exchange Offer Memorandum, the aggregate principal amount outstanding of Old Unsecured Notes and Old Secured Notes subject to the Exchange Offer is U.S.\$29,960,000 and U.S.\$302,261,086, respectively.

### Exchange Price and Early Participation Consideration

Upon the terms and subject to the conditions set forth herein, we are offering to exchange, for each U.S.\$1,000 principal amount of Old Notes accepted for exchange, U.S.\$1,010 in principal amount of our New Notes (the “Exchange Price”). In addition, Eligible Holders who validly tender their Old Notes and grant their consents prior to the Early Participation Date and do not validly withdraw their tenders or revoke their consents will receive U.S.\$13.50 for each U.S.\$1,000 principal amount of Old Notes, to be paid in cash on the Exchange Date (the “Early Participation Consideration”). Such payment will account for a partial payment of accrued and unpaid interest under the Old Notes as of the Exchange Date. Eligible Holders who participate in the Exchange Offer by validly tendering their Old Notes and granting their consents prior to the Early

Participation Date will receive no payment under the Old Notes other than the Early Participation Consideration, thus irrevocably waiving, upon delivering their Old Notes, any right to claim from any of the Issuer and the Guarantors payment of any other amounts, including the right to be paid the remaining balance of accrued and unpaid interest on such Old Notes as of the Exchange Date. Eligible Holders who participate in the Exchange Offer by validly tendering their Old Notes and granting their consents after the Early Participation Date but prior to the Expiration Date, will receive no amount accrued under the Old Notes as of the Exchange Date, thus irrevocably waiving, upon delivering their Old Notes, any right to claim from any of the Issuer and the Guarantors payment of any other amounts, including the right to be paid accrued and unpaid interest on such Old Notes as of the Exchange Date.

### **The New Notes**

We will issue up to U.S.\$335,543,297 in aggregate principal amount of New Notes in the Exchange Offer and Solicitations. The New Notes will be unconditionally and irrevocably guaranteed by each of BRH and Cliba (together with BRH, each a “Guarantor” and the “Guarantors”), and will be secured by a first priority pledge governed by the laws of Argentina over common shares of Tecsan Ingeniería Ambiental S.A. (“Tecsan”) representing 100.0% of all of the outstanding capital stock of Tecsan, and over common shares of Central Buen Ayre S.A. (“CBA”) representing 100.0% of all of the outstanding capital stock of CBA, governed by the laws of Argentina.

Except as provided for in the case of the exercise of a PIK Option pursuant to “Description of the New Notes—Principal, Maturity and Interest,” or a mandatory amortization pursuant to the terms described under “Description of the New Notes—Mandatory Excess Cash Amortization,” interest on the New Notes will accrue,

- from and including the Issue Date to, but excluding, January 25, 2023, at the rate of 4.50% per year,
- from and including January 25, 2023 to, but excluding, July 25, 2024, at the rate of 7.50% per year, and
- from and including July 25, 2024 to, but excluding, July 25, 2027, at the rate of 10.50% per year,

and will be payable semi-annually in arrears on January 25 and July 25 of each year, commencing on January 25, 2022. Payments will be made to the persons who are registered Holders at the close of business on July 10 and January 10, as the case may be, immediately preceding the applicable interest payment date (whether or not a Business Day). The New Notes will mature, and the last interest payment will be payable in arrears, on July 25, 2027.

For more information regarding the terms of the New Notes, see “*Description of the New Notes.*”

### **Additional Amounts**

The Issuer has agreed, subject to specified exceptions and limitations, to pay additional amounts to Eligible Holders that participate in the Exchange Offer to cover Argentine withholding taxes on interest payments (including gains treated as interest with respect to the exchange of Old Notes tendered in the Exchange Offer), such that the amount received by such holders after deduction of any amounts such as the withholding tax on interest payments (including gains treated as interest with respect to the exchange of Old Notes tendered in the Exchange Offer) will equal the Exchange Price and the Early Participation Consideration, if applicable.

### **Restructuring Support Agreement**

On July 13, 2021, beneficial holders that hold or investment advisors or subadvisors to or managers of funds, accounts and/or entities that hold collectively, as of such date, approximately 72.9% of the aggregate principal amount of Old Secured Notes outstanding and 66.3% of the aggregate principal amount of Old Notes outstanding (the “Consenting Noteholders”), entered into a restructuring support agreement with Clisa, BRH and Cliba (collectively, the “Company Parties”) (the “Restructuring Support Agreement”). Pursuant to the Restructuring Support Agreement and subject to the terms thereof, the parties thereto have agreed to the principal terms of the Restructuring (as defined therein) including the tender of the Consenting Noteholders’ Old Secured Notes in the Exchange Offer and providing their consent in the Consent Solicitation for the proposed amendments to the Old Secured Notes Indentures. The obligations of the Consenting Noteholders to tender their Old Secured Notes in the Exchange Offer and provide their consent in the Consent Solicitation are subject to the conditions set forth in the Restructuring Support Agreement as more fully described therein (which conditions require, among other matters, that the Company Parties conduct the Exchange Offer and Solicitations in the manner described in this Exchange Offer Memorandum). Notwithstanding anything herein to the contrary, the exercise of any rights and the taking of any actions by the Company Parties in connection with the transactions referred in the Restructuring Support Agreement is subject to their obligations under the Restructuring Support Agreement.

## General

Old Unsecured Notes may be tendered only in minimum principal amounts of U.S.\$1,000 and integral multiples of U.S.\$1,000 in excess thereof, and Old Secured Notes may be tendered only in minimum principal amounts of U.S.\$100 and integral multiples of U.S.\$1.00 in excess thereof (each, an “Authorized Denomination”). No alternative, conditional or contingent tenders will be accepted. Eligible Holders who tender less than all of their Old Notes must continue to hold Old Notes in the Authorized Denominations.

The New Notes will be issued only in minimum denominations of U.S.\$100 and integral multiples of U.S.\$1.00 in excess thereof.

On the Exchange Date, the Issuer will deposit with the Exchange, Information and Tabulation Agent the Early Participation Consideration, if applicable, or, if required by the Exchange, Information and Tabulation Agent, in The Depository Trust Company (“DTC”), an amount of cash sufficient to pay any cash amounts then due, to Eligible Holders who had validly tendered their Old Notes to the Exchange Offer on or before the Early Participation Date and the New Notes will be issued in exchange for any Old Notes tendered for exchange and accepted by us at the Exchange Date in the amount and manner described in this Exchange Offer Memorandum. Old Notes tendered for exchange and accepted by us will be cancelled in accordance with this Exchange Offer Memorandum.

The “Exchange Date” is expected to be August 17, 2021, which is the third business day after the Expiration Date.

**Unless the context indicates otherwise, all references to a valid tender of Old Notes and delivery of consents in this Exchange Offer Memorandum shall mean that such Old Notes and consents have been validly tendered or delivered, at or prior to the Early Participation Date or the Expiration Date, as applicable, and such tender or delivery has not been validly withdrawn or revoked at or prior to the Withdrawal Date.**

## Withdrawal Rights; Extensions; Amendments

Subject to the terms of the Restructuring Support Agreement with respect to Consenting Noteholders, tenders of Old Notes and consents may be validly withdrawn at any time prior to 9:00 a.m., New York City time, on the Withdrawal Date, see “*Important Information—Restructuring Support Agreement*.” After the Withdrawal Date, tenders and consents will become irrevocable, except in certain limited circumstances that may be required by law (as determined by the Issuer).

If the Exchange Offer and Consent Solicitation and APE Solicitation is amended in a manner that we determine constitutes a material change, we will extend the Exchange Offer and Consent Solicitation and APE Solicitation for a period of five (5) to ten (10) business days, depending upon the significance of the amendment and the manner of disclosure to the Holders of the Old Notes, if the Exchange Offer and Consent Solicitation and APE Solicitation would otherwise have expired during that five (5) to ten (10) business day period. Any change in the consideration offered to Holders of Old Notes pursuant to the Exchange Offer and Consent Solicitation and APE Solicitation will be paid to all Holders whose Old Notes and consents and granted powers have been previously tendered and not validly withdrawn.

## Conditions to the Exchange Offer and Consent Solicitation and APE Solicitation

Our obligation to accept Old Notes tendered in the Exchange Offer is subject to the satisfaction of certain conditions applicable to the Exchange Offer described under “*Description of the Exchange Offer and Consent Solicitation and APE Solicitation—Conditions to the Exchange Offer and Consent Solicitation and APE Solicitation*” including certain customary conditions, including that the Issuer will not be obligated to consummate the Exchange Offer upon the occurrence of an event or events or the likely occurrence of an event or events that would or might reasonably be expected to prohibit, restrict or delay the consummation of the Exchange Offer or materially impair the contemplated benefits to us of the Exchange Offer. The Issuer reserves the right, subject to applicable law and the terms hereof, to waive any and all conditions to the Exchange Offer and Consent Solicitation and APE Solicitation. See “*Description of the Exchange Offer and Consent Solicitation and APE Solicitation—Conditions to the Exchange Offer and Consent Solicitation and APE Solicitation*.”

## No Recommendation to Tender

The Exchange Offer and Consent Solicitation and APE Solicitation has been approved by our shareholders’ meeting. However, our shareholders have made no determination that the consideration to be received in the Exchange Offer and Consent Solicitation and APE Solicitation represents a fair valuation of either the Old Notes or the New Notes, and we have not obtained a fairness opinion from any financial advisor about the fairness to us or to you of the consideration to be received by holders of Old Notes. Accordingly, none of us, our shareholders, our board of directors or any other person is making any

recommendation as to whether you should tender your Old Notes for exchange and accept the New Notes offered in the Exchange Offer and Consent Solicitation and APE Solicitation. Furthermore, none of the Dealer Manager, the Argentine Dealer Manager, the Information, Exchange and Tabulation Agent, the trustee or the Argentine representative of the trustee is making any recommendation as to whether you should tender your Old Notes for exchange and accept the New Notes offered in the Exchange Offer and Consent Solicitation and APE Solicitation. You must make your own determination as to whether to tender your Old Notes for exchange.



## IMPORTANT DATES AND TIMES

Please take note of the following important dates and times in connection with the Exchange Offer. For a discussion of Old Notes representing at least 98% of the aggregate principal amount of outstanding Old Notes not having been validly submitted in the Exchange Offer, see “*Notices related to APE Solicitation.*”

Date	Calendar Date	Event
Commencement of the Exchange Offer and Consent Solicitation and APE Solicitation	July 15, 2021	The day the Exchange Offer and Consent Solicitation and APE Solicitation is announced and the Exchange Offer Memorandum is made available to Eligible Holders.
Early Participation Date	9:00 a.m. (New York City time) on July 28, 2021, unless extended.	The deadline for Eligible Holders to validly tender Old Notes for exchange and deliver their consents under the Consent Solicitation and grant their powers of attorney under the APE Solicitation in order to be eligible to receive the Early Participation Consideration on the Exchange Date (in addition to the Exchange Price).
Withdrawal Date	9:00 a.m. (New York City time) on August 12, 2021, unless extended.	The deadline for Old Notes validly tendered for exchange and consents validly delivered prior to the Expiration Date to be validly withdrawn or revoked under the Consent Solicitation and the powers delivered and granted under the APE Solicitation and, with respect to the Consenting Noteholders, subject to the terms of the Restructuring Support Agreement, unless a later deadline is required by law. See “ <i>Description of the Exchange Offer and Consent Solicitation and APE Solicitation—Withdrawal of Tenders.</i> ”
Expiration Date	9:00 a.m. (New York City time) on August 12, 2021, unless extended or terminated earlier by the Issuer in its sole discretion, in which case the term “Expiration Date” will mean the latest date and time to which it is extended.	The deadline for Eligible Holders to validly tender Old Notes for exchange and deliver their consents under the Consent Solicitation and validly grant powers under the APE Solicitation to be eligible to receive the Exchange Price on the Exchange Date.
Notice of attendance to the Holders’ Meeting	The date that will be announced through legal notices that Clisa will publish in due course.	The deadline for Eligible Holders wishing to attend to Holders’ Meeting to notify the Issuer of their intention to attend the Holders’ Meeting, or in case the regulations imposing mandatory isolation and/or restrictions on the free movement of people in the City of Buenos Aires are in force on such dates, then the Holders’ Meeting will be held virtually on the date and time published in the notice of Holders’ Meeting in accordance with the provisions of Resolution No. 830/2020 of the CNV, applicable also to noteholders’ meetings.

Holders' Meeting	The dates and time for first and second call will be announced through legal notices that Clisa will publish in due course.	The date on which Eligible Holders of the Old Unsecured Notes grant their consents to the proposed amendments to the Old Unsecured Notes Indenture at the Holders' Meeting.
Exchange Date	Expected to be the third business day after the Expiration Date. The expected Exchange Date is August 17, 2021, unless extended.	The date on which Holders having validly submitted the Old Notes in the Exchange Offer that represent at least 98% of the aggregate principal amount of outstanding Old Notes and the Minimum Conditions being met, (i) the supplemental indenture to the Old Secured Notes Indenture will be entered into; and if it has been approved by the Holders' Meeting, the supplemental indenture to the Old Unsecured Notes Indenture will be entered into, in each case, for the purpose of making the proposed amendments to such indentures; (ii) New Notes will be issued and delivered to the Participating Holders as Exchange Price and the Early Participation Consideration will be paid, if applicable, in the amount and manner described in this Exchange Offer Memorandum; and (iii) the Old Notes submitted in the Exchange Offer and accepted by Clisa will be delivered to the trustee under the Old Notes Indentures for cancellation.

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## ABOUT THIS EXCHANGE OFFER MEMORANDUM

**You should rely only on the information contained in this Exchange Offer Memorandum. Neither we nor the Dealer Managers have authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information appearing in this Exchange Offer Memorandum is accurate only as of the date on the front cover of this Exchange Offer Memorandum or such incorporated document. Our business, financial condition, results of operations and prospects may have changed since that date.**

In this Exchange Offer Memorandum, unless the context otherwise requires, references to the “Company,” “our Company,” “our business,” “we,” “our,” “us” and similar terms refer to the Issuer and its consolidated subsidiaries and any joint ventures or temporary associations of companies (*uniones transitorias*, or “UTEs”) in which we participate, except where otherwise specified or the context otherwise requires. Any references to “Clisa” or the “Issuer” refer only and exclusively to Clisa - Compañía Latinoamericana de Infraestructura & Servicios S.A. Additionally, except as expressly provided otherwise, any references to “subsidiaries” are to entities where we hold the majority of the voting capital, and references to “affiliates” or “affiliated” companies are to companies in which we hold voting or non-voting capital but in which we hold less than the majority of the voting capital. References to “controlling” companies are to direct or indirect parent companies or companies under the common control of a direct or indirect parent company.

NOTWITHSTANDING ANYTHING IN THIS EXCHANGE OFFER MEMORANDUM THAT MAY OR MIGHT IMPLY THE CONTRARY, AND EXCEPT FOR THE OBLIGATIONS OF THE GUARANTORS ACCORDING TO THE NEW NOTES INDENTURE (AS DEFINED BELOW), THE OBLIGATIONS ARISING FROM THIS EXCHANGE OFFER MEMORANDUM AND THE NEW NOTES INDENTURE WILL BE BINDING SOLELY ON CLISA AND THE GUARANTORS, AS APPLICABLE, AND NOT ON ANY OF ITS OTHER SUBSIDIARIES, AFFILIATES, CONTROLLING COMPANIES OR UTEs OR OTHER JOINT VENTURES. NONE OF THE SUBSIDIARIES (OTHER THAN THE GUARANTORS), AFFILIATES, CONTROLLING COMPANIES OR UTEs OR OTHER JOINT VENTURES OF CLISA WILL BE LIABLE FOR ANY OBLIGATION WITH RESPECT TO THE NEW NOTES.

In this Exchange Offer Memorandum, references to (i) the Dealer Manager are to BCP Securities, LLC, acting as dealer manager and solicitation agent outside Argentina, and (ii) the Argentine Dealer Manager are to Banco CMF S.A., acting as dealer manager and solicitation agent in Argentina (together, the “Dealer Managers”).

This Exchange Offer Memorandum does not constitute an offer or an invitation to participate in the Exchange Offer in any jurisdiction in which it is unlawful to make such an offer or solicitation in such jurisdiction. The distribution of this Exchange Offer Memorandum and the offering of the New Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Exchange Offer Memorandum comes are required by us and the Dealer Managers to inform themselves about and to observe any such restrictions. This Exchange Offer Memorandum may not be used for or in connection with an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. See “*Notice to Certain Non-U.S. Holders*.”

Neither we nor the Dealer Managers are making any representations to any offeree of the New Notes described herein regarding the legality of an investment therein by such offeree under applicable legal investment or similar laws or regulations.

This Exchange Offer Memorandum is a confidential document that is being provided for informational use solely in connection with the consideration of the Exchange Offer and Consent Solicitation (i) to holders of Old Notes that are QIBs in a private transaction in reliance upon the exemption from the registration requirements of the Securities Act provided by Section 4(a)(2) thereof and (ii) outside the United States, to holders of Old Notes other than “U.S. persons” (as defined in Rule 902 under the Securities Act) and who are not acquiring New Notes for the account or benefit of a U.S. person, in offshore transactions in compliance with Regulation S under the Securities Act, and who are also non-U.S. qualified offerees (as defined under “*Transfer Restrictions*”). Its use for any other purpose is not authorized. Distribution of this Exchange Offer Memorandum to any person other than the offeree and any person retained to advise such offeree with respect to its participation in the Exchange Offer is unauthorized, and any disclosure of any of its contents, without our prior written consent, is prohibited. Each prospective participant in the Exchange Offer, by accepting delivery of this Exchange Offer Memorandum, agrees to the foregoing and to make no copies or reproductions of this Exchange Offer Memorandum or any documents referred to in this Exchange Offer Memorandum in whole or in part (other than publicly available documents).

In making an investment decision regarding the New Notes, you must rely on your own examination of us, the terms of the Exchange Offer and the terms of the New Notes, including the merits and risks involved. You should not consider any information in this Exchange Offer Memorandum to be legal, business, foreign exchange or tax advice. You should consult

your own counsel, accountant and other advisors as to legal, foreign exchange, tax, business, financial and related aspects of participating in the Exchange Offer.

The information provided in this Exchange Offer Memorandum that relates to Argentina and its economy is based upon publicly available information, and we do not make any representation or warranty with respect thereto. Neither Argentina, nor any governmental agency or political subdivision thereof, in any way guarantees or otherwise supports Clisa's and the Guarantors' obligations in respect of the New Notes and the Guarantees.

We are relying on exemptions from registration under the Securities Act for offers of the New Notes that do not involve a public offering. Because the New Notes have not been registered under the Securities Act, they are subject to certain restrictions on transfer. You should read the information contained under "*Transfer Restrictions*" in this Exchange Offer Memorandum for a description of the restrictions on transfers of beneficial interests in the New Notes. By tendering your Old Notes and accepting the New Notes in the Exchange Offer, you will be agreeing with certain statements, and you will be making certain acknowledgements, representations and agreements, described under "*Transfer Restrictions*" in this Exchange Offer Memorandum. You should understand that you will be required to bear the financial risks of your investment for an indefinite period of time.

Application has been made to Euronext Dublin for the New Notes to be admitted to the Official List and to trading on the Global Exchange Market which is the exchange regulated market of Euronext Dublin. We have also applied to have the New Notes listed and traded on the *Bolsas y Mercados Argentinos S.A.* ("BYMA") through the Buenos Aires Stock Exchange (*Bolsa de Comercio de Buenos Aires*, the "BCBA") pursuant to the delegation of powers granted by the BYMA to the BCBA, in accordance with the provisions of the Resolution No. 18,629 of the CNV, and to trade them on the *Mercado Abierto Electrónico S.A.* (the "MAE").

The New Notes will qualify as "*obligaciones negociables simples no convertibles en acciones*" under the Negotiable Obligations Law, and will be entitled to the benefits set forth therein and subject to the procedural requirements set forth therein, and will be issued and placed in accordance with such law, Law No. 26,831, as amended and supplemented, including Law No. 27,440, as amended and supplemented (the "Capital Markets Law"), Executive Decree No. 1023/2013, implementing the Capital Markets Law, General Resolution No. 622/2013 issued by the CNV as amended and supplemented (the "CNV Regulations"), and any other Argentine applicable laws and regulations.

Under Argentine Law No. 24,587 on Private Securities in Registered Form, with effect from November 22, 1995, and its regulatory decree No. 259/1996, in each case, as amended and/or supplemented, an Argentine issuer may not issue negotiable securities in bearer form or transferable by endorsement. Under these provisions, in the case of debt securities, the registered form requirement will be deemed fulfilled if the securities are represented by global or partial certificates, entered or deposited with a domestic or foreign custody system and acknowledged by the CNV. Euroclear Bank, S.A./N.V., Clearstream Banking, société anonyme, DTC, and Caja de Valores S.A. of Argentina have been recognized by CNV as collective deposit institutions. Clisa will only issue the New Notes in accordance with these provisions. In addition, the New Notes will comply with Section 7 of the Negotiable Obligations Law.

**Neither the SEC nor any other regulatory body has registered, recommended or approved of these securities or passed upon the accuracy or adequacy of this Exchange Offer Memorandum (except that the CNV has authorized the Exchange Offer and public offering of the New Notes in Argentina, but has not issued an opinion about the Exchange Price or the Early Participation Consideration to be received pursuant to the terms of the Exchange Offer and Consent Solicitation and APE Solicitation). Any representation to the contrary is a criminal offense.**

You should contact the Dealer Managers with any questions about the terms of the Exchange Offer.

**None of Clisa, the Guarantors, the Dealer Managers, the Trustee (as defined herein), the Argentine representative of the Trustee, or the Information, Exchange and Tabulation Agent is making any recommendation as to whether or not Eligible Holders of the Old Notes should exchange their Old Notes or deliver consents or grant powers or instructions in the Exchange Offer.**

**You should read this entire Exchange Offer Memorandum and related documents and any amendments or supplements carefully before making your decision to participate in the Exchange Offer and Consent Solicitation and APE Solicitation.**

Eligible Holders must tender their Old Notes in accordance with the procedures described under "*Description of the Exchange Offer and Consent Solicitation and APE Solicitation—Procedures for Tendering.*"

No dealer, salesperson or other person has been authorized to give any information or to make any representation not contained in this Exchange Offer Memorandum, and, if given or made, such information or representation may not be relied upon as having been authorized by Clisa, the Information, Exchange and Tabulation Agent, the Dealer Managers, the Trustee or the Argentine representative of the Trustee. Neither the delivery of this Exchange Offer Memorandum nor any exchange hereunder will, under any circumstance, create any implication that the information herein is current as of any time subsequent to the date hereof, or that there has been no change in the affairs of Clisa as of such date.

After the Expiration Date, Clisa or its affiliates may from time to time purchase additional Old Notes in the open market, in privately negotiated transactions, through cash tender offers, exchange offers or otherwise, or the Issuer may redeem Old Notes pursuant to the terms of the indenture governing the Old Notes. Any future purchases may be on the same terms or on terms that are more or less favorable to Eligible Holders of Old Notes than the terms of the Exchange Offer and Consent Solicitation and APE Solicitation and, in either case, could be for cash or other consideration. Any future purchases will depend on various factors existing at that time. There can be no assurance as to which, if any, of these alternatives (or combinations thereof) we choose to pursue in the future.

Clisa reserves the right to (i) amend, at any time, the terms and conditions of the Exchange Offer and the Consent Solicitation or APE Solicitation or (ii) terminate, at any time, the Exchange Offer and the Consent Solicitation. Any amendment of the Exchange Offer and the Consent Solicitation or APE Solicitation shall be notified through the AIF (as defined below) and the media used by the markets where the Old Notes are listed and/or traded.

### **Notices related to APE Solicitation**

The Issuer also requests that the Holders of Old Notes grant certain powers and to provide instructions to the Information, Exchange and Tabulation Agent so that the agent may, on their behalf, *inter alia*: (i) enter into Clisa's APE; (ii) make any Permitted Amendment to the terms and conditions of Clisa's APE as may be necessary by virtue of a resolution of the Court; (iii) appear and vote in favor of the ratification to execute Clisa's APE at one or more APE's Meeting of the Old Notes called for such purposes (even by order of the Court); (iv) perform any other act as may be necessary under the agreement documenting Clisa's APE; and (v) enter into the Local Trust, in its capacity as trustor, transferring the fiduciary ownership of the Old Notes of the Participating Holders to the Local Trustee for the purposes provided in the Local Trust.

Holders may find the text of the APE Offer that, if accepted as described below, will document Clisa's APE as Annex B to this Exchange Offer Memorandum. Copies of the different Annexes of Clisa's APE should be requested to the Information, Exchange and Tabulation Agent or, outside Argentina, to the Dealer Manager, or in Argentina, to the Argentine Dealer Manager, at the addresses listed on the back cover page of this Exchange Offer Memorandum.

If, on the Expiration Date, the Old Notes validly submitted in the Exchange Offer represent **less than** 98% of the aggregate principal amount of outstanding Old Notes, but the Minimum Conditions are fulfilled, Clisa will: (i) on the Exchange Date: (a) send to the Information, Exchange and Tabulation Agent the APE Offer, whose acceptance by the Information, Exchange and Tabulation Agent on behalf of the Participating Holders, on the basis of the powers granted and instructions provided under the APE Solicitation, will imply the execution of Clisa's APE pursuant to the provisions of Title II, Chapter VII of the LCQ, whereby such Participant Holders will accept the restructuring of the debt represented by the Old Notes and the extinction and novation of the Existing Guarantees and the Old Share Pledge receiving the Exchange Price, and, if applicable, the Early Participation Consideration; and (b) hold one or more APE Meetings of the Old Notes to discuss the ratification to execute Clisa's APE, at which the Information, Exchange and Tabulation Agent will vote on behalf of the Participating Holders; and (ii) as soon as possible after the Exchange Date, but in any case within five judicial business days in the City of Buenos Aires, Argentina, file Clisa's APE with the Court, in compliance with all other requirements set forth in the LCQ, for purposes of seeking court approval under the terms of Section 76 of the LCQ.

Pursuant to Section 76 of the LCQ, if the Court approves Clisa's APE, it will be binding on the Non-Participating Holders. To seek court approval of Clisa's APE, the Holders of Old Notes representing at least 66.67% of the aggregate outstanding principal amount and interest accrued and unpaid through the Cut-off Date must have given their consent thereto. Once this requirement has been met, provided that all other legal requirements set by Chapter VII, Title II of the LCQ have also been met, and no objections have been raised or, if raised, they have been resolved in favor of the filing party, the Court will approve Clisa's APE.

If Clisa's APE is executed, after APE execution and on the Exchange Date, one or more APE Meetings are planned to be held to ratify the execution of Clisa's APE. At such APE Meetings, the Participating Holders shall be represented by the Information, Exchange and Tabulation Agent, who shall act on their behalf based on the powers granted by such Holders under the APE Solicitation.



Once Clisa's APE has been ratified by one or more APE Meetings, but in any case within five judicial business days in the City of Buenos Aires, Argentina, Clisa shall file Clisa's APE with the Court for court approval purposes under the terms of Section 76 of the LCQ. After filing Clisa's APE before the Court, Clisa will use its best efforts to obtain its judicial approval in the terms of Section 76 of the LCQ, not being able to withdraw from said request until its approval or until the rejection of the aforementioned judicial approval has been finalized.

Except in the event indicated in the following paragraph,, Clisa expects, as soon as possible within thirty (30) days of the date on which the court approval to the APE becomes final, except for any delays not attributable to Clisa, to pay the Exchange Price to the Non-Participating Holders by issuing and delivering New Notes to such Holders in exchange for the Old Notes held by them.

Notwithstanding the foregoing, Clisa may at any time file Clisa's APE with a United States court for purposes of its recognition pursuant to the provisions of Chapter 15 of the United States Bankruptcy Code. In such case, Clisa expects, once Clisa's APE has been approved by the court and as soon as possible within thirty (30) days of recognition of Clisa's APE under applicable U.S. law, except for any delays not attributable to Clisa, to pay the Exchange Price to the Non-Participating Holders in the manner indicated above.

The New Notes that the Issuer must issue on the Delivery Date will be issued pursuant to a supplemental indenture and will have the same terms and conditions of the New Notes issued on the Issue Date with the exception that the Non-Participating Holder who receives them will only accrue interest (in cash and, where applicable, also in kind) corresponding to the interest period in progress at the time of the Delivery Date and subsequent interest periods.

The receipt of New Notes will be construed as the outright and irrevocable acceptance of the terms of Clisa's APE by the Non-Participating Holders, thus irrevocably waiving any claim against the Issuer and/or BRH and/or Cliba to seek collection of any other amounts, including, the right to collect accrued and unpaid interest under the Old Notes held by them as of the Delivery Date.

After the Expiration Date, if the Old Notes validly submitted in the Exchange Offer represent **less than** 98% of the aggregate principal amount of outstanding Old Notes, but the Minimum Conditions are fulfilled, the following events are expected to take place on the Exchange Date - in the event Clisa does not terminate the Exchange Offer and Consent Solicitation and APE Solicitation on or before such date- in the chronological order set forth below:

- (i) send to the Information, Exchange and Tabulation Agent the APE Offer for purposes of entering into Clisa's APE;
- (ii) if the Quorum is reached, the Holders' Meeting shall be held so that the Holders of Old Unsecured Notes who have validly granted their consents - represented by the Information, Exchange and Tabulation Agent - consent to the amendments to the Old Unsecured Notes Indenture, and, in case of the affirmative vote of the Special Majority of the Old Unsecured Notes, with the release and waiver of the Guarantees of the Old Unsecured Notes;
- (iii) (a) the supplemental indenture to the Old Secured Notes Indenture will be entered into; and (b) if it has been approved by the Holders' Meeting, the supplemental indenture to the Old Unsecured Notes Indenture will be entered into, in each case, for the purpose of making the proposed amendments to such indentures;
- (iv) the Old Share Pledge and the Guarantees of the Old Secured Notes will be released, and (2) in case that it has been approved by the Holders' Meeting, the Guarantees of the Old Unsecured Notes will be released;
- (v) the Information, Exchange and Tabulation Agent acting on behalf of the Participating Holders will accept the Exchange Offer, thus executing Clisa's APE;
- (vi) one or more APE Meetings of the Old Notes will be held to discuss the ratification to execute Clisa's APE, at which meeting(s) the Information, Exchange and Tabulation Agent will vote to that effect on behalf of the Participating Holders;
- (vii) pursuant to the provisions of Clisa's APE, Clisa will pay the Exchange Price to the Participating Holders by issuing New Notes for such face value as may be necessary to exchange the New Notes for all the Old Notes validly submitted under the Exchange Offer and accepted by Clisa, paying the Early Participation Consideration, in cash, to the Participating Holders who had validly granted their powers under the APE Solicitation on or before the Early Participation Date, as accepted by Clisa, and cause the execution and delivery of the guarantees of the New Notes and the Share Pledge Agreements to secure the New Notes;

(viii) the Old Notes of the Participating Holders will be transferred by the Information, Exchange and Tabulation Agent to the Local Trustee, in order for the Local Trustee to exercise fiduciary ownership over them in accordance with the provisions of the Local Trust, keeping such Old Notes in its possession until the Local Trustee is required to deliver them to the trustee of the Old Notes Indentures for cancellation, which will occur on the Delivery Date (as defined below) after the Issuer has notified the trustee that the court approval of Clisa's APE has become final, or on the date on which the Issuer notifies the trustee that such court approval has been denied on a final basis or at any other time as resolved by the Company in its sole discretion as long as such cancellation shall not prejudice the APE's proceeding or the Court approval;

(ix) as soon as possible after the Exchange Date, but in any case within five judicial business days in the City of Buenos Aires, Argentina, Clisa will file with the Court Clisa's APE in compliance with all other requirements set forth in the LCQ, for purposes of seeking court approval under the terms of Section 76 of the LCQ. The court approval of Clisa's APE will cause, *inter alia*, the novation and extinguishment of the Guarantees of the Old Unsecured Notes, provided that such Guarantees remain in effect due to the failure to reach the Special Majority at the Holders' Meeting; and

(x) after filing Clisa's APE before the Court, Clisa will use its best efforts to obtain its judicial approval in the terms of Section 76 of the LCQ, not being able to withdraw from said request until its approval or until the rejection of the aforementioned judicial approval has been finalized.

Clisa cannot assure you that Clisa's APE will be approved by the Court or that Clisa's APE will be recognized under U.S. law by a U.S. court. In the absence of a court approval of Clisa's APE, Clisa's APE will have no novation effect on Non-Participating Holders. On the other hand, the lack of recognition of Clisa's APE under U.S. law may hinder restructuring of the financial debt represented by the Old Notes the Existing Guarantees and the Old Share Pledge, which is the subject matter of Clisa's APE. For a description of the possible implications arising from the lack of court approval or recognition of Clisa's APE under U.S. law, see "*Risk Factors—Risks related to the APE Solicitation*" in this Exchange Offer Memorandum.

Clisa will announce the execution of Clisa's APE through the *Autopista de Información Financiera* (the "AIF") and the media used by the markets where the Old Notes are listed and/or traded. In such case, the following events are expected to take place as from the Expiration Date, in the chronological order set forth below:

Date	Calendar Date	Event
Expiration Date	9:00 a.m. (New York City time) on August 12, 2021, except in the event of an extension or early termination by Clisa in its sole discretion, in which case the term "Expiration Date" will mean the last date and time of the extension period.	Clisa announces that it will execute Clisa's APE, to be filed with the Court for purposes of its approval.
Notice of attendance to the APE Meetings	The date that will be announced through legal notices that Clisa will publish in due course	The deadline for Eligible Holders wishing to attend the APE Meetings to notify the Issuer of their intention to attend the APE Meetings, or in case the regulations imposing mandatory isolation and/or restrictions on the free movement of people in the City of Buenos Aires are in force on such dates, then the APE Meetings will be held virtually on the date and time published in the notice of the APE Meetings in accordance with the provisions of Resolution No. 830/2020 of the CNV, applicable also to noteholders' meetings.
Exchange Date	The Exchange Date will be August 17, 2021, unless extended by Clisa.	On the Exchange Date, the following events are expected to take place: (i) Clisa will deliver the APE Offer to the Information, Exchange and Tabulation Agent in order to enter into Clisa's APE; (ii) if the Quorum is reached, the Holders' Meeting shall be held for purposes of discussing and approving the proposed

		<p>amendments to the Old Unsecured Notes Indenture; (iii) (a) the supplemental indenture to the Old Secured Notes Indenture will be entered into; and (b) in case that it has been approved by the Holders' Meeting, the supplemental indenture to the Old Unsecured Notes Indenture will be entered into, in each case, for the purpose of making the proposed amendments to such indentures; (iv) (a) the Old Share Pledge and the Guarantees of the Old Secured Notes will be released, and (b) in case that it has been approved by the Holders' Meeting, the Guarantees of the Old Unsecured Notes will be released; (v) the Information, Exchange and Tabulation Agent acting on behalf of the Participating Holders will accept the Exchange Offer, thus executing Clisa's APE; (vi) one or more APE Meetings shall be held in order to ratify the execution of Clisa's APE; (vii) pursuant to the provisions of Clisa's APE, pay the Exchange Price to the Participating Holders by issuing New Notes for such face value as may be necessary to exchange the New Notes for all the Old Notes validly submitted under the Exchange Offer and accepted by Clisa, paying the Early Participation Consideration, in cash, to the Participating Holders who had validly granted their powers and instructions under the APE Solicitation on or before the Early Participation Date, as accepted by Clisa, and cause the execution and delivery of the guarantees of the New Notes and the Share Pledge Agreements to secure the New Notes; and (viii) the Old Notes of the Participating Holders will be transferred by the Information, Exchange and Tabulation Agent to the Local Trustee, in order for the latter to exercise fiduciary ownership over them in accordance with the provisions of the Local Trust, keeping such Old Notes in its possession until it is required to deliver them to the trustee of the Old Notes Indentures for cancellation, which will occur on the Delivery Date after the Issuer has notified the Local Trustee and the trustee under the Old Notes Indentures that the court approval of Clisa's APE has become final, or on the date on which the Issuer notifies the Local Trustee and the trustee under the Old Notes Indentures that such court approval has been denied on a final basis or at any other time as resolved by the Company in its sole discretion as long as such cancellation shall not prejudice the APE's proceeding or the Court approval.</p>
As soon as possible after Clisa's APE has been executed and within five judicial business days in the City of Buenos Aires		<p>Clisa's APE will be filed with the Court, seeking approval under the terms of Section 76 of the LCQ. Clisa may at any time file Clisa's APE with a United States court for purposes of its recognition pursuant to the provisions of Chapter 15 of the United States Bankruptcy Code.</p>
No less than sixty (60) days after filing the APE for court approval		<p>The Court is expected to have verified compliance with the terms and conditions for opening Clisa's APE proceedings. If the terms and conditions have been met, the Court will order publication of legal notices to announce the filing of Clisa's APE for court approval for five (5) days in the newspaper of legal notices of the jurisdiction of the Court as well as in a newspaper of widespread circulation at local level (Section 74 of the LCQ).</p>
First judicial day in the City of Buenos Aires		<p>The period for Non-Participating Holders to file objections begins. The objection shall be filed within ten (10) days of the last publication of legal notices and may be based solely on omissions</p>

after the last publication		or misstatements in the reported amounts of assets or liabilities or the absence of the majority required by Section 73 of the LCQ. The Court may open the case to trial for ten (10) days.
Ten (10) judicial business days in the City of Buenos Aires subsequent to the preceding judicial period	Based on the experience of other APE proceedings, this judicial period may extend for more than ten (10) judicial business days, even months.	The Court, where appropriate, will rule on the objections filed. If any objections are filed or if the Court dismisses them, it will approve or reject Clisa's APE.
As soon as possible within thirty (30) days after the date on which the court approval becomes final or Clisa's APE is recognized by a U.S. court under U.S. law, as the case may be, except for any delays not attributable to Clisa		Clisa will pay the Exchange Price to Non-Participating Holders by issuing and delivering New Notes to such Non-Participant Holders in exchange for the Old Notes held by them, and Clisa will announce the date in which such exchange will take place through the AIF and the media used by the markets where the Old Notes are listed and/or traded (the "Delivery Date"). The New Notes that the Issuer must issue on the Delivery Date will be issued pursuant to a supplemental indenture and will have the same terms and conditions of the New Notes issued on the Issue Date with the exception that the Non-Participating Holder who receives them will only accrue interest (in cash and, where applicable, also in kind) corresponding to the interest period in progress at the time of the Delivery Date and subsequent interest periods. The receipt of said New Notes will be deemed the outright and irrevocable acceptance of the terms of Clisa's APE by the Non-Participating Holders, thus irrevocably waiving any claim against the Issuer and/or BRH and/or Cliba to seek collection of any other amounts, including, the right to collect accrued and unpaid interest under the Old Notes held by them as of the Delivery Date. On the Delivery Date of the additional New Notes, Clisa will request the trustee under the Old Notes Indentures to cancel the Old Notes of the Non-Participating Holders. On the same date and in compliance with the Local Trust, the Local Trustee will deliver the Old Notes held by it to such trustee for cancellation.

For a description of the procedures to be followed after execution of Clisa's APE, see *"Offering of the New Notes—Description of the Exchange Offer and Consent Solicitation and APE Solicitation"*.

Holders who wish to grant powers and instructions pursuant to the APE Solicitation to the Information, Exchange and Tabulation Agent must take into account and follow the procedures applicable to grant powers and instructions described in *"Description of the Exchange Offer and Consent Solicitation and APE Solicitation—Procedures of the Exchange Offer and Consent Solicitation and APE Solicitation"*.

## AVAILABLE INFORMATION

Clisa currently does not file information with the United States Securities and Exchange Commission. For so long as any Notes are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, Clisa will, during any period in which it is neither subject to Section 13 or Section 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser or subscriber of such restricted securities designated by such holder or beneficial owner upon the request of such holder, beneficial owner or prospective purchaser or subscriber, the information required to be delivered to such persons pursuant to Rule 144A(d)(4) under the Securities Act (or any successor provision thereto).

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## NOTICE TO CERTAIN NON-U.S. HOLDERS

### Notice to Prospective Investors in the European Economic Area

The New Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a “retail investor” means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “IDD”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended or superseded, the “Prospectus Regulation”). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the New Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the New Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

### Notice to Prospective Investors in the United Kingdom

The New Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “EUWA”); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “FSMA”) and any rules or regulations made under the FSMA to implement IDD, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA (the “UK Prospectus Regulation”). Consequently, no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the New Notes or otherwise making them available to retail investors in the United Kingdom has been prepared and therefore offering or selling the New Notes or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation.

This Exchange Offer Memorandum has not been approved by an authorized person for the purposes of Section 21 of the FSMA. This Exchange Offer Memorandum is for distribution only to persons who: (i) are outside the United Kingdom; (ii) 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 “Financial Promotion Order”); (iii) are persons falling within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations, etc.”) of the Financial Promotion Order; or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “relevant persons”). This Exchange Offer Memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Exchange Offer Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Clisa is a holding company with four direct subsidiaries: (i) BRH, (ii) Cliba, (iii) Benito Roggio Transporte S.A., and (iv) Roggio Brasil Investimentos e Serviços Ltda. As of the date of this Exchange Offer Memorandum, Clisa also directly holds a 46.18% equity interest in Polledo S.A.I.C. y F. (“Polledo”) and 5.0% of the total outstanding voting power and economic interests of Tecsan, in which the remainder of the interests are held by Cliba. Outside of Argentina, Clisa has several indirect subsidiaries and branches of Argentine corporations that operate in foreign jurisdictions, such as in the Republic of Peru (“Peru”), including Haug S.A. (“Haug”), the Republic of Paraguay (“Paraguay”), including Benito Roggio e Hijos S.A. (“Benito Roggio Paraguay”), the Republic of Panama (“Panama”), the Federative Republic of Brazil (“Brazil”) and the Oriental Republic of Uruguay (“Uruguay”).

### Financial Information

#### *Clisa*

Our audited consolidated financial statements that are included in, and form a part of, this Exchange Offer Memorandum present our financial position, statement of income, other comprehensive income, changes in equity and cash flows as of and for the years ended December 31, 2020 and 2019 (the “2020 Audited Consolidated Financial Statements”) and as of and for the years ended December 31, 2019 and 2018 (the “2019 Audited Consolidated Financial Statements” and, together with the 2020 Audited Consolidated Financial Statements, the “Audited Consolidated Financial Statements”). Our unaudited condensed interim consolidated financial statements for the three-month period ended March 31, 2021, presented in comparative format (the “Unaudited Condensed Interim Consolidated Financial Statements”), present our financial position as of March 31, 2021 and our statement of income, other comprehensive income, changes in equity and cash flows for the three-month periods ended March 31, 2021 and 2020, and are also included in, and form a part of, this Exchange Offer Memorandum. Our consolidated financial statements and other financial information included in this Exchange Offer Memorandum, unless otherwise specified, are stated in *pesos*. Our Audited Consolidated Financial Statements and our Unaudited Condensed Interim Consolidated Financial Statements include the results of the Guarantors as well as the results of other subsidiaries that are not guaranteeing the New Notes.

In this Exchange Offer Memorandum references to “*pesos*” or “*Ps.*” are to Argentine *pesos*, the official currency of Argentina; references to “U.S.\$,” “\$,” “U.S. dollars” or “dollars” are to United States dollars, the lawful currency in the United States, and references to “€” or “Euros” are to Euros, the currency introduced at the start of the third stage of the European Economic and Monetary Union, and as defined in Article 2 of Council Regulation (EC) № 974/98 of May 3, 1998 on the introduction of the euro, as amended.

Our Audited Consolidated Financial Statements have been prepared in accordance with CNV Regulations, which established the applicability of Technical Resolutions No. 26, as amended, issued by the Argentine Federation of Professional Councils in Economic Sciences (*Federación Argentina de Consejos Profesionales de Ciencias Económicas*, or “FACPCE”) through the International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”), for entities included in the public offering regime of the CNV, either for their stock or for debt instruments submitted for authorization to be included in such regime. The applicability of the regulations mentioned above became mandatory for us as of the fiscal year beginning on January 1, 2012. Accordingly, our Audited Consolidated Financial Statements have been prepared in accordance with the IFRS as issued by IASB, and interpretations issued by the International Financial Reporting Interpretations Committee in effect as of the date of issuance of the relevant consolidated financial statements.

The report to the 2019 Audited Consolidated Financial Statements express an unmodified opinion and include an emphasis of matter paragraph which describes the conditions relating to the status of the concession contract of Metrovías S.A. (“Metrovías”) and the operation and maintenance agreement entered into between Metrovías and the Government of the City of Buenos Aires (“GCBA”), as discussed in note 3.3.2 to the 2019 Audited Consolidated Financial Statements.

Furthermore, our Unaudited Condensed Interim Consolidated Financial Statements have been prepared in accordance with CNV Regulations, which have established the applicability of Technical Resolutions No. 26, as amended, of FACPCE which adopt IFRS, as issued by the IASB. The Unaudited Condensed Interim Consolidated Financial Statements have been prepared in accordance with the International Accounting Standard (“IAS”) 34 “Interim Financial Information.” The accounting principles used in the preparation of our Unaudited Condensed Interim Consolidated Financial Statements are consistent with those used in the preparation of the information under IFRS as of December 31, 2020, except for the application of the new standards, amendments and interpretations that came into force as from the year commenced January 1, 2021, as described in note 25 to our Unaudited Condensed Interim Consolidated Financial Statements. Our Unaudited Condensed Interim Consolidated Financial Statements do not include all the information and disclosures required in our Audited Consolidated Financial Statements and accordingly should be read in conjunction with them. Results from interim periods are



not necessarily indicative of results that may be expected for the yearly financial statement or any future period of financial statement.

The accounting principles used in the preparation of our 2020 Audited Consolidated Financial Statements are consistent with those used in the preparation of the information under IFRS as of December 31, 2019, except for the application of the new standards, amendments and interpretations that came into force as from the year commenced January 1, 2020, as described in note 2.33 to our 2020 Audited Consolidated Financial Statements. The accounting policies used in the preparation of our 2019 Audited Consolidated Financial Statements are consistent with those used in the preparation of the information under IFRS as of December 31, 2018, except for the effects of applying IFRS 16 “Leases.” IFRS 16 “Leases” is applicable to us for the first time as of January 1, 2019. This standard eliminates, in the case of lessees, the distinction between “financial lease” contracts that are recorded in the balance sheet and “operating leases” for which the recognition of future lease payments was not required. Instead, the standard has developed an accounting model similar to that applicable for financial leases under IAS 17, which requires, on the date the leased asset is available for use, the recognition of an asset that represents the right of use acquired during the life of the contract, and in return, the recognition of a liability that represents the future payments that we must fulfill throughout the contract. The impact of the application of this standard to the 2019 Audited Consolidated Financial Statements required the initial recognition of right of use assets and lease liabilities as disclosed in Note 2.21 to our 2019 Audited Consolidated Financial Statements in this Exchange Offer Memorandum. We exercised the option provided for in IFRS 16 to recognize the accumulated effects derived from the standard as of the date of its initial application, in this case January 1, 2019, without modifying the comparative information to previous financial statements. Consequently, the financial information as of December 31, 2018 does not include the effects of the application of IFRS 16, although the effects are not significant.

In addition, as mentioned in “—*Financial Reporting in Hyperinflationary Economies*,” the CNV provided in General Resolution No. 777/2018 that issuing entities that are subject to its supervision must restate their annual, interim and special financial statements as of and including December 31, 2018, in constant currency according to IAS 29 “Financial Reporting in Hyperinflationary Economies.” Consequently, our Audited Consolidated Financial Statements and Unaudited Condensed Interim Consolidated Financial Statements were restated following the guidelines provided in IAS 29, which are summarized below in “—*Financial Reporting in Hyperinflationary Economies*.”

Therefore, we note that:

- The information included in this Exchange Offer Memorandum on the consolidated balance sheet as of March 31, 2021 and on the consolidated statements of income, other comprehensive income, changes in equity and cash flow for the three-month periods ended March 31, 2021 and 2020 derives from our Unaudited Condensed Interim Consolidated Financial Statements for the three-month period ended March 31, 2021 which are included in, and form a part of, this Exchange Offer Memorandum. Such information is expressed in the constant currency of March 31, 2021.
- The information included in this Exchange Offer Memorandum on the consolidated balance sheet as of December 31, 2020 and 2019 and on the consolidated statements of income, other comprehensive income, changes in equity and cash flow for the years ended December 31, 2020 and 2019 derives from our 2020 Audited Consolidated Financial Statements which are included in, and form a part of, this Exchange Offer Memorandum. Such information is expressed in constant currency of December 31, 2020.
- The information included in this Exchange Offer Memorandum on the consolidated balance sheet as of December 31, 2018 and on the consolidated statements of income, other comprehensive income, changes in equity and cash flow for the year ended December 31, 2018 derives from the comparative information presented in our 2019 Audited Consolidated Financial Statements, which are included in, and form a part of, this Exchange Offer Memorandum. Although our 2019 Audited Consolidated Financial Statements are stated in the constant currency of December 31, 2019, the financial information included in this Exchange Offer Memorandum arising therefrom has been restated in the constant currency of December 31, 2020.

THEREFORE, THE ANALYSIS AND INTERPRETATION OF THE FINANCIAL INFORMATION INCLUDED IN THIS EXCHANGE OFFER MEMORANDUM SHOULD TAKE INTO ACCOUNT THAT THE QUARTERLY FINANCIAL INFORMATION IS EXPRESSED IN THE CONSTANT CURRENCY OF A DIFFERENT DATE THAN THAT OF OUR ANNUAL FINANCIAL INFORMATION.

Our Audited Consolidated Financial Statements have been audited by Price Waterhouse & Co. S.R.L. (“PwC Argentina”), a member firm of the PricewaterhouseCoopers network, independent accountants whose reports are included elsewhere in this Exchange Offer Memorandum. PwC Argentina is a member of the Professional Council in Economic Sciences of the City of Buenos Aires (*Consejo Profesional de Ciencias Económicas de la Ciudad de Buenos Aires*).

## ***Financial Reporting in Hyperinflationary Economies***

IAS 29, “Financial Reporting in Hyperinflationary Economies” requires that the financial statements of an entity whose functional currency is that of a high-inflation economy be stated in terms of the measurement unit current at the end of the reporting period, irrespective of whether they are based in the historic cost method or the current cost method. For this purpose, generally, non-monetary items must be restated since the acquisition date (or the date of the last adjustment by inflation, whichever occurs later) or since the last revaluation date, as appropriate. All amounts in the balance sheet that are not already stated in terms of the measurement unit current at the end of the reporting period must be restated by applying a general price index. All items in the income statement must be stated in terms of the measurement unit current at the end of the reporting period, by applying the change in the general price index from the time the income and liabilities were originally recognized in the financial statements. Balances at the beginning of the period in our financial statements were restated by applying the indices adopted by the FACPCE, based on the price indices quoted by *Instituto Nacional de Estadísticas y Censos* (National Institute of Statistics and Census, or “INDEC,” per its acronym in Spanish).

The main procedures for the adjustment by inflation mentioned above are the following:

- Monetary assets and liabilities are not restated because they are already expressed in terms of the monetary unit current at the closing date of the financial statements.
- Non-monetary assets and liabilities and the components of stockholders’ equity must be restated by applying the appropriate adjustment indices.
- Non-monetary assets and liabilities accounted for by the revaluation method are recognized according to the value arising from the respective revaluations and the difference between their restated values and the value arising from the respective revaluations, if positive, is recognized in “Other comprehensive income,” within “Balances of revaluation.”
- All items in the income statement are restated by applying the appropriate restatement indexes.
- The effect of inflation in the net monetary position is disclosed in the “Financial Income” and “Financial Expenses” line items of the income statement, under the caption “Income/Loss due to the effect of inflation on net monetary position.”

In the application of the adjustment by inflation, stockholders’ equity was restated as follows:

- “Share capital” was restated from the subscription date or the date of the last adjustment for inflation, whichever occurred later. The restatement was recognized in “Capital Adjustment.”
- “Effect of foreign currency translation” was restated since the date the Company adopted IFRS, because the accumulated balance of this account at that date had been reclassified to Retained Earnings.
- “Other comprehensive income” was restated since the date that each accounting entry was initially recorded in the financial statements, except for any revaluation surplus that arose in previous periods, which was eliminated.
- “Other earnings reserves” were not restated at the beginning of the first period of application.

## **Interests in UTEs, Subsidiaries and Affiliated Companies**

We participate in several UTEs, associations similar to joint ventures, in our Construction, Waste Management and Transportation segments. We consolidate the results of UTEs either completely, proportionally or through the equity method, based on the level of our participation and control. We also participate in several other companies in which we have controlling and minority non-controlling interests. We fully consolidate the results of a company on a line-by-line basis if we have the capacity to solely determine its actions, but if there is joint control, under which the decisions require the express agreement of all parties, we consolidate the results of each shareholder on a pro rata basis according to our level of interest in the company. Results of affiliated companies are not fully consolidated on a line-by-line basis unless there is joint control between shareholders, in which case we consolidate the results of each shareholder on a pro rata basis according to its interest in the company. For further information on our accounting policies for UTEs and subsidiaries and affiliated companies, see Note 2.2 to our 2020 Audited Consolidated Financial Statements.

## Market Information

Market data and other statistical information used throughout this Exchange Offer Memorandum are based on independent industry publications, government publications and reports issued by market research firms or other public independent sources. Some data are also based on our own internal estimates, which are derived from our review of internal surveys, as well as independent sources. Although we believe that these sources are reliable, they have not been independently verified and we cannot guarantee its accuracy or completeness.

In addition, in many cases, we have based certain statements contained in this Exchange Offer Memorandum regarding our industry and position in the industry on certain assumptions concerning our customers and competitors. These assumptions are based on our experience in the industry, conversations with our principal vendors and our own investigation of market conditions. We cannot assure you as to the accuracy of these assumptions, and they may not be indicative of our position in our industry. We accept responsibility for accurately reproducing this information and, as far as we are aware and able to ascertain from information published by these sources, no facts have been omitted which would render such reproduced information inaccurate or misleading.

## Exchange Rates

Unless otherwise indicated, we have translated certain *peso* amounts included in this Exchange Offer Memorandum into U.S. dollars using a rate of Ps.92.00 per U.S.\$1.00 for figures corresponding to the three-month period ended March 31, 2021 and a rate of Ps.84.15 per U.S.\$1.00 for figures corresponding to the fiscal year ended December 31, 2020, based on the U.S. dollar selling exchange rate (*tipo de cambio vendedor divisa*) as of March 31, 2021 and as of December 31, 2020, respectively, published by the *Banco de la Nación Argentina* (Argentine National Bank, or “Banco Nación”).

The U.S. dollar equivalent information presented in this Exchange Offer Memorandum is provided solely for your convenience and should not be construed as implying that the amounts represent, or could have been or could be converted into, U.S. dollars at such rates or at any other rate. The *peso*/U.S. dollar exchange rate may fluctuate widely and the exchange rates described above may not be indicative of future exchange rates. For a complete description of the exchange rates between the *peso* and U.S. dollar, see “*Exchange Rates*.”

## Rounding

Certain figures included in this Exchange Offer Memorandum have been rounded for ease of presentation. Percentage figures included in this Exchange Offer Memorandum have not in all cases been calculated on the basis of such rounded figures but on the basis of such amounts prior to rounding. For this reason, percentage amounts in this Exchange Offer Memorandum may vary from those obtained by performing the same calculations using the figures in our Audited Consolidated Financial Statements and our Unaudited Condensed Interim Consolidated Financial Statements. Certain other amounts that appear in this Exchange Offer Memorandum may not sum due to rounding.

## Estimates

In preparing the consolidated financial statements included in this Exchange Offer Memorandum, we made estimates and assumptions that we consider reasonable based on our historical experience and other factors. The presentation of our financial condition and results of operations requires that our management make estimates about inherently uncertain matters, such as depreciation, the recoverable value of our non-current assets and income tax, among others, and, consequently, our results of operations. Our financial presentation would be materially affected if we were to use different estimates or if we were to change our estimates in response to future events. For further information on our critical accounting estimates and judgments, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Accounting Policies—Critical Accounting Policies*” in this Exchange Offer Memorandum.

## Guarantor Financials

Rule 3-10 of Regulation S-X under the Securities Act and the Exchange Act (“Rule 3-10”) generally requires that a registrant provide detailed financial information with regard to entities that provide guarantees of that registrant’s registered debt securities. The New Notes will not be registered with the SEC and therefore we will not be required to comply with Rule 3-10. In addition, our reporting covenant in respect of the New Notes and the Guarantees provides that we are not required to provide any of the information that might otherwise be required to be provided with respect to the Guarantors pursuant to Rule 3-10. Accordingly, we currently anticipate that we will not be required to comply with the requirements of Rule 3-10 with respect to providing information about the Guarantors, and holders of the New Notes will obtain more limited information about the Guarantors than they would were we to register the New Notes with the SEC.

## Presentation of Non-IFRS Information

We report our financial results in accordance with IFRS, as issued by the IASB. However, we have included in this Exchange Offer Memorandum certain financial measures, such as Adjusted EBITDA and ratios, which we believe give investors supplementary information that is useful to assess our performance. Adjusted EBITDA is not a financial measure recognized by IFRS and should not be interpreted as an alternative measure of operational results or cash generated by the operations. “Adjusted EBITDA”, a measure used to evaluate ongoing performance, refers to net income (loss) plus financial results, net, plus/less income tax, plus depreciation and amortization, less/plus net gain (loss) in associates and joint ventures accounted for under the equity method and plus goodwill impairment. Adjusted EBITDA may also be measured as revenues from contracts with customers less cost of providing services, less administrative expenses, less selling expenses and other operating expenses, plus/less other operating income and expenses, net, plus depreciations and amortizations. The measurements of Adjusted EBITDA contained herein are not defined under IFRS, are not measures of operating results, operating performance or liquidity presented in accordance with IFRS and are subject to important limitations. Adjusted EBITDA does not have a standardized meaning and, accordingly, the measurements of Adjusted EBITDA contained herein may not be calculated in the same manner as similarly titled measurements used by other companies, which may limit their usefulness as a comparative measurement. Because of these limitations, the measurements of Adjusted EBITDA contained herein should not be considered a measurement of discretionary cash available to us to invest in the growth of our business or as a measurement of cash that will be available to us to meet our obligations, nor should they be construed as alternatives to other titled measures determined in accordance with IFRS. Investors should, therefore, rely primarily on the results of operations contained in our Audited Consolidated Financial Statements and our Unaudited Condensed Interim Consolidated Financial Statements prepared under IFRS or IAS 34, respectively, and use the measurement of Adjusted EBITDA contained herein as a supplementary measurement only. See “*Summary Financial and Other Information*” for a reconciliation of our Adjusted EBITDA to net loss for the period / year.

## ENFORCEMENT OF JUDGMENTS

Each of Clisa and the Guarantors are corporations (*sociedades anónimas*) organized under the laws of Argentina, and all of Clisa's and the Guarantors' directors, senior managers and controlling persons named in this Exchange Offer Memorandum reside outside the United States. In addition, a substantial portion of Clisa's and the Guarantors' assets and a substantial portion of the assets of the persons referenced above are located in Argentina. As a result, it may not be possible for investors to effect service of process outside Argentina upon any of Clisa's or the Guarantors', Tecsan, CBA, and/or directors, senior managers or controlling persons, or to enforce against Clisa and the Guarantors, Tecsan, CBA and/or such other parties in United States courts, judgments, including with respect to matters arising under the federal securities laws of the United States or other non-Argentine laws. In addition, CROZ Roberts | Domínguez | Carassai Tax & Legal, Clisa's and the Guarantors' Argentine counsel, has advised Clisa that there is doubt as to whether the courts of Argentina would enforce in all respects, to the same extent and in as timely a manner as a U.S. or other non-Argentine court, in legal actions initiated in Argentina, liabilities and rights predicated solely upon the civil liability provisions or the federal securities laws of the United States or other non-Argentine laws; and as to whether the courts of Argentina would enforce judgments or awards issued in the United States or other non-Argentine jurisdiction.

Foreign judgments could be recognized and enforced in Argentina, provided that they comply with the requirements established under Argentine law, including the international treaties ratified by it. In the absence of a treaty, the following requirements of Article 517 of the Argentine National Civil and Commercial Procedural Code (*Código Procesal Civil y Comercial de la Nación*) will apply for the recognition or enforcement of a foreign judgment (if said recognition and enforcement is sought before federal courts): (i) the judgment, which must be final in the jurisdiction where rendered, must have been issued by a competent court in accordance with the Argentine rules on international jurisdiction and must have resulted from a personal legal action or an in rem legal action with respect to personal property if the property was transferred to Argentine territory during or after the foreign trial, (ii) the defendant against whom enforcement of the judgment is sought must have been duly summoned and must have been given an opportunity to present its case, (iii) the judgment must meet the requirements to be considered as such in the place in which it was issued and complies with the authenticity conditions required by national laws, (iv) the judgment must not affect Argentine principles of public policy (*orden público argentino*), and (v) the judgment must not be contrary to a judgment issued before or simultaneously by an Argentine court.

Any document in a language other than Spanish (including, without limitation, a foreign judgment and other documents related thereto) must be duly legalized and a translation by an Argentine sworn public translator into the Spanish language must be submitted to the relevant court. The filing of claims with the Argentine judicial system is subject to the payment of a court tax to be paid by the person filing the claim, which tax rates vary from one jurisdiction to another (the current court tax in the courts sitting in the City of Buenos Aires is levied at a general rate of 3% of the amount claimed in conformity with Article 2 of Argentine Law No. 23,898). Pursuant to Argentine Law No. 26,589, as amended, certain mediation procedures must be exhausted prior to the initiation of lawsuits in Argentina.

There is no assurance that an Argentine court will not deem an obligation arising under a foreign judgment as infringing the Argentine public order in the event that, for example, at that time there prevail in Argentina restrictions prohibiting Argentine debtors from transferring foreign currency outside Argentina to extinguish their debts.

Corporation Service Company will serve as Clisa's and the Guarantors' agent for service of process in New York under (i) the dealer manager and solicitation agency agreement to be entered among Clisa, the Guarantors and BCP Securities, LLC and (ii) the indenture to be entered into among Clisa, the Guarantors, The Bank of New York Mellon, as trustee, registrar, paying agent and transfer agent, and TMF Trust Company (Argentina) S.A. as registrar, paying agent, transfer agent, trustee representative in Argentina, and collateral agent. For further information see "*Risk Factors—Risks Related to Argentina.*"

## FORWARD-LOOKING STATEMENTS

This Exchange Offer Memorandum contains estimates and forward-looking statements. Some of the matters discussed concerning our business, financial condition, results of operations, liquidity and prospects include estimates and forward-looking statements within the meaning of the Exchange Act.

Our estimates and forward-looking statements are mainly based on our expectations as of the date of this Exchange Offer Memorandum and estimates on future events and trends that affect or may affect our business, financial condition, results of operations, liquidity and prospects. They are made in light of information currently available to us and are not guarantees of future performance. Although we believe that these estimates and forward-looking statements are based upon assumptions that we believe to be reasonable in all material respects, they are subject to several risks, uncertainties and assumptions and are made in light of information currently available to us.

Our estimates and forward-looking statements may be affected by the following factors, among others:

- whether the administration in Argentina will maintain or change governmental policies;
- general economic, political, legal, social, business or other conditions, both in Argentina and abroad;
- our management's expectations and estimates concerning our future financial performance, financing plans and programs, and the effects of competition;
- changes in capital markets in general that may affect policies or attitudes toward lending to or investing in Argentina or Argentine companies;
- fluctuations and declines in the value of Argentina's public debt;
- government intervention in the private sector, including through nationalization, expropriation, regulation or other actions;
- restrictions on transfer of foreign currencies and other exchange controls;
- restrictions on energy supply or prices in the Argentine market;
- technological changes and our potential inability to implement new technologies;
- deterioration in regional and national business and economic conditions in Argentina;
- our level of capitalization and debt;
- availability and cost of funding;
- natural disasters and other unforeseen events;
- our plans regarding capital expenditures;
- anticipated trends and competition in the Argentine infrastructure market;
- interest rate fluctuations, inflation, fluctuations in import tariffs and changes in the exchange rate of the *peso* in relation to the U.S. dollar, among other macroeconomic indicators;
- regulatory environment, including environmental, tax and acquisition-related rules and regulations;
- credit risk, market risk and other risks of investment activities;
- loss of clients and related lower revenues;
- ability to sustain or improve our operating performance and implement our business strategies successfully;
- inability to retain certain personnel and ability to hire key personnel;



- adverse outcome of legal actions and/or administrative/regulatory proceedings involving us; and
- other risk factors discussed under “Risk Factors” in this Exchange Offer Memorandum.

The words “believe,” “can,” “may,” “estimate,” “continue,” “anticipate,” “plan,” “should,” “would,” “intend” and “expect,” among other similar words, are intended to identify forward-looking statements. Forward-looking statements speak only as of the date they were made, and we undertake no obligation to update publicly or to revise any forward-looking statements after we distribute this Exchange Offer Memorandum because of new information, future events or other factors, and are based on numerous assumptions regarding our present and future business and the environment in which we expect to operate in the future. Forward-looking statements involve risks and uncertainties and are not a guaranty of future results and may differ materially from those expressed in or suggested by these forward-looking statements. Given such limitations, you should not make any investment decision on the basis of the forward-looking statements contained herein.

## SUMMARY

*This summary highlights selected information about us, the Exchange Offer, the Consent Solicitation, the APE Solicitation and the New Notes that are offered hereby presented in greater detail elsewhere in this Exchange Offer Memorandum. This summary is not complete and does not contain all the information you should consider before investing in the New Notes. Before deciding to invest in the New Notes, we urge you to carefully read this entire Exchange Offer Memorandum, including “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” our Audited Consolidated Financial Statements, our Unaudited Condensed Interim Consolidated Financial Statements and related notes included elsewhere in this Exchange Offer Memorandum.*

### Overview

We are a leading Argentine infrastructure manager and developer with over 110 years of experience. We are currently organized along four principal business segments: (i) Construction, (ii) Waste Management, (iii) Transportation and (iv) Water Supply Services. We also engage in other minor business operations, which we report under the Other Activities segment. We provide services to both the public and private sectors with a majority of our projects concentrated in the public sector.

For the three-month period ended March 31, 2021, our consolidated revenues from contracts with customers amounted to Ps.11,030.3 million (U.S.\$119.9 million) and our consolidated Adjusted EBITDA was Ps.2,061.0 million (U.S.\$22.4 million). For the fiscal year ended December 31, 2020, our consolidated revenues from contracts with customers amounted to Ps.42,623.4 million (U.S.\$506.5 million) and our consolidated Adjusted EBITDA was Ps.8,608.1 million (U.S.\$102.3 million). We derive a substantial portion of our consolidated revenues from contracts with customers from the operations of our Waste Management and Construction segments, which represented 52.8% and 32.3% of our consolidated revenues from contracts with customers, respectively, for the three-month period ended March 31, 2021 and 54.6% and 30.8% of our consolidated revenues from contracts with customers, respectively, for the fiscal year ended December 31, 2020.

### Waste Management Segment

Through Cliba, one of the Guarantors, and its subsidiaries, we operate in four broad waste management areas: (i) urban waste management; (ii) landfill operations; (iii) industrial services; and (iv) waste valorization. We are a major supplier of urban waste management services, providing services to several municipalities of Argentina, mainly the City of Buenos Aires (Zone 2), San Isidro, Santa Fe and Neuquén, covering an aggregate of approximately 1.7 million people as of March 31, 2021. The main services we provide in the urban waste management business include the collection and removal of residential and commercial waste and manual and mechanical street sweeping.

Through an UTE in which Tecsan participates, we operate the landfills located in the Norte III environmental complex in the Province of Buenos Aires (“Norte III”). We believe that Norte III is one of the largest landfills in South America (based on specialized publications which report waste disposal volumes), treating approximately 450,000 tons of waste on average per month during 2019 from the City of Buenos Aires and 27 districts of Greater Buenos Aires, whose 11.7 million inhabitants represent approximately 29% of the total population of Argentina. However, as a result of the contraction of economic activity and the health emergency arising from the COVID-19 pandemic, the amount of disposed waste decreased to approximately 386,000 tons per month on average for the twelve-month period ended March 31, 2021.

We estimate that, currently, we are the leading company in treatment and final disposal of waste in Argentina as we control about 53% of the landfill market, according to our estimates. Additionally, we are building a new waste final disposal center in the province of Jujuy. Through our indirect subsidiary Envairo S.A. (“Envairo”), we implement customized environmental solutions for regional and national companies and industries, providing services such as comprehensive waste management, collection and transportation of commercial and industrial non-hazardous waste of large generators in the Province of Buenos Aires and the City of Buenos Aires with a fleet specialized for such activity and technical and civil cleaning, among others. Also, through Taym S.A. (“Taym”) we provide cleaning services in Uruguay.

Additionally, through our subsidiary CBA, we built and are currently operating an energy power plant, which operates with methane produced by the landfill (“biogas”) and has a nominal capacity of 11.8 MW. Finally, we are also in charge of the operation and maintenance of a plant for the mechanic and biological treatment of at least 310,000 tons of solid urban waste per year.

Our Waste Management segment generated Ps.5,819.3 million (U.S.\$63.3 million) and Ps.23,268.1 million (U.S.\$276.5 million) in revenues from contracts with customers for the three-month period ended March 31, 2021 and the fiscal year ended December 31, 2020, respectively. We had over 5,070 employees in this segment as of March 31, 2021.

### ***Construction Segment***

We are a major construction company in Argentina with over 110 years of experience in the construction industry. Through our subsidiary BRH, one of the Guarantors, and its subsidiaries, we provide a wide variety of construction services, including road and railway construction, underground transportation projects, port infrastructure and water-treatment related projects, industrial infrastructure and power lines, among others. In recent years, we have focused our commercial efforts on major public works, and our main clients include the Argentine government, the GCBA, certain provincial governments and their ministries, secretaries and other governmental offices, such as the National Road Authority (*Dirección Nacional de Vialidad*, “DNV”), the Railway Infrastructure Administration (*Administración de Infraestructura Ferroviaria*, “ADIF”), the Subway of Buenos Aires State Company (*Subterráneos de Buenos Aires Sociedad del Estado*, “SBASE”) and Autopistas Urbanas S.A, and ad-hoc operating units created to implement programs financed by international sources such as the World Bank and the Inter-American Development Bank, among others.

Our most significant completed projects include several tranches of the Córdoba-Rosario highway, and the Córdoba city beltway, the Western Access Expressway in Buenos Aires; the elevation of rail lines in the Gral. Mitre Railway and extensions of the subway Lines B, D and E in the City of Buenos Aires, port facilities in the Province of Santa Cruz; the Pichi Picún Leufú hydroelectric dam in the Province of Neuquén; international airports in Santiago, Chile and Asunción, Paraguay; corporate buildings for IBM and Telecom and the Sheraton and Hilton hotels in Buenos Aires; and the Antel Telecommunications Tower in Montevideo, Uruguay.

Currently, the most important projects in our portfolio include:

- water infrastructure projects, such as capacity increase works in the Salado River in the Province of Buenos Aires and the construction of the *Gran Tulum* water channel in the Province of San Juan;
- road works, such as the construction of the Villa María By-Pass Road in the Province de Córdoba, widening and repaving of National Roads No. 9 and No. 60 in the Provinces of Córdoba and Catamarca, repaving of National Road No. 76 that connects Argentina and Chile through the Pircas Negras International Border Crossing in the Province of La Rioja, and roadway duplication works in the Provincial Roads No. 11 and No. 56 in the Province of Buenos Aires; and
- railway works such as the installation of railway signaling systems in General Mitre and Sarmiento suburban rail lines.

As of the date of this Exchange Offer Memorandum, most of the works that were suspended due to government budget restrictions or that had come to a halt when the preventive and mandatory social isolation was declared have gradually restarted. For further information on our projects, see “*Business—Construction Segment*.”

Haug, our indirect wholly owned subsidiary in Peru, is engaged in (i) engineering, construction and assembly of processing plants and production facilities for the mining, oil & gas, energy and manufacturing industries; (ii) metal-mechanical manufactures such as storage tanks, pipelines and other metallic structures; and (iii) maintenance services for facilities and equipment in these industries. Haug is a leader in the metal-mechanical manufactures for structural use in Peru (based on revenues for 2018 according to a ranking published in “Peru: The Top 10,000 Companies 2020”). Through Benito Roggio Paraguay, we have been developing construction projects in Paraguay since 1974. Through

our participation in Sehos S.A. (“Sehos”), we provide civil maintenance services to hospitals, public buildings and private industrial plants, as well as general architectural services, in particular, railway infrastructure services such as the refurbishment and renovation of railway stations, rail level crossing renewals, elevation of train platforms, delimitation of operating areas, among others. Finally, through our branch in Brazil, we are paving a 112-km-long tranche of Federal Road BR163, between Campo Verde and Rurópolis, in the State of Pará in the north of Brazil.

Our Construction segment recorded Ps.3,568.2 million (U.S.\$38.8 million) and Ps.13,129.5 million (U.S.\$156.0 million) in revenues from contracts with customers for the three-month period ended March 31, 2021 and the fiscal year ended December 31, 2020, respectively. We had over 2,640 employees in this business segment as of March 31, 2021.

### ***Transportation Segment***

Through Benito Roggio Transporte S.A. (“BRt”) and its subsidiaries, we transported more than 353 million passengers in 2019, although as a result of restrictions on the movement of people and use of public transportation because of the COVID-19 pandemic, the number of passengers fell to approximately 82.5 million during 2020 and to approximately 16.8 million in the three-month period ended March 31, 2021. We manage the following businesses in this segment: passenger railway ground and underground transportation, industrial activities related to rolling railway stock, railway infrastructure works, as well as other related activities such as technical assistance to other railway operators.

Metrovías, a company in which BRt has a 90.66% equity interest, provides both aboveground and underground passenger railway transportation services within the Metropolitan Area of the City of Buenos Aires (“AMBA”). On April 5, 2013, Metrovías entered into the *Acuerdo de Operación y Mantenimiento* (the “AOM”) with SBASE, pursuant to which Metrovías was granted, on an exclusive basis, the maintenance and operation of the Subway (“SBA”) and Premetro Public Services of the City of Buenos Aires (“Premetro”). The Buenos Aires subway network comprises six lines which total 57 km of double rail with 90 stations. The Premetro is a light surface train with more than 7 km of track and has 18 stations.

The AOM is effective until the successful bidder of the national and international call for bids called by the GCBA for the new concession for the operation and maintenance of the SBA and Premetro effectively takes possession of the service. In connection therewith, the Company, through a consortium composed of Metrovías and BRt, was awarded the bid. As of the date of this Exchange Offer Memorandum, the Company is conducting the formal steps required in the tendering process prior to execution of the new concession contract and the start of operations. For further information regarding the new concession, please see “*Business—Transportation Segment—New Concession Contract - Subway and Premetro Network*”.

Additionally, we own the concession granted by the Argentine government to manage and operate, on an exclusive basis, the General Urquiza suburban railway (the “Urquiza Railway”). The Urquiza Railway, which links the City of Buenos Aires to the suburb of San Miguel in the Province of Buenos Aires, is 26 km long and has 23 stations. Although the term of the concession ended on December 31, 2017, the Argentine government granted Metrovías several consecutive 18-month extensions, the last of which will expire on September 30, 2021. Unless the Argentine Government provides for the termination of the concession at such date, such extension term is renewable for an additional 18-month period or until the new operator awarded in the bidding process for the new concession of the service takes possession. As of the date of this Exchange Offer Memorandum, the bidding process is in a preliminary phase and the Argentine government has not set any further timeline.

In addition, BRt also (i) holds a majority interest in Benito Roggio Ferroindustrial S.A. (“BRf”), which provides maintenance and repair services for railway rolling stock, (ii) holds a minority interest in the consortium in charge of the construction and operation of Line 18 of the San Pablo Metro, which will link San Pablo with San Bernardo del Campo with a monorail and (iii) holds a minority interest in Consortium VLT Carioca, holder of the concession for the installation, operation and maintenance of a light train (*veículo leve sobre trilhos*, or “VLT”) in the port and central area of Rio de Janeiro, Brazil, to which it has also provided technical assistance services.

Our Transportation segment recorded Ps.467.2 million (U.S.\$5.1 million) and Ps.2,205.3 million (U.S.\$26.2 million) in revenues from contracts with customers for the three-month period ended March 31, 2021 and the fiscal

year ended December 31, 2020, respectively. We had more than 6,420 employees in this segment as of March 31, 2021.

### ***Water Supply Services Segment***

We provide water supply services through Aguas Cordobesas S.A. (“ACSA”), a company controlled by BRH with a 71.98% ownership interest. ACSA has been involved in capturing, treating, preserving, distributing and selling water for residential, commercial and industrial use in the City of Córdoba since 1997. ACSA serves a population of approximately 1.36 million through two water treatment plants, 26 pressure raising stations and an over 4,700 km distribution network. Our concession to perform water supply services in the City of Córdoba expires in May 2027.

This segment generated revenues from contracts with customers of Ps.1,170.5 million (U.S.\$12.7 million) and Ps.3,997.0 million (U.S.\$47.5 million) during the three-month period ended March 31, 2021 and the fiscal year ended December 31, 2020, respectively. We had over 550 employees in the segment as of March 31, 2021.

### ***Other Activities Segment***

Through our indirect subsidiary Prominente S.A. (“Prominente”), we also provide software solutions and supporting technological services to companies and organizations of several sectors of the economy. Total revenues from contracts with customers and assets for this segment represented 0.9% and 0.8% of our total consolidated revenues from contracts with customers for the three-month period ended March 31, 2021 and the fiscal year ended December 31, 2020, respectively, and 1.5% of our total consolidated assets as of March 31, 2021. We had 171 employees in this segment as of March 31, 2021.

### **Our Competitive Strengths**

We believe that our principal strengths include the following:

***Diversified revenue base.*** We operate in four different main business segments, which helps us balance our results and cash flows. Although our clients from our Argentine operations are mostly governmental entities, they are also diversified throughout different levels of the public administration. Our clients include national, provincial and municipal entities, as well as specific autonomous entities, and this diversity provides flexibility in case a level of government or a specific entity faces financial constraints. In addition to our government clients, we also provide services to different private entities including clients within the mining, energy, oil and gas and manufacturing industries, over 539 thousand individuals through our Water Supply Services segment as of March 31, 2021 and over 82 million and 353 million passengers in 2020 and 2019, respectively, through our Transportation segment.

***Operational and financial reliability.*** We have over 110 years of experience operating in the infrastructure industry in Argentina and other Latin American countries. Over this time, we have endured many economic crises and we have continued under different government administrations, with diverse political orientations and ideologies. We are committed to providing quality service to our customers, and have successfully completed our construction projects despite the Argentine economic environment. We were one of the first companies to successfully complete the renegotiation of our financial debt after the Argentine 2001 crisis and completed the exchange process of our debt at par value while many companies renegotiated their debt below par. We believe our operational and financial responsibility reflects our commitment to our clients and investors.

***Nationwide and international presence and strong company recognition.*** We believe that we have a leading position in the Argentine infrastructure and waste management markets and a highly competitive one in the railway transportation sector. We have been involved in numerous high-profile projects including the management of the SBA; the construction of the international airports in Santiago, Chile and in Asunción, Paraguay; the construction of the Pichi Picún Leufú hydroelectric dam in the Province of Neuquén, Argentina; the construction of various tranches of the circumvallation highway to the City of Córdoba and the Rosario-Córdoba highway, in Argentina; the construction of the elevated overpass in the rails of the Gral. Mitre Railway in the city of Buenos Aires, the management and development of landfills in Argentina, one of which is among the largest in South America (based on waste disposal volumes), handling over 386,000 tons of waste per month on average in the twelve-month period ended March 31, 2021; the construction and operation of the first and largest mechanic and biological treatment plant

in Argentina (based on tons of waste processed), and of the largest electric energy power plant powered with biogas in Argentina (based on installed capacity); and the distribution of water for residential, commercial and industrial use in the City of Córdoba. Through our numerous concessions and projects, we have gained recognition and expertise, which we believe will allow us to continue to be granted new projects and concessions in the future.

***Commitment to providing high quality and sustainable services.*** We believe that we provide high quality services in all of our business segments. We have been awarded a number of quality certifications for our construction, passenger transportation, water supply and waste management services. We believe that quality certifications, such as the ISO 9001, which we received for high standards in our management systems, are representative of efficient and effective operations, which lead to increased client satisfaction and client retention. Further, we are committed to environmental sustainability, including minimizing the use of natural resources, developing alternative energy sources, and providing and developing long-term and sustainable waste disposal methods and mechanisms. BRH, Haug, ACSA and many of our waste management projects have been awarded ISO 14.001 certifications for environmental management standards, which we believe demonstrates our effort to minimize the negative effects that our operations have on the environment and to comply with applicable environmental legislation. We also train our personnel in this respect and analyze new waste management techniques in order to maintain our position as one of the leading Argentine infrastructure companies and to acquire new contracts for waste disposal and waste valorization.

***Ownership of a substantial amount of equipment.*** As of March 31, 2021, we owned machinery and heavy equipment worth a net carrying value of Ps.10,393.5 million. We primarily use this equipment in our Construction and Waste Management business segments. We believe owning these assets provides us with an important operational and economic advantage over other competitors which have to rely on leased equipment, which may, at times, be unavailable and may have higher operating costs.

***Experienced management team, with entrepreneurial capability and a proven track record.*** Since we began our operations, our managers and directors have acquired extensive experience in the infrastructure business and government concessions. Our team of professionals is highly trained, and they have specific knowledge regarding the government bidding and contract renegotiation processes. They are focused on our growth, the maintenance of financial stability, the profitability of our business and our continued sustainability measures. On average, the executive officers of our business segments have worked for Clisa for over 25 years. We believe that this group of professionals and managers possess the necessary experience and qualifications for conducting our business and overcoming the challenges of the infrastructure sector.

## **Our Strategies**

We are one of the leading corporate groups in Argentina, where we carry out most of our businesses, with more than 110 years of experience in the infrastructure business. Our business strategy has always been to strengthen our position in the infrastructure industry as well as in the operation of public utilities, taking advantage of the various opportunities that arise from the significant investment deficit in Argentina for roads, energy, port and rail infrastructure and sanitation in general. In recent years, we have also implemented a strategy to expand our presence in the region, which led us to develop activities in Peru, Chile, Uruguay, Brazil, and Panama. We have also had a proactive approach towards the presentation and development of new infrastructure projects through the identification of new opportunities and the presentation of potential projects to our clients.

However, since mid-2018, Argentina's macroeconomic variables have deteriorated sharply. This includes ongoing significant budget deficits of the Argentine government coupled with an accelerated *peso* devaluation process and extremely high inflation levels, followed by a marked increase in the country risk and interest rates in *pesos*, which has translated into a significant economic downturn and reduced government investment in infrastructure.

Then, at the beginning of 2020, the outbreak of the COVID-19 pandemic aggravated the situation further, since the strict isolation measures imposed throughout the country resulted in a marked downturn in economic activity, which ended up worsening the already difficult budgetary situation of the various governmental agencies at all levels (national, provincial and municipal), which are the main clients of the Company. Their financial constraints led them to lengthen the payment terms considerably and delay the recognition of price adjustments, thus increasing the Company's working capital requirements, and in some cases to propose or demand reductions in the number of contracted services and/or in their prices.

Since the outbreak of COVID-19, an especially important part of our businesses (urban waste management and landfill operations, transportation and water supply, which represented, in aggregate, approximately 58% of our annual consolidated revenues in 2019) was able to continue providing services because they are deemed essential services for the population. However, in the Waste Management segment, we had a year-on-year decrease of approximately 13% in the volume of waste disposed in landfills, while, in the Transportation segment, the unprecedented fall in the ridership on the Subway (over 89% in the twelve-month period ended March 31, 2021, as compared to the same period in the previous year) and in the Urquiza Railway (over 74% in the same period) resulted in a decrease in revenues because we were ineligible for the incentive for transporting more passengers on the Subway and lost more than half of ticket revenues in the Urquiza Railway. In the Water Supply business, the tariff review process, which had been operating without major inconveniences for more than ten years, was considerably delayed to the extent that no tariff increase was approved during 2020.

In addition, the construction activity not only failed to recover from the sustained decrease since 2019 but was also reduced to a minimum level in the midst of rigorous isolation measures imposed by the Argentine government during the first months of the pandemic. However, as a result of the gradual reopening of the economic activity and the willingness of the Argentine government to use the construction industry as an instrument to kick-start the economy, the Company has worked intensively to resume all its construction projects in Argentina, even those projects that had been suspended for years. This strategy has paid off, since, as of March 31, 2021, works representing 78% of our total construction backlog in Argentina was once again under execution. The fiscal situation of our clients, however, does not allow us to ensure the pace at which such construction works, nor those that might be tendered in the near future, can be executed.

In this complex and challenging context, our main strategies for the short- and mid-term are:

- Preserve our liquidity to ensure the continued delivery of our services meeting adequate quality standards.
- Continue and strengthen collection efforts as well as efforts to seek recognition of price adjustments in our waste management businesses to reduce working capital needs and the associated financial costs.
- Monitor the financial situation of the GCBA and the Province of Buenos Aires, strongly affected by the fall in fiscal revenues during 2020, and try to avoid cuts in the number of contracted services and/or in their prices, in the case of our waste management services.
- Launch the new operation and maintenance contract for the Subway and Premetro of the City of Buenos Aires, whose twelve-year term creates the necessary conditions to make the investments that will allow us to increase our operating efficiency and provide an improved service, thus boosting the Company's value.
- Reactivate the construction projects of our backlog in Argentina that have not been launched yet.
- Execute construction projects at a pace that is in line with the payment capacity of our government clients to avoid increasing working capital.
- Continue participating in tenders for construction projects in Argentina, keeping an eye on profitability margins in a context of low activity and high competition, and prioritizing projects funded by international agencies or private clients.
- Make our operations more efficient to optimize resources and improve our operating margins.
- Intensify the search for business opportunities in other Latin American countries to leverage the wide range of our Company's technical background and know-how.

## **Our History**

### ***Clisa***

Clisa is an entity controlled by Roggio S.A. (“Roggio”), and it is part of the Roggio Group, a leading business group in Argentina. The Roggio Group started its operations in 1908 in the City of Córdoba, Argentina, as a construction company founded by Mr. Benito Roggio. In 1955, BRH was incorporated under the laws of Argentina as a *sociedad anónima*.

Clisa was incorporated under the laws of Argentina as a *sociedad anónima* on November 15, 1996, when the Board of Directors of Roggio decided to consolidate all the infrastructure and utility development operations in order to manage these businesses more efficiently. In October 1996, the Roggio Group transferred all of its equity interests in business segments such as construction and toll road concessions, waste management and transportation to us. On September 24, 1997, both Clisa and Polledo entered into a spin-off and merger transaction with other third-parties which resulted in our acquisition of an equity interest in Polledo. We currently have a 46.18% equity interest in Polledo. As of December 31, 2020, Polledo recorded accumulated losses of Ps.147.6 million (in the constant currency of such date), which is grounds for dissolution established in subsection 5 of article 94 of the Argentine General Companies Law No. 19,550 (the “General Companies Law”).

Polledo has interests in various companies and joint ventures, including a minority interest in Eriday UTE, which is in an international arbitration with the Yacyretá Binational Entity relating to a concluded contract for the execution of civil works in the construction of the Yaciretá hydroelectric dam. The shareholders of Polledo on April 30, 2021, resolved that the board of directors of Polledo should continue with the arbitration and exercise its influence within Eriday UTE to ensure a quick resolution of an arbitral award, which would allow Polledo to absorb accumulated losses. As of March 31, 2021, Polledo recorded accumulated losses of Ps.156.9 million, so it continued to be within the parameters for dissolution.

In the late 1990s, we decided to focus on strategic infrastructure projects and divested our participation in several non-strategic projects. In 2001, we sold most of our assets in connection with our waste management business, that were not considered to be strategic at that moment. These assets were reacquired by Roggio in 2004, who assigned participating interests in these assets to us in 2006.

On June 29, 2001, we incorporated BRt in an effort to concentrate our transportation business operations in a single corporation. In 2006, we acquired a majority equity interest in ACSA.

As a part of our regional strategy, in July 2010, we acquired a 70% equity interest in Haug, which is involved in the engineering, manufacture, construction and assembly of industrial plants, storage tanks and metallic structures in Peru. In September 2014, we acquired the remaining 30% equity interest in Haug and now own, through BRH and Sehos, all of its equity. In addition, in March 2018, through BRH (which already had a 20% interest in Benito Roggio Paraguay), we acquired from Roggio shares representing 60% of the capital stock of Benito Roggio Paraguay, with effect from December 28, 2017. As a result of this transaction, BRH holds an 80% participation in Benito Roggio Paraguay.

### ***The Guarantors***

BRH and Cliba are our two principal subsidiaries, and together will fully, unconditionally, jointly, severally and irrevocably guarantee the New Notes. Both BRH and Cliba have numerous subsidiaries and participations in UTEs, none of which are guaranteeing the New Notes. For further information, see “*Risk Factors—Risks Related to the New Notes—We and our subsidiaries, including the Guarantors, may incur additional indebtedness ranking equal or senior to the New Notes, which could adversely affect our financial health and our ability to satisfy our outstanding debt obligations.*”

**BRH.** We own 99.6% of total outstanding voting power and ownership interests of BRH, a subsidiary whose consolidated assets, consolidated revenues from contracts with customers and consolidated Adjusted EBITDA, in each case before eliminations entered for consolidation, represented (i) 58.4% (Ps.45,302.0 million), 42.8% (Ps.4,720.9 million) and 28.3% (Ps.582.8 million) of our consolidated assets, consolidated revenues from contracts with customers



and consolidated Adjusted EBITDA as of and for the three-month period ended March 31, 2021, respectively, and (ii) 59.2% (Ps.42,168.2 million), 40.1% (Ps.17,091.0 million) and 12.6% (Ps.1,087.9 million) of our consolidated assets, consolidated revenues from contracts with customers and consolidated Adjusted EBITDA as of and for the year ended December 31, 2020, respectively. The BRH consolidated amounts above also include the consolidated results of its subsidiaries that are not guarantors of the New Notes. The total equity of BRH, as set forth in its unaudited consolidated financial statements as of March 31, 2021, was Ps.22,363.0 million (U.S.\$243.1 million).

BRH started its operations in 1908 in the City of Córdoba as a construction company. On June 26, 1955, BRH was incorporated under the laws of Argentina as a *sociedad anónima* with registration number 455 F. 1663 T. 7. In the following decades, the Roggio Group used BRH to expand its lines of business throughout Argentina and Latin America. In the 1960s, BRH was part of a group of companies that created the Corporación Argentina para la Vivienda S.A., a savings and loan entity used to purchase residential housing, which was later reorganized as Banco del Suquía, a commercial bank under the leadership of BRH. In the 1990s, the bank was ranked first in terms of deposits among regional private banks in Argentina outside the AMBA. In 1973, BRH began its international operations with the construction of the Asunción International Airport in Paraguay. In 1986, BRH won its first public bid for the waste collection and street sweeping services in the City of Córdoba. BRH was involved in the privatization of public utility services in Argentina and, towards the end of 1994, it also acquired interests in several power companies, mobile telephone services, residential gas networks, the postal service and fuel distribution services. In September 1994, certain business lines such as banking, real estate and energy were divested from BRH and placed into separate holding companies, which were mostly owned by Roggio. Consequently, all assets, liabilities and allocated equity related to these business lines were transferred out of BRH as of September 1994. Currently, BRH's corporate address is Vito Remo Roggio 3531, City of Córdoba, Argentina.

*Cliba.* We directly and indirectly own 99.99% of the total outstanding voting power and economic interests of Cliba, a subsidiary whose consolidated assets, consolidated revenues from contracts with customers and consolidated Adjusted EBITDA, in each case before eliminations entered for consolidation, represented (i) 38.7% (Ps.29,997.4 million), 52.8% (Ps.5,819.3 million) and 65.5% (Ps.1,350.7 million) of our consolidated assets, consolidated revenues from contracts with customers and consolidated Adjusted EBITDA as of and for the three-month period ended March 31, 2021, respectively, and (ii) 39.3% (Ps.27,990.7 million), 54.4% (Ps.23,186.8 million) and 79.1% (Ps.6,805.6 million) of our consolidated assets, consolidated revenues from contracts with customers and consolidated Adjusted EBITDA as of and for the year ended December 31, 2020, respectively. The Cliba consolidated amounts above also include the consolidated results of subsidiaries that are not guarantors of the New Notes. The total equity of Cliba, as set forth in its unaudited consolidated financial statements as of March 31, 2021, was Ps.11,251.4 million (U.S.\$122.3 million).

Cliba was incorporated on December 14, 1997, with registration number 14341 L. 123 T. A, to provide waste collection services to Zone 1 of the City of Buenos Aires. Cliba's initial contract began in February 1998, and ended in February 2005. On that date, Cliba Ingeniería Ambiental S.A. ("Cliba IASA"), an indirect subsidiary of Clisa, took over the waste collection and sweeping service in Zone 1 of the City of Buenos Aires through September 2014. In October 2014, Cliba restarted its waste collection and sweeping services in Zone 2 of the City of Buenos Aires. The contract term expires in October 2024 with an option for a one-year extension. Currently, Cliba's corporate address is Leandro N. Alem 1050, City of Buenos Aires, Argentina.

In December 2014, Cliba acquired 95% of the total outstanding voting power and economic interests of Tecsán, which until then had been controlled by Cliba IASA. Tecsán's main activities are the collection, transportation and treatment of waste and landfill operation. Tecsán also has a stake in CBA and the UTEs that provide urban waste management services in the municipality of San Isidro in the Province of Buenos Aires and the cities of Neuquén and Santa Fe. Additionally, in March 2021, Cliba became a majority shareholder in Cliba IASA (which until then had been controlled by Clisa). Cliba IASA has a controlling stake in the UTEs that provide urban waste management services in the municipality of San Isidro in the Province of Buenos Aires and the cities of Neuquén and Santa Fe. Thus, Cliba currently has control of all operational activities in the waste management sector, including those related to industrial services and waste valorization. Tecsán's shares are currently pledged as collateral securing the Old Secured Notes, which collateral will be released pursuant to the Old Secured Notes Consent Solicitation in order to effect the Tecsán Share Pledge (as defined below) in favor of holders of the New Notes as described below under "—Share Pledge" and in "Description of the New Notes."

*BRH and Cliba – Consolidated Combined Basis.* BRH and Cliba are subsidiaries of Clisa that represented, on a combined consolidated basis before group eliminations, 97.1% and 98.5% of our consolidated assets as of March 31, 2021 and December 31, 2020, respectively. They also represented 95.6% and 94.5% of our consolidated revenues from contracts with customers for the three-month period ended March 31, 2021 and the fiscal year ended December 31, 2020, respectively. These amounts include the consolidated results of subsidiaries, and interests in UTEs, that will not be guarantors of the New Notes.

As of March 31, 2021, BRH and Cliba jointly accounted for Ps.33,614.4 million, or 84.4%, of our net assets on a combined consolidated basis before group eliminations. For the three-month period ended March 31, 2021, the total consolidated Adjusted EBITDA of BRH and Cliba jointly accounted for Ps.1,933.5 million, or 93.8%, of our total Adjusted EBITDA.

As of December 31, 2020, BRH and Cliba jointly accounted for Ps.31,369.0 million, or 81.9%, of our net assets on a combined consolidated basis before group eliminations. For the same year, the total consolidated Adjusted EBITDA of BRH and Cliba jointly accounted for Ps.7,893.5 million, or 91.7%, of our total Adjusted EBITDA.

*Non-Guarantor Subsidiaries – Consolidated Combined Basis.* As of March 31, 2021, our subsidiaries that will not guarantee the New Notes accounted for Ps.6,013.6 million, or 15.1%, of our net assets, on a combined consolidated basis before group eliminations. For the same period, the total Adjusted EBITDA of our subsidiaries that will not guarantee the New Notes, on a combined consolidated basis, accounted for Ps.(42.3) million, or (2.1)%, of our total Adjusted EBITDA.

As of December 31, 2020, our subsidiaries that will not guarantee the New Notes accounted for Ps.6,448.7 million, or 16.8%, of our net assets, on a combined consolidated basis before group eliminations. For the same year, the total Adjusted EBITDA of our subsidiaries that will not guarantee the New Notes, on a combined consolidated basis, accounted for Ps.43.0 million, or 0.5%, of our total Adjusted EBITDA.

*Clisa – Stand-Alone Basis.* As of March 31, 2021, Clisa accounted for Ps.194.9 million, or 0.4%, of our net assets on a stand-alone combined basis before group eliminations. For the three-month period ended March 31, 2021, the Adjusted EBITDA of Clisa, on a stand-alone basis, accounted for Ps.169.8 million, or 8.2%, of our total Adjusted EBITDA.

As of December 31, 2020, Clisa accounted for Ps.462.1 million, or 1.0%, of our net assets on a stand-alone combined basis before group eliminations. For the same year, the Adjusted EBITDA of Clisa, on a stand-alone basis, accounted for Ps.671.6 million, or 7.8%, of our total Adjusted EBITDA.

*BRH and Cliba– Stand-Alone Combined Basis.* As of March 31, 2021, Cliba and BRH accounted for Ps.31,010.1 million, or 61.3%, of our net assets on a combined stand-alone basis before group eliminations. For the three-month period ended March 31, 2021, the total Adjusted EBITDA of Cliba and BRH, on a stand-alone combined basis, accounted for Ps.582.9 million, or 28.3%, of our total Adjusted EBITDA.

As of December 31, 2020, Cliba and BRH accounted for Ps.28,977.8 million, or 60.4%, of our net assets on a combined stand-alone basis before group eliminations. For the year ended December 31, 2020, the total Adjusted EBITDA of Cliba and BRH, on a stand-alone combined basis, accounted for Ps.1,396.4 million, or 16.2%, of our total Adjusted EBITDA.

*Non-Guarantor Subsidiaries – Stand-Alone Combined Basis.* As of March 31, 2021, the net assets of our subsidiaries that will not guarantee the New Notes accounted for Ps.19,342.1 million, or 38.3%, of our net assets, on a stand-alone combined basis before group eliminations. For the three-month period ended March 31, 2021, the total Adjusted EBITDA of our subsidiaries that will not guarantee the New Notes, on a stand-alone combined basis, accounted for Ps.1,308.3 million, or 63.5%, of our total Adjusted EBITDA.

As of December 31, 2020, the net assets of our subsidiaries that will not guarantee the New Notes accounted for Ps.18,531.0 million, or 38.6%, of our net assets, on a stand-alone combined basis before group eliminations. For

the year ended December 31, 2020, the total Adjusted EBITDA of our subsidiaries that will not guarantee the New Notes, on a stand-alone combined basis, accounted for Ps.6,540.1 million, or 76.0%, of our total Adjusted EBITDA.

### *The Share Pledge*

*Tecsan.* The New Notes will be secured by a first priority share pledge (*prenda en primer grado de prelación y privilegio*) over common shares representing 100% of the outstanding capital stock of Tecsan (the “Tecsan Share Pledge”). Tecsan’s shares are currently pledged as collateral securing the Old Secured Notes, which collateral will be released pursuant to the Old Secured Notes Consent Solicitation in order to effect the Tecsan Share Pledge. Clisa directly and indirectly owns 99.999% of the voting power and ownership interests in Tecsan. The direct shareholders of Tecsan will be, at the date of the execution of the Tecsan Share Pledge, Cliba, a direct subsidiary of Clisa and one of the Guarantors and Metro Ambiental S.A., a company incorporated under the laws of Argentina and a direct subsidiary of Cliba. Cliba and Metro Ambiental S.A. will be able to transfer its shares in Tecsan to any other subsidiary controlled by Clisa, at any time and without the need for the consent of the Collateral Agent and/or the holders of New Notes. Tecsan may issue new shares provided they are subscribed for by Cliba, Metro Ambiental S.A. and/or by one or more subsidiaries controlled by Clisa. Tecsan was established in 1999 and is mainly dedicated to the design, construction and operation of landfills. Tecsan has a 95% stake in the UTE that operates Norte III and also has a 5% stake in the UTEs that provide urban waste management services in the municipality of San Isidro in the Province of Buenos Aires and the cities of Neuquén and Santa Fe.

Tecsan’s financial information is consolidated in Cliba’s consolidated financial statements. Therefore, the consolidated assets, revenues from contracts with customers and Adjusted EBITDA of Tecsan that are reported below are included in the consolidated assets, revenues from contracts with customers and Adjusted EBITDA of Cliba set forth above. Tecsan’s consolidated assets, consolidated revenues from contracts with customers and consolidated Adjusted EBITDA, in each case before eliminations entered for consolidation, accounted for (i) 30.2% (Ps.23,394.3 million), 28.2% (Ps.3,111.8 million) and 37.1% (Ps.765.3 million) of our consolidated assets, consolidated revenues from contracts with customers and consolidated Adjusted EBITDA, as of and for the three-month period ended March 31, 2021, respectively, and (ii) 32.9% (Ps.23,404.6 million), 40.2% (Ps.17,141.5 million) and 62.2% (Ps.5,350.6 million) of our consolidated assets, consolidated revenues from contracts with customers and consolidated Adjusted EBITDA, as of and for the year ended December 31, 2020, respectively. The total equity of Tecsan, as set forth in its unaudited condensed interim consolidated financial statements as of March 31, 2021, was Ps.8,816.2 million (U.S.\$95.8 million).

*CBA.* The New Notes will be secured by a first priority share pledge (*prenda en primer grado de prelación y privilegio*) over common shares representing 100% of the outstanding capital stock of CBA (the “CBA’s Share Pledge” and together with the Tecsan Share Pledge, the “Share Pledge Agreements”). Clisa directly and indirectly owns 99.998% of the voting power and ownership interests in CBA. The direct shareholders of CBA are Tecsan and Enerco<sub>2</sub> S.A., with a 70% and 30% stake, respectively. The current shareholders may transfer its shares in CBA to any other subsidiary controlled by Clisa. Likewise, CBA may issue new shares provided they are subscribed for by the current shareholders and/or by one or more subsidiaries controlled by Clisa. In addition, the direct shareholders of Enerco<sub>2</sub> S.A. are Cliba and Tecsan, with a 95% and 5% stake, respectively. CBA, which was established in 2009, built and is currently operating a generation plant powered with biogas extracted from the Norte IIIC landfill.

CBA’s financial information is consolidated in Tecsan’s consolidated financial statements. Therefore, the assets, revenues from contracts with customers and Adjusted EBITDA of CBA that are reported below are included in the consolidated assets, revenues from contracts with customers and Adjusted EBITDA of Tecsan set forth above. CBA’s assets, revenues from contracts with customers and Adjusted EBITDA, in each case before eliminations entered for consolidation, accounted for (i) 3.2% (Ps.2,460.5 million), 1.6% (Ps.174.4 million) and (0.7)% (Ps.(15.3) million) of our consolidated assets, consolidated revenues from contracts with customers and consolidated Adjusted EBITDA, as of and for the three-month period ended March 31, 2021, respectively, and (ii) 3.2% (Ps.2,289.9 million), 1.9% (Ps.806.9 million) and 5.0% (Ps.428.8 million) of our consolidated assets, consolidated revenues from contracts with customers and consolidated Adjusted EBITDA, as of and for the year ended December 31, 2020, respectively. The total equity of CBA, as set forth in its unaudited condensed interim financial statements as of March 31, 2021, was Ps.1,211.4 million (U.S.\$13.2 million).

### *Future Pledge Companies*

*Haug.* At the date of this Exchange Offer Memorandum, 100% of the shares of Haug has been assigned in trust as security to the BRCC Notes (as defined below). Upon full payment, satisfaction and discharge of the BRCC Notes, the Company shall cause Haug's shareholders to grant a first priority pledge (*prenda en primer grado de prelación y privilegio*) in all of the issued and outstanding capital stock of Haug in favor of the Collateral Agent for the benefit of the Trustee and the holders of the New Notes. Clisa indirectly owns 100% of the voting power and ownership interests in Haug. The direct shareholders of Haug are BRH, BRH's Peruvian branch and Sehos, with a 53.97%, 46.03% and 0.01% stake, respectively. One such pledge is effective, the shareholders will be able to transfer its shares in Haug to any other subsidiary controlled by Clisa. Likewise, Haug will be able to issue new shares provided they are subscribed for by the current shareholders and/or by one or more subsidiaries controlled by Clisa. Haug started its operations in 1949 and, in 1978, was incorporated under the laws of Peru as a *sociedad anónima*. Haug is engaged in (i) engineering, construction and assembly of processing plants and production facilities for the mining, oil & gas, energy and manufacturing industries; (ii) metal-mechanical manufactures such as storage tanks, pipelines and other metallic structures; and (iii) maintenance services for facilities and equipment in these industries.

Haug's financial information is consolidated in BRH's consolidated financial statements. Therefore, the consolidated assets, revenues from contracts with customers and Adjusted EBITDA of Haug that are reported below are included in the consolidated assets, revenues from contracts with customers and Adjusted EBITDA of BRH set forth above. Haug's consolidated assets, revenues from contracts with customers and Adjusted EBITDA, in each case before eliminations entered for consolidation, accounted for (i) 10.2% (Ps.7,888.2 million), 7.6% (Ps.838.5 million) and 1.1% (Ps.23.5 million) of our consolidated assets, consolidated revenues from contracts with customers and consolidated Adjusted EBITDA, as of and for the three-month period ended March 31, 2021, respectively, and (ii) 10.8% (Ps.7,687.2 million), 8.4% (Ps.3,564.6 million) and (1.7)% (Ps.(143.6) million) of our consolidated assets, consolidated revenues from contracts with customers and consolidated Adjusted EBITDA, as of and for the year ended December 31, 2020, respectively. The total equity of Haug, as set forth in its unaudited condensed interim consolidated financial statements as of March 31, 2021, was the equivalent to Ps.4,503.7 million (U.S.\$49.0 million).

*Benito Roggio Paraguay.* Clisa, through BRH, has an 80% of the interests and voting rights of Benito Roggio Paraguay. At the date of this Exchange Offer Memorandum, all of the capital stock held by Clisa in Benito Roggio Paraguay has been assigned in trust as security to the BRCC Notes (as defined below). Upon full payment, satisfaction and discharge of the BRCC Notes, the Company shall cause BRH to grant a first priority pledge (*prenda en primer grado de prelación y privilegio*) in all of the issued and outstanding capital stock held by BRH in Benito Roggio Paraguay in favor of the Collateral Agent for the benefit of the Trustee and the holders of the New Notes. Once such pledge is effective, the shareholders will be able to transfer its shares in Benito Roggio Paraguay to any other subsidiary controlled by Clisa. Likewise, Benito Roggio Paraguay will be able to issue new shares provided they are subscribed for by the current shareholders and/or by one or more subsidiaries controlled by Clisa. Benito Roggio Paraguay was incorporated under the laws of Paraguay as a *sociedad anónima* in 1974. Benito Roggio Paraguay develops construction activities in Paraguay.

Benito Roggio Paraguay's financial information is consolidated in BRH's consolidated financial statements. Therefore, the assets, revenues from contracts with customers and Adjusted EBITDA of Benito Roggio Paraguay that are reported below are included in the consolidated assets, revenues from contracts with customers and Adjusted EBITDA of BRH set forth above. Benito Roggio Paraguay's assets, revenues from contracts with customers and Adjusted EBITDA, in each case before eliminations entered for consolidation, accounted for (i) 10.0% (Ps.7,742.8 million), 8.8% (Ps.971.5 million) and 2.2% (Ps.45.6 million) of our consolidated assets, consolidated revenues from contracts with customers and consolidated Adjusted EBITDA, as of and for the three-month period ended March 31, 2021, respectively, and (ii) 9.5% (Ps.6,763.5 million), 11.1% (Ps.4,735.2 million) and 8.6% (Ps.739.1 million) of our consolidated assets, consolidated revenues from contracts with customers and consolidated Adjusted EBITDA, as of and for the year ended December 31, 2020, respectively. The total equity of Benito Roggio Paraguay, calculated in accordance with IFRS, was the equivalent to Ps.3,528.2 million (U.S.\$38.4 million) as of March 31, 2021.

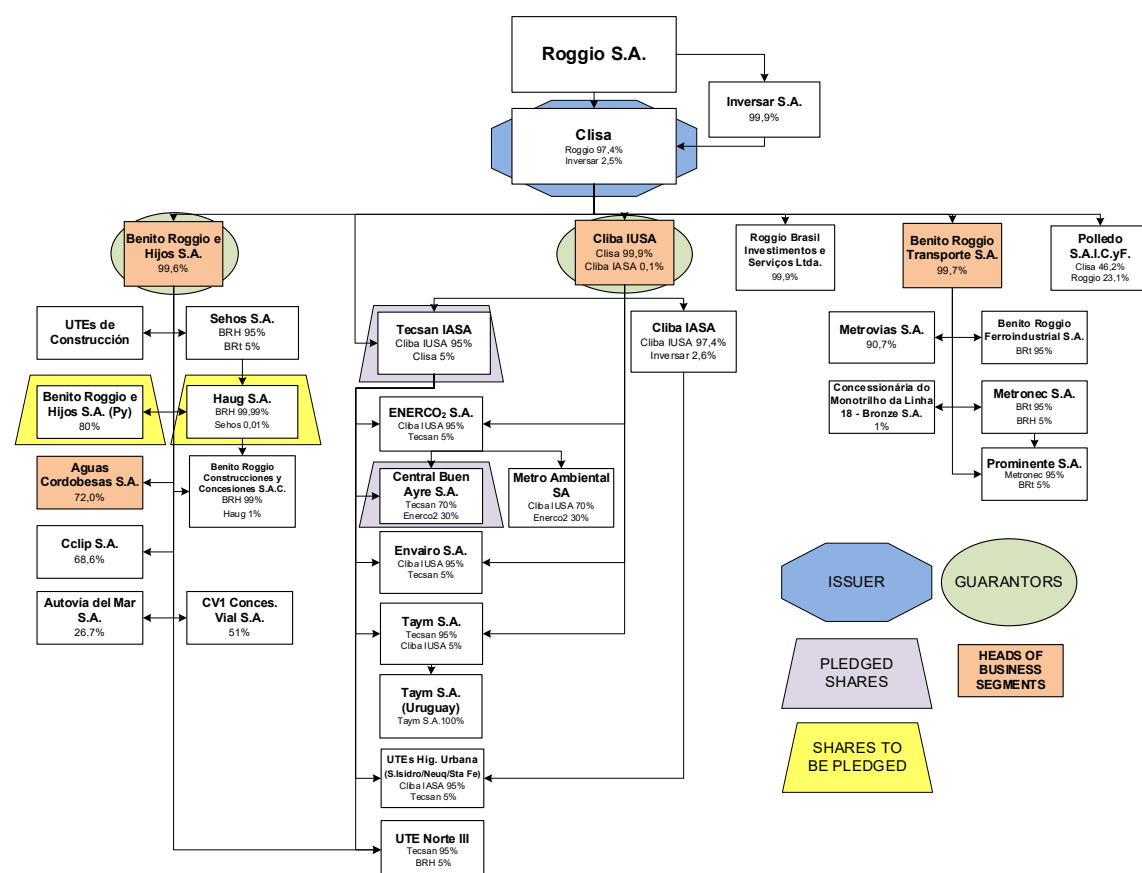
## Corporate Structure

Clisa is a *sociedad anónima* organized under the laws of Argentina under the provisions of the General Companies Law. Its corporate name is Clisa — Compañía Latinoamericana de Infraestructura & Servicios S.A. Clisa was incorporated under the laws of Argentina on November 15, 1996, and this incorporation is valid until November 15, 2095. Its registration number is 11,458 L. 120 T. A and its corporate address is Leandro N. Alem 1050 – 9th

Floor, City of Buenos Aires, Argentina, which serves as our administrative headquarters. Our main telephone number is +54 11 6091 7300 and its fax number is +54 11 6091 7301. Our e-mail address for investors is [inversores@clisa.com.ar](mailto:inversores@clisa.com.ar).

We are a holding company with four direct subsidiaries: BRH, Cliba, BRT, and Roggio Brasil Investimentos e Serviços Ltda. All of our direct subsidiaries except for Roggio Brasil Investimentos e Serviços Ltda., which is organized under the laws of Brazil, are organized under the laws of Argentina, and are all stock corporations. As of the date of this Exchange Offer Memorandum, we also directly hold a 46.18% equity interest in Polledo and 5.0% of the total outstanding voting power and economic interests of Tecsán. Outside of Argentina, we have several indirect subsidiaries and branches of Argentine corporations that operate in foreign jurisdictions such as Peru, including Haug, Paraguay, including Benito Roggio Paraguay, as well as in Panama, Brazil and Uruguay.

The chart below presents our ownership structure as of the date of this Exchange Offer Memorandum, in relation to our most relevant subsidiaries and affiliated companies.



## Recent Developments

### Recent Developments Relating to COVID-19

On March 11, 2020 the World Health Organization declared the novel coronavirus (“COVID-19”) a global pandemic. In Argentina, the government implemented a series of measures aimed at decreasing the movement of people and provided for preventive and mandatory social isolation since March 20, 2020, allowing only of those people related to the provision and/or production of essential services and products to move freely. The ASPO was successively extended, with different levels of relaxation based on the criteria adopted by the different provincial and municipal authorities, until November 9, 2020, when the DISPO was enforced to achieve a greater degree of economic and social normality, while maintaining constant epidemiological monitoring. However, given the increase in recorded

COVID-19 cases since March, 2021, on April 8, 2021, through Decree No. 235/2021, the Argentine government once again implemented a series of restrictions and local and focused provisions in order to mitigate the spread of the COVID-19 virus and its health impact, and established certain parameters to define the existence of low, medium and high risk or epidemiological and health alarm in each district. These measures were further extended on July 9, 2021 by the Argentine government through August 6, 2021.

While many of our activities have been deemed essential services by the Argentine government, the COVID-19 pandemic has had and may continue to have a negative impact on our business. Our revenues from contracts with customers and operating income decreased by 35.3% and 35.9%, respectively, for 2020 compared to 2019, and 24.9% and 51.8%, respectively, in the three-month period ended March 31, 2021 as compared to the same period in 2020, primarily as a result of the impact of COVID-19 on our business segments as described in *“Risk Factors—Risks Related to our Business—The recent COVID-19 pandemic, as well as any other public health crises that may arise in the future, has had and will likely continue to have a negative impact on our business”* and *“Management’s Discussion and Analysis—Main Factors That Affect Our Results of Operations—Impact of COVID-19 on our Operations.”*

The COVID-19 pandemic was expected to have a negative impact on the global economy, generating a recession and unemployment. Considering that the Argentine economy already faced recession and high rates of inflation, unemployment and poverty, the pandemic was expected to accentuate these problems and make it difficult to reestablish economic stability. The measures implemented by the Argentine government as of the date of this Exchange Offer Memorandum have resulted in a significant deacceleration in economic activity, including a significant decrease in the GDP by 9.9% in 2020 as compared to 2019. One year after the emergence of the COVID-19 pandemic, the outlook for the global economy is still uncertain. We cannot estimate the full extent of the economic impact of the COVID-19 pandemic both globally and in Argentina. For more information, see *“Risk Factors—Risks Related to Argentina—The Argentine economy could be negatively affected by external factors that have a global impact, such as the spread of COVID-19, the economic impact of the pandemic and the measures designed to address it, both on a local and an international level.”*

#### ***Recent Developments Relating to Our Indebtedness***

The Company engaged in discussions with the Consenting Noteholders regarding options to refinance the Old Notes. On July 13, 2021, the Company Parties and the Consenting Noteholders entered into the Restructuring Support Agreement with respect to implementation of the Restructuring on the terms and conditions set forth in the Restructuring Support Agreement and in the manner described in this Exchange Offer and Consent Solicitation. As of the effective date of the Restructuring Support Agreement, the Consenting Noteholders held approximately 72.9% of the outstanding aggregate principal amount of the Old Secured Notes and approximately 66.3% of the aggregate principal amount of Old Notes outstanding. See *“Important Information—Restructuring Support Agreement.”*

## SUMMARY OF THE EXCHANGE OFFER AND CONSENT SOLICITATION AND APE SOLICITATION

<b>The Exchange Offer .....</b>	The Issuer is offering to Eligible Holders the opportunity to exchange any and all of its outstanding Old Notes (described in the table on the front cover of this Exchange Offer Memorandum) for its New Notes described below.
<b>The Consent Solicitation .....</b>	<p>The Issuer is soliciting Holders of Old Notes to deliver consents to make the proposed amendments to the Old Notes Indentures. The proposed amendments will modify or eliminate certain provisions under the Old Secured Notes Indenture and certain provisions under the Old Unsecured Notes Indenture, including certain restrictive covenants and events of default. The Issuer is also soliciting consents to release the Guarantees of the Old Secured Notes and the Old Unsecured Notes as well as the release of the Old Share Pledge securing the Old Secured Notes. See “<i>Description of the Exchange Offer and Consent Solicitation and APE Solicitation—Proposed amendments to the Old Notes Indentures</i>” and “<i>Annex A—Proposed Amendments to the Old Notes Indentures</i>.”</p> <p><b>Any Eligible Holder who exchanges Old Notes pursuant to the Exchange Offer must also deliver its consent to the proposed amendments to the Old Notes Indentures. Eligible Holders may not deliver consents under the Consent Solicitation without tendering their Old Notes in the Exchange Offer.</b></p>
<b>APE Solicitation.....</b>	<p>The Issuer also requests that the Holders of Old Notes grant powers to the Information, Exchange and Tabulation Agent so that the agent may, on their behalf, <i>inter alia</i>: (i) enter into Clisa’s APE; (ii) make any Permitted Amendment to the terms and conditions of Clisa’s APE as may be necessary by virtue of a resolution of the Court; (iii) appear and vote in favor of the ratification to execute Clisa’s APE at one or more APE Meetings called for such purposes (even by order of the Court); (iv) perform any other act as may be necessary under the agreement documenting Clisa’s APE; and (v) enter into the Local Trust, in its capacity as trustor, transferring the fiduciary ownership of the Old Notes of the Participating Holders to the Local Trustee.</p> <p><b>Every Eligible Holder who delivers its Old Notes in the Exchange Offer must also grant the powers required under the APE Solicitation. Eligible Holders may not grant such powers without submitting their Old Notes in the Exchange Offer.</b></p>
<b>Exchange Price .....</b>	U.S.\$1,010 in principal amount of the New Notes for each U.S.\$1,000 in principal amount of the Old Notes validly tendered. U.S.\$10 amount per U.S.\$1,000 principal amount corresponds to the partial capitalization of accrued and unpaid interest under the existing Old Notes at the Exchange Date.
<b>Purpose of the Exchange Offer and Consent Solicitation and APE Solicitation .....</b>	

The purpose of the Exchange Offer and Consent Solicitation is to allow us to extend the maturities of our debt and to lower our financial expense in the short- and medium-term to allow us to preserve our liquidity and financial position, in order to guarantee the performance of our services in a challenging economic, financing and health context, maintaining quality and safety standards and prioritizing our sustainability until the variables affecting our business have normalized.

**Early Participation Consideration .....**

Eligible Holders who validly tender their Old Notes and deliver their consents under the Consent Solicitation and grant powers of attorney and instructions under the APE Solicitation prior to the Early Participation Date and do not validly withdraw their tenders or revoke their consents and granted powers and instructions, will receive an Early Participation Consideration of U.S.\$13.50 for each U.S.\$1,000 principal amount of Old Notes, to be paid in cash on the Exchange Date. Such payment will account for a partial payment of accrued and unpaid interest under the Old Notes as of the Exchange Date. Eligible Holders who participate in the Exchange Offer by validly tendering their Old Notes and granting their consents and powers and instructions prior to the Early Participation Date will receive no payment under the Old Notes other than the Early Participation Consideration, thus irrevocably waiving, upon delivering their Old Notes, their consents and powers and instructions, any right to claim from the Issuer, BRH and Cliba, payment of any other amounts, including the right to be paid the remaining balance of accrued and unpaid interest on such Old Notes as of the Exchange Date. Eligible Holders who validly tender Old Notes and deliver their consents and powers and instructions after the Early Participation Date but prior to the Expiration Date will not be eligible to receive the Early Participation Consideration, thus irrevocably waiving, upon delivering their Old Notes, any right to claim from any of the Issuer and the Guarantors payment of any other amounts, including the right to be paid accrued and unpaid interest on such Old Notes as of the Exchange Date.

**Holders Eligible to participate in the Exchange Offer .....**

The Exchange Offer and Consent Solicitation and APE Solicitation are addressed only to:

- Holders who are QIBs; or
- Holders outside the United States who are persons other than “U.S. persons” (as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the “Securities Act”)), and who are also non-U.S. qualified offerees (as defined in “*Transfer Restrictions*”).

Only “Eligible Holders” are authorized to receive or review this Exchange Offer Memorandum or to participate



	in the Exchange Offer and Consent Solicitation and APE Solicitation.
<b>Additional information</b> .....	Any questions concerning the terms of the Exchange Offer and Consent Solicitation and APE Solicitation should be directed to the Dealer Managers, at the telephone numbers listed on the back cover page of this Exchange Offer Memorandum.
<b>Early Participation Date</b> .....	July 28, 2021, at 9:00 a.m., New York City time, unless extended by us.
<b>Withdrawal Date</b> .....	August 12, 2021, at 9:00 a.m., New York City time, unless extended by us.
<b>Expiration Date</b> .....	August 12, 2021, at 9:00 a.m., New York City time, unless extended by us.
<b>Acceptance Date</b> .....	The Acceptance Date is expected to be on or promptly following the Expiration Date with respect to Old Notes and consents and powers and instructions that are validly tendered and not validly withdrawn on or prior to the Expiration Date.
<b>Exchange Date</b> .....	August 17, 2021. The Exchange Date is expected to be promptly following the Expiration Date.  If, pursuant to this Exchange Offer Memorandum, upon the fulfillment of the Minimum Conditions, Clisa and the Participating Holders do not enter into Clisa's APE, Participating Holders having validly submitted Old Notes in the Exchange Offer and Consent Solicitation and APE Solicitation that represent at least 98% of the aggregate principal amount of outstanding Old Notes, on the Exchange Date, Clisa will require the trustee under the Old Notes Indentures to cancel the Old Notes validly delivered in exchange and accepted by Clisa.
<b>Withdrawal Rights</b> .....	In the event Old Notes validly tendered in the Exchange Offer and Consent Solicitation and APE Solicitation represent less than 98% of the aggregate principal amount of outstanding Old Notes, please see " <i>APE Solicitation</i> ".  Tenders of Old Notes and consents and powers and instructions may be validly withdrawn at any time prior to the Withdrawal Date. Thereafter, tenders, consents and powers and instructions become irrevocable except in certain limited circumstances where additional withdrawal rights are required by applicable law (as determined by the Issuer). See " <i>Description of the Exchange Offer and Consent Solicitation and APE Solicitation—Withdrawal of Tenders</i> ."
<b>Approval of the proposed amendments to the Old Notes Indentures</b> .....	The proposed amendments to the Old Secured Notes Indenture will require the consent by the Holders of a majority of the outstanding aggregate principal amount of the Old Secured Notes, except that the consent of Holders of at least 75% of the aggregate principal amount of outstanding Old Secured Notes is required for the

amendment consisting of (i) the release of the Old Share Pledge securing the Old Secured Notes and (ii) the release of the Guarantees of the Old Secured Notes.

The proposed amendment to the Old Unsecured Notes Indenture will require the consent by the Holders of a majority of the aggregate principal amount of outstanding Old Unsecured Notes, except that the consent by the Holders of at least 75% of aggregate principal amount of outstanding Old Unsecured Notes is required for the amendment that would release the Guarantees of the Old Unsecured Notes.

If Eligible Holders exchange the Old Notes pursuant to the Exchange Offer, they must also provide consents to the proposed amendments with respect to such notes. See “Annex A—Proposed amendments to the Old Notes Indentures.”

**Conditions to the Exchange Offer and Consent Solicitation and APE Solicitation .....**

The Exchange Offer and Consent Solicitation and APE Solicitation is subject to certain conditions (which we may assert or waive in full or in part), and to the following Minimum Conditions (which cannot be waived by Clisa): (i) that at least 66.67% of the aggregate outstanding principal amount of Old Notes and interest accrued as of the Cut-off Date be validly tendered and not validly withdrawn on or prior to the Expiration Date and (ii) that the Special Majority is reached with respect to the Old Secured Notes. Old Notes which are owned by the Issuer or its subsidiaries will be excluded from the calculation.

Although we have no present plans or arrangements to do so, we reserve the right to amend, at any time, the terms and conditions of the Exchange Offer and Consent Solicitation and APE Solicitation other than the Minimum Conditions, which we cannot modify or waive. We will give you notice of any amendments if required by applicable law. See “Description of the Exchange Offer and Consent Solicitation and APE Solicitation—Conditions to the Exchange Offer and Consent Solicitation and APE Solicitation.”

**CLISA’s APE .....**

If on the Expiration Date, the Old Notes submitted in the Exchange Offer represent **less than** 98% of the aggregate principal amount of outstanding Old Notes, but the Minimum Conditions are fulfilled, Clisa will: (i) on the Exchange Date: (a) deliver to the Information, Exchange and Tabulation Agent the APE Offer, which acceptance by the Information, Exchange and Tabulation Agent on behalf of the Participating Holders, on the basis of the powers granted and instructions provided under the APE Solicitation, will imply the execution of Clisa’s APE pursuant to the provisions of Title II, Chapter VII of the LCQ, whereby such Participant Holders will accept the restructuring of the debt represented by the Old Notes and the extinction and novation of the Existing Guarantees and the Old Share Pledge receiving the Exchange Price, and, if

applicable, the Early Participation Consideration; and (b) hold one or more APE Meetings to discuss the ratification to execute Clisa's APE, at which the Information, Exchange and Tabulation Agent will vote on behalf of the Participating Holders; and (ii) as soon as possible after the Exchange Date, but in any case within five judicial business days in the City of Buenos Aires, Argentina, file Clisa's APE with the Court in compliance with all other requirements set forth in the LCQ for purposes of seeking court approval under the terms of Section 76 of the LCQ.

After filing Clisa's APE before the Court, Clisa will use its best efforts to obtain its judicial approval in the terms of Section 76 of the LCQ, not being able to withdraw from said request until its approval or until the rejection of the aforementioned judicial approval has been finalized.

Except in the event indicated in the following paragraph, Clisa expects, as soon as possible within thirty (30) days of the date on which the court approval to the APE becomes final, except for any delays not attributable to Clisa, to pay the Exchange Price to the Non-Participating Holders by issuing and delivering New Notes to such Holders in exchange for the Old Notes held by them.

Notwithstanding the foregoing, Clisa may at any time file Clisa's APE with a United States court for purposes of its recognition pursuant to the provisions of Chapter 15 of the United States Bankruptcy Code. In such case, Clisa expects, once Clisa's APE has been approved by the court and as soon as possible within thirty (30) days of recognition of Clisa's APE under applicable U.S. law, to pay the Exchange Price to the Non-Participating Holders in the manner indicated above.

The New Notes that the Issuer must issue on the Delivery Date will be issued pursuant to a supplemental indenture and will have the same terms and conditions of the New Notes issued on the Issue Date with the exception that the Non-Participating Holder who receives them will only accrue interest (in cash and, where applicable, also in kind) corresponding to the interest period in progress at the time of the Delivery Date and subsequent interest periods.

The receipt of New Notes will be construed as the outright and irrevocable acceptance of the terms of Clisa's APE by the Non-Participating Holders, thus irrevocably waiving any claim against the Issuer and/or BRH and/or Cliba to seek collection of any other amounts, including, the right to collect accrued and unpaid interest under the Old Notes held by them as of the Delivery Date.

On the Delivery Date, Clisa will require the trustee under the Old Notes Indentures to cancel the Old Notes of the Non-Participating Holders. On the same date and in compliance with the Local Trust, the Local Trustee shall

**Procedures for the Exchange Offer and Consent Solicitation and APE Solicitation .....**

deliver the Old Notes held by it to such trustee for the same purposes.

If you wish to participate in the Exchange Offer and Consent Solicitation and APE Solicitation, and your Old Notes are held by a custodial entity, such as a bank, broker, dealer, trust company or other nominee, you must instruct such custodial entity to tender your Old Notes and grant your consent under the Consent Solicitation and the powers and instructions under the APE Solicitation on your behalf pursuant to the procedures of such custodial entity.

To participate in the Exchange Offer and Consent Solicitation, you must either:

- comply with the ATOP (defined below) procedures for book-entry transfer described below on or prior to the Expiration Date or, in order to receive the Early Participation Consideration, on or prior to the Early Participation Date; or
- if you are a beneficial owner that holds Old Notes through the Euroclear Bank S.A./N.V., or “Euroclear,” or Clearstream Banking, société anonyme, or “Clearstream,” and wish to tender your Old Notes, deliver consents and grant powers and instructions, you must contact Euroclear or Clearstream directly to ascertain their procedure for tendering Old Notes, deliver consent and grant powers and comply with such procedure.

Custodial entities that are participants in DTC, must tender Old Notes and deliver consent and grant powers and instructions through the Automated Tender Offer Program maintained by DTC, known as “ATOP,” by which the custodial entity and the beneficial owner on whose behalf the custodial entity is acting agree to be bound by the representations, warranties and covenants set forth in “*Description of the Exchange Offer and Consent Solicitation and APE Solicitation*” and the terms set forth in “*Transfer Restrictions*.” A letter of transmittal need not accompany tenders effected through ATOP.

For purposes of granting powers and instructions under the APE Solicitation, DTC participants must sign and execute the Instruction Letter and deliver the Instruction Letter to the Information, Exchange and Tabulation Agent prior to the Early Participation Date or the Expiration Date, as applicable. If you do not deliver to the Information, Exchange and Tabulation Agent an Instruction Letter on or before the Early Participation Date or the Expiration Date, as applicable, even if you have complied with DTC’s procedures, your submission will be considered incomplete. The Issuer reserves the right to reject any submission effected via DTC, as well as any Old Notes submitted under the Exchange Offer whose Holder fails to issue and deliver an Instruction Letter within the term and

in the manner described in this Exchange Offer Memorandum.

For further description of the applicable procedures to tender your Old Notes, deliver consents and grant powers and instructions, see “*Description of the Exchange Offer and Consent Solicitation and APE Solicitation*”.

**Consequences of not participating in the Exchange Offer and Consent Solicitation and APE Solicitation....**

In the event the Court approves Clisa’s APE, Non-Participating Holders will be forced to accept the terms of Clisa’s APE pursuant to the provisions of the approval ordered by such Court. In the event the Court does not approve Clisa’s APE, Non-Participating Holders will continue to hold the Old Notes. In such case, the market for trading the Old Notes could be significantly reduced. For a description of the implications of not exchanging your Old Notes or not consenting under the Consent Solicitation and granting powers under the APE Solicitation, see “*Risk Factors —Risks related to the Exchange Offer and Consent Solicitation and APE Solicitation*” and “*Description of the Exchange Offer and Consent Solicitation and APE Solicitation —Certain implications for the Holders of Old Notes not tendering under the Exchange Offer*”.

**Taxation.....**

For a summary of certain Argentine tax and U.S. federal income tax consequences of the Exchange Offer and Consent Solicitation and APE Solicitation, see “*Taxation—Certain Argentine Tax Considerations*” and “*Taxation—Certain U.S. Federal Income Tax Considerations*.”

**Information, Exchange and Tabulation Agent.....**

D.F. King has been appointed as the Information, Exchange and Tabulation Agent for the Exchange Offer and Consent Solicitation and APE Solicitation. The address and telephone numbers of the Information, Exchange and Tabulation Agent are listed on the back cover page of this Exchange Offer Memorandum.

**Dealer Manager .....**

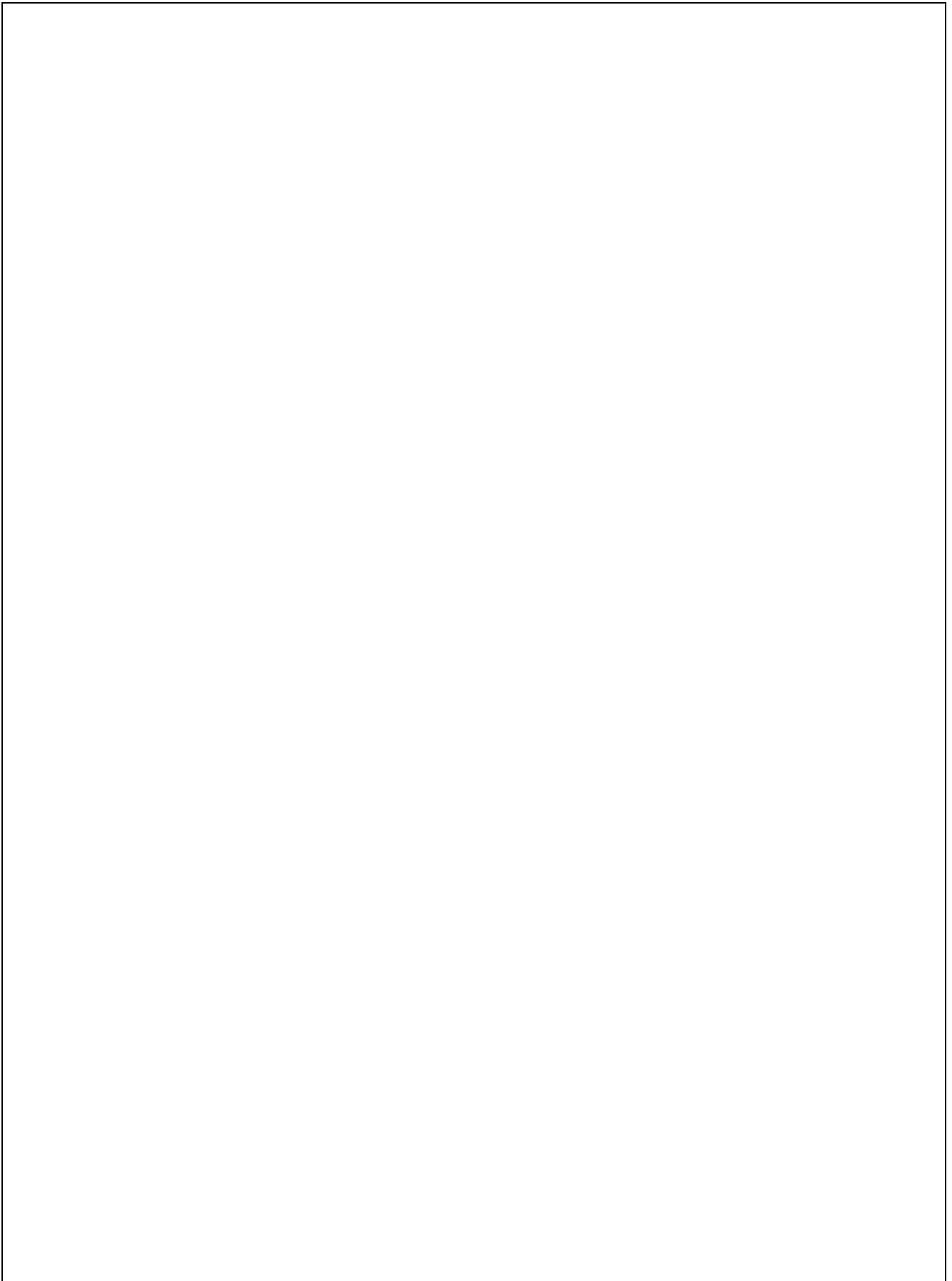
BCP Securities LLC is acting as the Dealer Manager and solicitation agent for the Exchange Offer and Consent Solicitation and APE Solicitation outside Argentina. Its address and telephone number are listed on the back cover page of this Exchange Offer Memorandum.

**Argentine Dealer Manager .....**

Banco CMF S.A. is acting as Argentine Dealer Manager for the Exchange Offer and Consent Solicitation and APE Solicitation in Argentina. Its address is listed on the back cover page of this Exchange Offer Memorandum.

**Issuance of additional New Notes.....**

The Issuer may, at any time after the Exchange Offer has ended, issue additional New Notes pursuant to the APE and/or the PIK Option, which have substantially identical terms (other than issue price, issue date and date from which the interest will accrue) as the New Notes issued on the Issue Date.



## SUMMARY OF THE NEW NOTES

*The New Notes will be governed by the New Notes Indenture (as defined below). The following is a summary of certain terms of the New Notes Indenture and the New Notes and is qualified in its entirety by the more detailed information contained under the headings “Description of the New Notes.” Certain descriptions in this Exchange Offer Memorandum of provisions of the New Notes Indenture are summaries of such provisions and are qualified herein by reference to the New Notes Indenture.*

Issuer.....	Clisa – Compañía Latinoamericana de Infraestructura & Servicios S.A.
Guarantors.....	Benito Roggio e Hijos S.A. and Cliba Ingeniería Urbana S.A.
New Notes.....	Step-Up Senior Secured Notes due 2027.
Amount .....	Up to an initial U.S.\$335,543,297 aggregate principal amount.
Issue Price .....	100%.
Maturity Date.....	The New Notes will mature on July 25, 2027, the date on which 100% of the then remaining principal amount of New Notes will be amortized.
Issue Date.....	On or about August 17, 2021.
Indenture .....	<p>The New Notes will be issued pursuant to an indenture, to be dated as of the closing date of this offering (the “New Notes Indenture”), among Clisa, the Guarantors, The Bank of New York Mellon, as trustee, and TMF Trust Company (Argentina) S.A. as Trustee Representative in Argentina and as Collateral Agent.</p> <p>The New Notes Indenture will not permit the issuance of additional New Notes other than (i) an increase in the aggregate principal amount of New Notes in connection with the exercise by the Issuer of the PIK Option described below and (ii) to Non-Participating Holders at the times and in the manner contemplated by CLISA’s APE.</p>
Interest .....	<p>Interest will accrue on the New Notes:</p> <ul style="list-style-type: none"> <li>• from and including the Issue Date to, but excluding, January 25, 2023, at the rate of 4.50% per year,</li> <li>• from and including January 25, 2023 to, but excluding, July 25, 2024, at the rate of 7.50% per year, and</li> <li>• from and including July 25, 2024 to, but excluding, July 25, 2027, at the rate of 10.50% per year,</li> </ul> <p>and will be payable semi-annually in arrears on January 25 and July 25 of each year, commencing on January 25, 2022.</p>
PIK Option.....	At the sole discretion of Clisa, a portion of the interest due for the interest periods ending on or prior to July 25, 2024, may be paid in kind, in which case (i) interest will accrue at the annual rates and for the interest periods set forth in the table immediately below, and (ii) Clisa shall issue to each holder of New Notes a combination of cash and additional New Notes in an aggregate principal amount equal to the accrued interest on such holder’s then outstanding New Notes and due on such interest payment date (the “PIK Option”) as set forth in the table immediately below.

<u>Interest Period</u>	<u>Total Annual Interest Rate</u>	<u>Portion in Cash</u>	<u>PIK Portion</u>
Issue Date- January 25, 2022	5.25%	2.50%	2.75%
January 25, 2022- July 25, 2022	5.25%	2.50%	2.75%
July 25, 2022- January 25, 2023	5.25%	2.50%	2.75%
January 25, 2023- July 25, 2023	8.50%	5.50%	3.00%
July 25, 2023- January 25, 2024	8.50%	6.25%	2.25%
January 25, 2024-July 25, 2024	8.50%	7.00%	1.50%

Security Interest ..... The New Notes will be secured by Share Pledges, which are first priority share pledges (*prendas en primer grado de prelación y privilegio*) over

- common shares of Tecsan, representing 100.0% of all of the issued and outstanding capital stock of Tecsan; and
- common shares of CBA representing 100.0% of all of the issued and outstanding capital stock of CBA.

In addition, upon full payment, satisfaction and discharge of certain indebtedness, the New Notes will also be secured by a first priority pledge (*prenda en primer grado de prelación y privilegio*) in all of the issued and outstanding capital stock held by the Company and/or its Restricted Subsidiaries in Haug, and Benito Roggio Paraguay, which capital stock represents 100% and 80% of the total aggregate issued and outstanding capital stock, respectively. See “Description of the New Notes—Limitations on the Shares of Certain Subsidiaries.”

Ranking ..... The New Notes will be senior secured obligations of Clisa. The New Notes will rank (i) senior in right of payment to all other existing and future senior unsecured indebtedness of Clisa to the extent of the value of the pledged shares, and (ii) senior in right of payment to all existing and future subordinated indebtedness of Clisa, if any. The New Notes will be effectively subordinated to all existing and future secured indebtedness of Clisa to the extent of the value of the assets securing such indebtedness and will be subordinated to obligations of Clisa preferred by statute or by operation of law.

The New Notes will be Guaranteed by each Guarantor, with such Guarantee ranking equal in right of payment with all other existing and future senior unsecured indebtedness of such Guarantor and effectively subordinated to all existing and future secured indebtedness of the Guarantors to the extent of the value of the assets securing such indebtedness, and will be structurally subordinated to all existing and future indebtedness of any Subsidiary that does not provide a Guarantee. Each Subsidiary that does not provide a Guarantee is a



separate and distinct legal entity and will have no direct obligations, contingent or otherwise, to pay any amounts due pursuant to the New Notes or to make any funds available therefor, whether in the form of loans, dividends or otherwise other than the Guarantors pursuant to the Guarantees.

A substantial portion of our assets are, and will be, held by Subsidiaries that do not provide a Guarantee, and any claims against Clisa in respect of the New Notes will be structurally subordinated to all existing obligations and liabilities (whether or not for borrowed money) of these Subsidiaries.

As of March 31, 2021, our subsidiaries that are not Guarantors had Ps.10,002.1 million (U.S.\$108.7 million) of outstanding Consolidated Indebtedness. In addition, as of March 31, 2021 we had Ps.42,635.5 million (U.S.\$463.4 million) of outstanding Consolidated Indebtedness, of which Ps.37,792.5 million (U.S.\$410.8 million) was secured Indebtedness. Tecsan's assets, on a consolidated basis, accounted for 30.2% (Ps.23,394.3 million) of our consolidated assets as of March 31, 2021. CBA's assets, on a consolidated basis, accounted for 3.2% (Ps.2,460.5 million) of our consolidated assets as of March 31, 2021.

Form of New Notes.....

Only (a) Holders who are QIBs or (b) Holders outside the United States who are persons other than U.S. Persons (as defined in Regulation S under the Securities Act) are authorized to participate in the Exchange Offer and Consent Solicitation.

New Notes offered and exchanged to qualified institutional buyers pursuant to Rule 144A will initially be issued in the form of one or more registered Notes in global form, without interest coupons. The Rule 144A global note will be deposited on the date of the closing of the sale of the New Notes with, or on behalf of, DTC and registered in the name of Cede & Co., as nominee of DTC, and will remain in the custody of the trustee pursuant to the FAST Balance Certificate Agreement between DTC and the Trustee. Interests in the Rule 144A global note will be available for purchase only by qualified institutional buyers in accordance with Rule 144A. For further information, see "*Book-Entry, Delivery and Form.*"

New Notes offered and exchanged in offshore transactions to non-U.S. persons in reliance on Regulation S under the Securities Act will initially be issued in the form of one or more registered Notes in global form, without interest coupons. The Regulation S global note will be deposited upon issuance with, or on behalf of, DTC and registered in the name of Cede & Co., as nominee of DTC, and will remain in the custody of the trustee pursuant to the FAST Balance Certificate Agreement between DTC and the trustee. For further information, see "*Book-Entry Delivery and Form.*"

Book-Entry System and Form and Denomination of the New Notes.....

The New Notes will be issued in denominations of U.S.\$100 and any integral multiple of U.S.\$1.00 and only in the form of beneficial interest in respect of one or more global notes registered in the name of Cede & Co., as nominee of DTC. Beneficial interest in respect of the global notes will be shown on, and transfers thereof will be effected only through, the book- entry records maintained by DTC and its participants, including Euroclear and Clearstream Luxembourg. The New Notes will not be issued in definitive form except under certain limited circumstances described herein. For further information, see "*Book-Entry Delivery and Form.*"

Optional Redemption .....

At any time, Clisa may, at its option, redeem the New Notes, in whole or in part, at a redemption price of 100.0% of the principal amount, plus accrued and

unpaid interest thereon, to the applicable redemption date: provided, however, that if the New Notes are redeemed in part only, New Notes in an aggregate amount of at least U.S.\$100,000,000 shall remain outstanding immediately after any such partial redemption. See “*Description of the New Notes—Optional Redemption—Optional Redemption at Par*.”

Optional Tax Redemption.....	<p>If Clisa determines that, as a result of any amendment to, expiration of, or change in, the laws (or any rules or regulations thereunder) of a Relevant Jurisdiction (as defined in “<i>Description of the New Notes</i>”), any taxing authority thereof or therein affecting taxation, or any amendment to or change in an official interpretation or application of such laws, rules or regulations, which amendment to, expiration of, or change of such laws, rules or regulations becomes effective or, in the case of a change in official interpretation or application, is announced on or after the date of this Exchange Offer Memorandum (or on or after the date a Relevant Jurisdiction becomes a Relevant Jurisdiction, if later), we (or a Guarantor) would be obligated to pay any Additional Amounts with respect to the New Notes (see “<i>Description of the New Notes—Additional Amounts</i>” and “<i>Taxation—Argentine Tax Considerations</i>”); provided, that Clisa, in its business judgment, determines that such obligation cannot be avoided by Clisa taking reasonable measures available to it, then, at its option, all, but not less than all, of the New Notes may be redeemed at any time at a redemption price equal to 100% of the outstanding principal amount, plus any accrued and unpaid interest to the redemption date due thereon up to but not including the date of redemption, subject to the notice provisions described in “<i>Description of the New Notes—Optional Redemption—Optional Redemption Upon Tax Event</i>.”</p>
Mandatory Excess Cash Amortization .....	<p>Clisa will be required in each of 2023, 2024, 2025 and 2026 to use excess cash, if any, to make mandatory amortizations in each instance of up to 5.0% (in 2023) and 10.0% (in each of the remaining years) of the then aggregate outstanding principal amount of New Notes. See “<i>Description of the New Notes—Mandatory Excess Cash Amortization</i>” for a description of the specific terms and calculations relating to such mandatory amortizations.</p>
Covenants.....	<p>The New Notes Indenture contains covenants that, among other things:</p> <ul style="list-style-type: none"> <li>• limit Clisa’s and its Restricted Subsidiaries’ (as defined in “<i>Description of the New Notes—Certain Definitions</i>”) ability to incur debt, subject to some exceptions as described under “<i>Description of the New Notes—Covenants—Limitation on Incurrence of Additional Indebtedness</i>”;</li> <li>• limit Clisa’s and its Restricted Subsidiaries’ ability to declare dividends, acquire Clisa stock, pay down Subordinated Indebtedness prior to maturity and make investments, as described under “<i>Description of the New Notes—Covenants—Limitation on Restricted Payments</i>”;</li> <li>• limit Clisa’s and its Restricted Subsidiaries’ ability to consummate asset sales as described under “<i>Description of the New Notes—Covenants—Limitation on Asset Sales</i>”;</li> <li>• limit Clisa’s and its Restricted Subsidiaries’ ability to enter into sale and leaseback transactions as described under “<i>Description of the New Notes—Covenants—Limitation on Sale and Leaseback Transactions</i>”;</li> <li>• limit Clisa’s ability to designate Unrestricted Subsidiaries as described under “<i>Description of the New Notes—Covenants—Limitation on Designation of Unrestricted Subsidiaries</i>”;</li> <li>• limit Clisa’s and its Restricted Subsidiaries’ ability to impose dividend and other payment restrictions affecting Restricted Subsidiaries as</li> </ul>

described under “*Description of the New Notes—Covenants—Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries*”;

- limit Clisa’s and its Restricted Subsidiaries’ ability to incur liens as described under “*Description of the New Notes—Covenants—Limitation on Liens*”;
- limit Clisa’s and its Restricted Subsidiaries’ ability to consolidate with or merge into any other corporation or convey or transfer their properties and assets substantially as an entirety to any person as described under “*Description of the New Notes—Covenants—Limitation on Merger, Consolidation and Sale of Assets*”;
- limit Clisa’s and its Restricted Subsidiaries’ ability to enter into transactions with Affiliates as described under “*Description of the New Notes—Covenants—Limitations on Transactions with Affiliates*”;
- limit Clisa’s and its Restricted Subsidiaries’ ability to incur liens in respect of the capital stock held by Clisa and/or its Restricted Subsidiaries in Haug and Benito Roggio Paraguay, and require Clisa and its Restricted Subsidiaries to grant a first priority pledge over such capital stock in favor of the holders of New Notes, as described under “*Description of the New Notes—Limitations on the Shares of Certain Subsidiaries*”;
- restrict Clisa and its Restricted Subsidiaries from engaging in any business other than a Permitted Business (as defined in “*Description of the New Notes—Certain Definitions*”);
- require Clisa and each of its Restricted Subsidiaries to, (a) maintain in effect its corporate existence and all registrations necessary therefor, (b) take all actions to maintain all rights, privileges, titles to its respective property or franchises necessary in the normal conduct of their businesses and (c) keep all its respective property used or useful in the conduct of its businesses in good working order and condition as described under “*Description of the New Notes—Covenants—Maintenance of Existence; Properties*”;
- require Clisa and its Restricted Subsidiaries to comply with all applicable laws, rules, regulations, orders and resolutions;
- restrict Clisa and its Restricted Subsidiaries, in the first 180 days following the Issue Date, from settling any litigation, arbitration or similar proceeding involving payment in an aggregate amount of more than U.S.\$10 million without the prior consent of holders of a majority in principal amount of the outstanding New Notes; for the avoidance of doubt, this covenant shall not apply to the APE and any related proceedings, including a Chapter 15 proceeding in the United States; and
- require Clisa to furnish to holders of the New Notes and to prospective investors the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act and financial statements as described under “*Description of the New Notes—Covenants—Reports to Holders*.”

These covenants are subject to important exceptions and qualifications. For further information, see “*Description of the New Notes—Covenants*.”

Events of Default .....

The principal amount of the New Notes, plus accrued and unpaid interest, may be declared immediately due and payable, if any of the following events of default under the New Notes occurs:

- Clisa's failure to pay any amount of principal or premium, if any, on (including, in each case, any related Additional Amounts) any New Notes, including the failure to make a required payment to purchase New Notes tendered pursuant to an optional redemption;
- Clisa's failure for 30 days or more to pay interest when due (including any related Additional Amounts) on any New Notes;
- Clisa's failure to perform or comply with any of the provisions described under "*Description of the New Notes—Covenants—Limitation on Merger, Consolidation and Sale of Assets*;"
- Clisa's failure to perform or breach of the obligations described under the caption "*—Repurchase of New Notes upon a Change of Control Triggering Event*" and "*—Covenants—Limitation on Asset Sales*," that continues for a period of 30 days after written notice is received from the Trustee;
- Clisa's or any of its Restricted Subsidiary's failure to comply with any other material covenant or agreement contained in the New Notes Indenture or the New Notes for 60 days or more after written notice is received from the Trustee or holders of the New Notes;
- certain payment related cross-defaults or the cross- acceleration of other debt by Clisa or either of the Guarantors or any Subsidiary amounting to a minimum of U.S.\$10.0 million, provided that this provision will not apply to defaults under either the Old Unsecured Notes Indenture nor the Old Secured Notes Indenture;
- failure by Clisa or any of its Restricted Subsidiaries to pay one or more final, non-appealable judgments against any of them, aggregating U.S.\$10.0 million (or the equivalent in other currencies) or more, which are not paid, discharged or stayed for a period of 60 days or more (to the extent not covered by a reputable and creditworthy insurance company);
- certain events of bankruptcy, insolvency, *concurso mercantil* or *quiebra* affecting Clisa or any Significant Subsidiary or group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary, except for Clisa's APE and any related Chapter 15 proceeding under the United States Bankruptcy Code;
- in the event that the execution of an APE is required on the basis set out in this Exchange Offer Memorandum, the failure by the Company to file within five (5) Judicial Business Days of the Issue Date the APE with a competent commercial court of the City of Buenos Aires, Argentina for court approval in accordance with Article 72 of the LCQ;
- any final decision by a competent commercial court of the City of Buenos Aires (or any court of appeals), refusing or failing to approve Clisa's APE, provided that such refusal or failure to approve will not be deemed to be an Event of Default unless holders of at least 50% in principal amount of outstanding New Notes deliver a "notice of acceleration;"
- except as permitted by the New Notes Indenture, any Guarantee of any Significant Subsidiary or group of Guarantors that, taken together, would constitute a Significant Subsidiary is held to be unenforceable or

invalid in a judicial proceeding or ceases for any reason to be in full force and effect or any such Guarantor or group of Guarantors denies or disaffirms its obligations under its Guarantee; or

- (i) any first priority security interest created by the Collateral Documents (as defined in “*Description of the New Notes—Certain Definitions*”) ceases to be in full force and effect (except as permitted by the terms of the New Notes Indenture or the Collateral Documents), or an assertion by the Company that the Pledged Shares (as defined in “*Description of the New Notes—Certain Definitions*”) are not subject to a valid, first priority perfected security interest (except as permitted by the terms of the New Notes Indenture or the Collateral Documents); (ii) the repudiation by the Company of any of its material obligations under the Collateral Documents; (iii) any material representation or warranty made by the Company in any Collateral Document proves to have been false or misleading in any material respect as of the time made, and the fact, event or circumstance that gave rise to the misrepresentation has resulted or is reasonably likely to result in a material adverse effect and such misrepresentation or material adverse effect continues uncured for 30 or more days from the date a responsible officer of Clisa obtains knowledge thereof; or (iv) any Collateral Document becomes unlawful in each case, other than in accordance with the terms thereof.

For further information, see “*Description of the New Notes—Events of Default.*”

Use of Proceeds .....	We will not receive any cash proceeds from the Exchange Offer.
Transfer Restrictions.....	The New Notes have not been registered under the Securities Act and are subject to restrictions on transfer and resale. For further information, see “ <i>Transfer Restrictions.</i> ”
ERISA Considerations .....	Subject to certain conditions, the New Notes (or any interests therein) may be purchased by an “employee benefit plan” as defined in and subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended (“ERISA”), a “plan” as defined in and subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the “Code”), or any entity whose underlying assets are deemed for purposes of ERISA or the Code to include “plan assets” by reason of such employee benefit plan’s or plan’s investment in the entity. For further information, see “ <i>ERISA and Certain Other Considerations.</i> ”
Listing .....	Application has been made to Euronext Dublin for the New Notes to be admitted to the Official List and to trading on the Global Exchange Market which is the exchange regulated market of Euronext Dublin, and to listing and trading on the BYMA and trading on the MAE.
Governing Law .....	The New Notes will be governed by the Negotiable Obligations Law as to all matters relating to the requirements necessary for the New Notes to qualify as “negotiable obligations” ( <i>obligaciones negociables</i> ) thereunder. Furthermore, the General Companies Law and other applicable Argentine regulations (including, but not limited to, the Capital Markets Law and the CNV Regulations) will govern the capacity and authority of Clisa to issue and place the New Notes, the CNV’s authorization for the New Notes’ public offering in Argentina, and certain matters in relation to meetings of Holders of Old Unsecured Notes. In respect of all other matters, the New Notes and all matters arising from or connection with the New Notes Indenture (including the Guarantee) and the New Notes are governed by, and will be construed in accordance with, the laws of the

State of New York, provided that matters relating to the granting and perfection of pledges over the capital stock of certain subsidiaries will be governed by the laws of the respective jurisdictions of such subsidiaries.

Jurisdiction.....

Clisa and the Guarantors have consented to the non-exclusive jurisdiction of any court of the State of New York or any United States Federal court sitting, in each case, in the Borough of Manhattan, the City of New York, New York, United States, and have waived any immunity from the jurisdiction of these courts over any suit, action or proceeding that may be brought by the Trustee or a holder of New Notes based upon the New Notes Indenture, the Guarantee and the New Notes. Notwithstanding the foregoing, in accordance with section 46 of the Capital Markets Law, holders of New Notes may submit disputes regarding the New Notes Indenture, the Guarantee and the New Notes to the non-exclusive jurisdiction of the Arbitral Tribunal of the BCBA (*Tribunal de Arbitraje General*), or any other arbitral body that may replace it in the future, or the competent ordinary courts for commercial matters sitting in the City of Buenos Aires. In addition, disputes arising under the Tecsan Share Pledge and the CBA Share Pledge are subject to the jurisdiction of the competent ordinary courts for commercial matters sitting in the City of Buenos Aires. Disputes arising under or in connection with the share pledge agreements of Haug and BRH Paraguay will be subject to the jurisdiction of the courts of Peru and Paraguay, respectively.

Trustee, Registrar, Paying Agent and Transfer Agent.....

The Bank of New York Mellon.

Argentine Representative of the Trustee, Registrar, Paying Agent and Transfer Agent Representative in Argentina.....

TMF Trust Company (Argentina) S.A.

Risk Factors .....

We urge you to carefully review the “*Risk Factors*” and other information in this Exchange Offer Memorandum for a discussion of factors you should carefully consider before deciding to participate in the Exchange Offer and Consent Solicitation and APE Solicitation.

## SUMMARY FINANCIAL AND OTHER INFORMATION

The tables below present summary financial data as of and for the periods and years indicated. You should read the information below in conjunction with our Audited Consolidated Financial Statements and our Unaudited Condensed Interim Consolidated Financial Statements, prepared in accordance with IFRS or IAS 34, respectively, which are included in this Exchange Offer Memorandum, as well as the information included in “*Presentation of Financial and Other Information*,” “*Selected Financial Information*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” in this Exchange Offer Memorandum.

The information included in this Exchange Offer Memorandum about our consolidated balance sheet as of December 31, 2020 and 2019 and our consolidated statements of income, other comprehensive income, changes in equity and cash flow for the years ended December 31, 2020 and 2019 derives from our 2020 Audited Consolidated Financial Statements which are included in, and form a part of, this Exchange Offer Memorandum. Such information is restated in the constant currency of December 31, 2020.

The information included in this Exchange Offer Memorandum about our consolidated balance sheet as of December 31, 2018 and our consolidated statements of income, other comprehensive income, changes in equity and cash flow for the year ended December 31, 2018 derives from the comparative information presented in our 2019 Audited Consolidated Financial Statements which are included in, and form a part of, this Exchange Offer Memorandum. Such information is restated in the constant currency of December 31, 2020.

The information included in this Exchange Offer Memorandum about our consolidated balance sheet as of March 31, 2021 and our consolidated statements of income, other comprehensive income, changes in equity and cash flow for the three-month period ended March 31, 2021 and 2020 derives from our Unaudited Condensed Interim Consolidated Financial Statements for the three-month period ended March 31, 2021, presented in comparative format, which are included in, and form part of, this Exchange Offer Memorandum. Such information is restated in the constant currency of March 31, 2021.

Our Unaudited Condensed Interim Consolidated Financial Statements for the three-month period ended March 31, 2021 and 2020 have been prepared on the same basis as our Audited Consolidated Financial Statements. The Unaudited Condensed Interim Consolidated Financial Statements have been prepared in accordance with the accounting policies used in the preparation of financial information under IFRS as issued by the IASB as of December 31, 2020, except for the application of the new standards, amendments and interpretations that came into force as from the year commenced January 1, 2021, as described in note 25 to our Unaudited Condensed Interim Consolidated Financial Statements. Interim financial results are not necessarily indicative of the results that may be expected for the full fiscal year or any future reporting period.

The Audited Consolidated Financial Statements as of and for the fiscal years ended December 31, 2020 and 2019 and 2018 were restated following the method provided in IAS 29. The financial information arising therefrom is stated in the constant currency of December 31, 2020. The Unaudited Condensed Interim Consolidated Financial Statements were restated following the method provided in IAS 29. The financial information arising therefrom is stated in the constant currency of March 31, 2021.

THEREFORE, THE ANALYSIS AND INTERPRETATION OF THE FINANCIAL INFORMATION INCLUDED IN THIS EXCHANGE OFFER MEMORANDUM SHOULD TAKE INTO ACCOUNT THAT THE QUARTERLY FINANCIAL INFORMATION IS EXPRESSED IN THE CONSTANT CURRENCY OF A DIFFERENT DATE THAN THAT OF OUR ANNUAL FINANCIAL INFORMATION.

For more information, see “*Presentation of Financial and Other Information—Financial Information*.”

## Income Statement Information

	For the three-month period ended March 31,		For the fiscal year ended December 31,		
	2021	2020	2020	2019	2018
	(stated in the constant currency of March 31, 2021)		(stated in the constant currency of December 31, 2020)		
	(unaudited)		(audited)		
	(in millions of pesos)				
Revenues from contracts with customers.....	11,030.3	14,693.4	42,623.4	65,897.9	65,990.4
Waste Management .....	5,819.3	6,568.3	23,268.1	24,628.0	24,798.9
Construction .....	3,568.2	5,206.4	13,129.5	27,645.4	29,258.9
Transportation.....	467.2	1,591.1	2,205.3	9,335.5	7,744.4
Water Supply Services.....	1,170.5	1,314.3	3,997.0	4,240.7	4,192.1
Other activities.....	102.9	98.8	339.0	416.3	500.0
Adjustments and eliminations....	(97.8)	(85.4)	(315.6)	(368.1)	(504.0)
Cost of providing services <sup>(1)</sup> .....	(8,271.6)	(10,625.7)	(30,515.1)	(48,464.6)	(47,485.8)
<b>Gross profit</b> .....	<b>2,758.7</b>	<b>4,067.6</b>	<b>12,108.2</b>	<b>17,433.2</b>	<b>18,504.6</b>
Administrative expenses <sup>(1)</sup> .....	(1,567.1)	(1,765.7)	(6,141.4)	(7,807.0)	(8,042.5)
Selling expenses and other operating expenses <sup>(1)</sup> .....	(587.5)	(883.4)	(2,747.9)	(4,387.8)	(5,001.0)
Other operating income and expenses, net.....	106.0	55.5	334.2	305.8	149.2
<b>Operating income</b> .....	<b>710.2</b>	<b>1,474.1</b>	<b>3,553.2</b>	<b>5,544.2</b>	<b>5,610.3</b>
Waste Management .....	548.7	972.2	4,009.0	3,286.7	2,810.6
Construction .....	(48.3)	63.2	(974.2)	1,634.4	2,497.2
Transportation.....	183.6	395.6	872.3	1,116.6	314.1
Water Supply Services.....	95.6	94.9	(117.0)	(98.2)	204.9
Other activities.....	5.1	(12.8)	(20.2)	(66.0)	26.0
Adjustments and eliminations ....	(74.6)	(39.0)	(216.8)	(329.3)	(242.7)
Financial income .....	1,197.8	727.2	1,729.3	923.8	1,481.6
Financial expenses.....	(1,685.2)	(2,921.9)	(8,851.3)	(7,542.5)	(13,016.9)
Net (loss) / gain in associates and joint arrangements accounted for under the equity method .....	49.3	(23.2)	(53.9)	(253.2)	220.2
Goodwill impairment.....	-	-	-	-	(18.1)
<b>Loss before tax</b> .....	<b>272.0</b>	<b>(743.8)</b>	<b>(3,622.6)</b>	<b>(1,327.7)</b>	<b>(5,722.9)</b>
Income tax .....	(297.0)	(450.0)	(180.4)	(1,360.2)	(1,924.5)
<b>Net loss for the period / year</b> .....	<b>(25.0)</b>	<b>(1,193.8)</b>	<b>(3,803.0)</b>	<b>(2,687.9)</b>	<b>(7,647.4)</b>

(1) This includes a reduction in costs based on subsidies provided by the Argentine government and the GCBA to cover increases in the costs incurred by Metrovías.



**Balance Sheet Information**

	As of March 31, 2021	2020	As of December 31, 2019	2018
	(stated in the constant currency of March 31, 2021) (unaudited)		(stated in the constant currency of December 31, 2020) (audited) (in millions of pesos)	
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment.....	32,382.5	29,644.6	29,206.7	26,387.2
Intangible Assets.....	4,470.4	4,069.3	4,261.6	4,307.3
Goodwill.....	837.1	792.9	837.6	796.5
Investments in associates and joint arrangements accounted for under the equity method.	437.7	341.8	406.0	661.0
Deferred tax assets.....	210.6	226.5	339.8	181.6
Other receivables.....	1,936.3	1,512.9	1,605.3	1,766.2
Trade receivables.....	903.0	1,300.9	782.6	600.7
<b>Total non-current assets.....</b>	<b>41,177.6</b>	<b>37,889.1</b>	<b>37,439.5</b>	<b>34,700.5</b>
<b>Current assets</b>				
Contractual assets.....	620.0	529.8	1,234.4	963.3
Other receivables.....	5,894.8	4,885.5	4,355.9	5,275.4
Inventories.....	2,541.2	2,262.3	2,604.8	2,187.1
Trade receivables.....	24,311.1	22,070.3	20,169.6	19,666.0
Other investments.....	103.9	99.1	188.3	153.7
Cash and cash equivalents.....	2,938.4	3,455.6	4,536.2	5,511.7
<b>Total current assets.....</b>	<b>36,409.5</b>	<b>33,302.7</b>	<b>33,089.1</b>	<b>33,757.2</b>
<b>Total assets.....</b>	<b>77,587.1</b>	<b>71,191.8</b>	<b>70,528.7</b>	<b>68,457.7</b>
<b>EQUITY</b>				
Attributable to the owners of the parent.....	194.9	462.1	1,573.6	1,476.4
Non-controlling interests.....	1,839.2	1,618.8	1,829.2	1,725.0
<b>Total Equity.....</b>	<b>2,034.2</b>	<b>2,080.9</b>	<b>3,402.8</b>	<b>3,201.5</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Bank and financial debts.....	31,982.5	30,100.9	26,130.5	24,508.0
Provisions for contingencies.....	1,171.8	1,105.1	1,065.9	1,157.9
Contractual liabilities.....	-	47.4	69.4	-
Deferred tax liability.....	4,539.7	4,258.3	4,696.9	4,210.1
Other liabilities.....	4,796.2	4,319.6	4,000.7	5,167.4
Trade payables.....	660.2	673.9	603.0	385.5
<b>Total non-current liabilities.....</b>	<b>43,150.4</b>	<b>40,505.1</b>	<b>36,566.4</b>	<b>35,429.0</b>
<b>Current liabilities</b>				
Bank and financial debts.....	10,653.0	8,944.3	9,674.1	8,233.3
Provisions for contingencies.....	194.7	206.5	179.6	159.8
Contractual liabilities.....	570.5	441.8	534.7	1,170.1
Other liabilities.....	11,220.8	10,250.0	10,382.6	11,409.3
Trade payables.....	9,763.5	8,763.1	9,788.3	8,854.7

	As of March 31, 2021	2020	As of December 31, 2019	2018
	(stated in the constant currency of March 31, 2021)		(stated in the constant currency of December 31, 2020)	
	(unaudited)		(audited)	
Total current liabilities.....	32,402.4	28,605.7	30,559.4	29,827.2
Total liabilities .....	75,552.9	69,110.9	67,125.8	65,256.2
Total liabilities and equity.....	77,587.1	71,191.8	70,528.7	68,457.7

### Changes in Equity Information

	As of March 31, 2021	2020	As of December 31, 2019	2018
	(stated in the constant currency of March 31, 2021)		(stated in the constant currency of December 31, 2020)	
	(unaudited)		(audited)	
		(in millions of pesos)		
Share Capital.....	96.7	96.7	96.7	96.7
Capital adjustment .....	52.0	34.9	105.8	4,875.5
Legal Reserve .....	-	-	-	12.8
Other comprehensive income.....	14,525.7	13,030.3	11,177.3	8,669.3
Accumulated losses.....	(14,479.4)	(12,699.8)	(9,806.1)	(12,177.1)
<b>Equity:</b>				
Attributable to the owners of the parent.....	194.9	462.1	1,573.6	1,476.4
Non-controlling interests.....	1,839.2	1,618.8	1,829.2	1,725.0
<b>Total Equity.....</b>	<b>2,034.2</b>	<b>2,080.9</b>	<b>3,402.8</b>	<b>3,201.5</b>

### Cash Flow Statement Information

	For the three-month period ended March 31,		For the fiscal year ended December 31,		
	2021	2020	2020	2019	2018
	(stated in the constant currency of March 31, 2021)		(stated in the constant currency of December 31, 2020)		
	(unaudited)				
		(in millions of pesos except for percentages)			
Cash flow (used in) provided by operating activities.....	126.2	(1,609.1)	(1,354.6)	(2,580.8)	2,594.5
Cash flow used in investing activities.....	(182.1)	(679.0)	(903.6)	(1,899.4)	(2,027.1)
Cash flow provided by financing activities.....	(630.7)	1,371.9	2,042.5	4,565.8	1,947.7
Effect of inflation on cash and cash equivalents.....	(294.2)	(93.1)	(875.2)	(1,099.0)	(1,344.3)
Effect of foreign currency exchange differences and translation on cash and cash equivalents.....	15.9	(38.3)	10.3	38.0	(2.3)
Cash and cash equivalents as of the beginning of the period/year.....	3,903.2	5,123.8	4,536.2	5,511.7	4,343.2
Cash and cash equivalents as of the end of the period/year.....	2,938.4	4,076.1	3,455.6	4,536.2	5,511.7
<b>(Decrease) increase in cash and cash equivalents.....</b>	<b>(964.8)</b>	<b>(1,047.7)</b>	<b>(1,080.6)</b>	<b>(975.5)</b>	<b>1,168.5</b>

(Decrease) increase in cash and cash equivalents (%)

..... (24.7)% (20.4)% (23.8)% (17.7)% 26.9%

## Other Financial Information

The following chart presents a reconciliation of our net loss for the period / year to our Adjusted EBITDA:

	For the three-month period ended March 31,		For the fiscal year ended December 31,		
	2021	2020	2020	2019	2018
	<i>(stated in the constant currency of March 31, 2021)</i>		<i>(stated in the constant currency of December 31, 2020)</i>		
	<i>(unaudited)</i>		<i>(audited)</i>		
	<i>(in millions of pesos)</i>				
Net loss for the period / year.....	(25.0)	(1,193.8)	(3,803.0)	(2,687.9)	(7,647.4)
Financial income.....	(1,197.8)	(727.2)	(1,729.3)	(923.8)	(1,481.6)
Financial expenses.....	1,685.2	2,921.9	8,851.3	7,542.5	13,016.9
Income tax .....	297.0	450.0	180.4	1,360.2	1,924.5
Depreciation and amortization .....	1,350.8	1,501.1	5,054.9	5,562.3	4,600.1
Net loss / (gain) in associates and joint arrangements accounted for under the equity method .....	(49.3)	23.2	53.9	253.2	(220.2)
Goodwill impairment.....	0.0	0.0	0.0	0.0	18.1
<b>Adjusted EBITDA <sup>(1)</sup>.....</b>	<b>2,061.0</b>	<b>2,975.2</b>	<b>8,608.1</b>	<b>11,106.4</b>	<b>10,210.3</b>
Waste Management.....	1,350.7	1,860.8	6,825.3	6,326.3	5,610.2
Construction .....	289.0	491.3	568.4	3,529.3	3,536.7
Transportation .....	189.4	402.8	892.9	1,153.3	553.9
Water Supply Services .....	293.7	261.1	519.4	444.2	703.6
Other activities .....	12.6	(2.1)	18.4	(17.9)	48.1
Adjustments and eliminations .....	(74.5)	(38.8)	(216.2)	(328.8)	(242.2)

- (1) Adjusted EBITDA is calculated as net loss for the period / year plus/less income tax, plus goodwill impairment, less/plus net (gain)/loss in associates and joint arrangements accounted for under the equity method, plus financial expenses, less financial income, plus depreciation and amortization. Adjusted EBITDA may also be measured as revenues from contracts with customers less cost of providing services, less administrative expenses, less selling expenses and other operating expenses, plus/less other operating income and expenses, net, plus depreciation and amortization. Adjusted EBITDA is not a financial measure recognized by IFRS and should not be interpreted as an alternative measure of operational results or cash generated by the operations. For further information, see “Presentation of Financial and Other

*Information—Presentation of Non-IFRS Information.*” This definition of Adjusted EBITDA differs from the definition of Consolidated Adjusted EBITDA as set out in “*Description of the New Notes.*”

The following chart presents other relevant financial information and ratios:

	As of and for the three-month period ended March 31,	As of and for the fiscal year ended December 31,		
	2021	2020	2019	2018
	<i>(Stated in the constant currency of March 31, 2021)</i>	<i>(Stated in the constant currency of December 31, 2020)</i>		
	<i>(unaudited)</i>	<i>(audited)</i>		
		<i>(in millions of pesos, except for ratios)</i>		
Adjusted EBITDA.....	2,061.0	8,608.1	11,106.4	10,210.3
Interest expense <sup>(1)</sup> .....	1,077.7	4,278.8	3,522.3	2,722.1
Ratio of Adjusted EBITDA to interest expense.....	1.91	2.01	3.15	3.75
Ratio of total bank and financial debt to Adjusted EBITDA .....	20.69	4.54	3.22	3.21
Liquidity ratio <sup>(2)</sup> .....	1.12	1.16	1.08	1.13
Indebtedness ratio <sup>(3)</sup> .....	37.14	33.21	19.73	20.38
Solvency ratio <sup>(4)</sup> .....	0.03	0.03	0.05	0.05
Ratio of capital immobilization <sup>(5)</sup> ...	0.53	0.53	0.53	0.51
Profitability ratio <sup>(6)</sup> .....	(0.01)	(1.39)	(0.81)	(1.89)

(1) Interest expense is equal to the interest generated by our liabilities as presented on the applicable income statement.

(2) The liquidity ratio is calculated by dividing current assets by current liabilities.

(3) The indebtedness ratio is calculated by dividing total liabilities by equity.

(4) The solvency ratio is calculated by dividing equity by total liabilities.

(5) The ratio of capital immobilization is calculated by dividing non-current assets by total assets

(6) The profitability ratio is calculated by dividing net income (loss) by the sum of equity as of year-end and equity as of prior year-end divided by two.

## RISK FACTORS

*Investment in securities issued by Argentine issuers is subject to a high degree of risk. In general, investment in securities issued by issuers in emerging markets, such as Argentina, involves risks not typically associated with investment in securities of U.S. issuers. In making an investment decision, potential investors should understand all terms, conditions and characteristics of the securities, as well as the scope of their risk exposure in investing in such securities.*

*Before making an investment decision, you should consider all of the information set forth in this Exchange Offer Memorandum, as supplemented or amended. In particular, you should consider the special considerations applicable to an investment in our business and in Argentina, including the risk factors set forth below.*

*Additional risks and uncertainties not currently known to us, or those that we currently deem to be immaterial, may also materially and adversely affect our business operations and the trading price of the New Notes. Any of the following risks could materially affect our business, financial condition or results of operations. In such case, you may lose all or part of your original investment in the New Notes.*

### **Risks Related to Argentina**

***The Argentine economy could be negatively affected by external factors that have a global impact, such as the spread of COVID-19, the economic impact of the pandemic and the measures designed to address it, both on a local and an international level.***

In December 2019, COVID-19 was first recorded in Wuhan, China and reported to the World Health Organization, with cases soon confirmed in multiple provinces in China. From China, the virus spread to other Asian countries, and in February 2020 it reached Europe. In March 2020, cases were reported in the United States and other countries in the southern hemisphere, including Argentina. On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. In countries where COVID-19 has been reported, several measures have been taken to control the spread of the virus, including travel restrictions to and from affected countries, mass testing, and, as in Argentina, mandatory quarantines and social isolation measures to curb the spread of the virus while preparing health systems for any peaks in the infection rate.

Since March 2020, the Argentine government introduced several measures designed to address the COVID-19 outbreak aimed at preventing mass contagion and overcrowding of Argentine health service facilities. On March 19, 2020 through the issuance of Decree No. 297/2020 the government imposed a nationwide mandatory lockdown (*Aislamiento Social, Preventivo y Obligatorio*, or “ASPO”) which allowed only for exceptional and essential activities and internal travel and deployed security forces for the enforcement of the lockdown. On August 16, 2020, further amendments were introduced which established: (a) areas in which the “mandatory social isolation” would continue; and (b) mandatory social distancing policies (“*Distanciamiento Social, Preventivo y Obligatorio*”, or “DISPO”) in jurisdictions that meet certain epidemiological criteria which implied more relaxed policies from those applicable in regions under the ASPO, aiming to achieve a greater degree of economic and social normality, while maintaining constant epidemiological monitoring.

As a result of the second wave of the COVID-19 outbreak, on April 8, 2021, through the issuance of Decree No. 235/2021 the Argentine government imposed a series of measures to prevent the spread of the virus in the AMBA and in certain areas classified as high epidemiological risk, including, among other measures, the suspension of on-site school lessons in AMBA (a measure which was not adopted by the GCBA) and several jurisdictions of Argentina and the prohibition of transit at certain times of the day. These measures were extended until April 30, 2021, through the issuance of Decree No. 241/2021.

Through the issuance of Decree No. 287/2021, the Argentine government extended the term of these measures through May 21, 2021, also increasing the restrictions on circulation and gathering of people established by Decree No. 235/2021, providing that in areas with “low” epidemiological and health risk, general measures should be taken, while in areas with “medium” risk, the relevant governors would be in charge of establishing temporary restrictions.

On May 22, 2021, through the issuance of Decree No. 334/2021, the Argentine government extended the general preventive measures established by Decree No. 287/2021 through June 11, 2021, and imposed new restrictions in areas of “high epidemiological and health risk”. These new restrictions were in force from May 22 until May 30, 2021 and on June 5 and June 6, 2021, and included, among others, a nine consecutive days mandatory lockdown and the imposition of a curfew between 6:00 a.m. and 6:00 p.m.

On June 11, 2021, through the issuance of Decree No. 381/2021 the Argentine government extended the general prevention measures in force until June 25, 2021 by virtue of Decree No. 287/2021. These measures were extended until August 6, 2021, through the issuance of Decree No. 455/2021. In addition to this, the Argentine government extended the border closure until August 6, 2021.

While these measures are in place at of the date of this Exchange Offer Memorandum, their continuity, easing or enhancement will depend on the propagation and the impact of the COVID-19 virus.

At the same time, Argentina has announced and is implementing several stimulus measures to limit the effects of the COVID-19 outbreak on the economy, such as the “Emergency Family Income,” a freeze on certain mortgage loan payments and the suspension of certain foreclosures, a prohibition on employee dismissals and suspensions, the Emergency Assistance Program for Work and Production (the “ATP Program”), the Productive Recovery Program II (“REPRO II”), the program for the provincial financial emergency, the extension of a tax moratorium and the prohibition on the suspension of certain public services, the enactment of Law No. 27,605 of “Solidarity and Extraordinary” contribution to help mitigate the effects of the pandemic, among other measures. For a summary of the primary measures implemented, see *“Management’s Discussion and Analysis of Financial Condition and Results of Operations—Impact of COVID-19 on Our Operations.”*

One year after the emergence of the COVID-19 pandemic, the outlook for the global economy is still uncertain. For example, the World Economic Outlook published by the IMF on April 2021 forecasts that, after an estimated decrease in the global economy of 3.3% in 2020, the global economy will grow 6% in 2021, and 4.4% in 2022. These estimations reflect stronger fiscal support of a small number of large economies, the recovery expected for the second half of 2021 as a result of the increase in available vaccines, and the continuous adjustment of economic activity to account for the decrease in mobility. According to the report, these perspectives are subject to great uncertainty related to the evolution of the COVID-19 pandemic, including the fact that COVID-19 vaccines may be unresponsive to new COVID-19 virus strains, the efficacy of measures adopted to limit ongoing economic impact, the evolution of financial conditions and the prices of commodities and the global economy’s ability to adapt.

Considering that the Argentine economy already faced recession and high rates of inflation, unemployment and poverty, any restrictive measure adopted to limit the spread of the pandemic was expected to accentuate these problems and make it difficult to reestablish economic stability. In this sense, the measures adopted by Argentina have resulted in a significant deceleration of economic activity with a significant decrease in the GDP by 9.9% in 2020, compared to the previous year.

We cannot predict the overall effects or impact the COVID-19 pandemic will cause, both globally and domestically. The long-term effects of pandemics and other public health crises such as the COVID-19 pandemic are difficult to assess or predict, and may provoke an additional general reduction in economic activity which in turn could result in decreased revenue for the Argentine government and increased expenditures. It is unclear if or when these challenges and uncertainties will be contained or resolved, and what effects they may have on the global political and economic conditions in the long term. Additionally, we cannot predict the evolution of the COVID-19 virus in Argentina, nor any additional restrictions that might need to be further imposed, which may in turn negatively affect, even more, Argentina’s economy. Any of these potential risks to the Argentine economy could have a significant and negative effect on our business, financial conditions and results of operations.

For a description of how COVID-19 has affected Clisa’s business, specifically see *“—Risks Related to our Business—The recent COVID-19 pandemic, as well as any other public health crises that may arise in the future, has had and will likely continue to have a negative impact on our business”* and *“Management’s Discussion and Analysis of Financial Condition and Results of Operations— Impact of COVID-19 on Our Operations.”*

***Macroeconomic conditions in Argentina and, to a lesser extent, other countries in Latin America, may have a material adverse effect on our financial condition and results of operations.***

We are a group of companies comprised mostly of corporations organized under the laws of Argentina. We collect most of our revenues in Argentina and most of our operations, developments and customers are located in Argentina. Accordingly, our business, financial condition, and our results of operations depend to a significant extent on the macroeconomic and political conditions prevailing in Argentina from time to time and, to a much lesser extent, in other Latin American countries in which we have specific operations, such as Peru, Chile, Paraguay, Uruguay and Brazil. Argentina, as well as Latin American countries in general, has historically experienced inconsistent periods of economic growth, as well as recession, periods of high inflation and economic instability. Adverse economic conditions primarily in Argentina and, to a lesser extent, in other Latin American countries could have a material adverse effect on our business, financial condition and results of operations.

The Argentine economy has experienced significant volatility characterized by periods of low growth, high levels of inflation and currency devaluation. As a consequence, our business and operations have been, and could in the future be, affected periodically to varying degrees by certain events affecting the Argentine economy, such as: inflation; price controls; foreign exchange controls; fiscal deficits; inconsistent fiscal and monetary policies; fluctuations in foreign currency exchange rates and interest rates; dependence on external financing; 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 evaluation about Argentina and its prevailing conditions before making an investment in New Notes.

The Argentine economy has suffered a lack of capital investment and direct investment. Since mid-2018, the national economy contracted and, as of the date of this Exchange Offer Memorandum, it remains vulnerable to volatility, as reflected in the following economic conditions:

- inflation levels remain high and may remain at similar levels in the future. According to the INDEC, accumulated inflation to the Consumer Price Index (“CPI”) in 2019 was 53.8%, the highest result since 1991, while accumulated consumer price inflation reached 36.1% between January and December 2020. Moreover, on May 2021, the CPI showed an accumulated growth of 21.5% in the first five months of the year and 48.8% in the last twelve-month period;
- according to the INDEC, Argentine Gross Domestic Product (“GDP”) decreased 2.1% in 2019 compared to 2018. GDP decreased by 2.6% in 2018, increased by 2.8% in 2017, and decreased by 2.1% in 2016. The past performance of Argentina’s GDP has depended to some extent on high commodity price premiums that, despite having a favorable long-term trend, are volatile in the short term and are beyond the control of the Argentine government and the private sector. In addition, Argentine GDP decreased by 5.2%, 19.0%, 10.1% and 4.3% for the first, second, third and fourth quarters of 2020, as compared to the corresponding periods in 2019, due in large part to the effects of the ongoing COVID-19 pandemic, but increased 2.5% in the first quarter of 2021 as compared to the first quarter of 2020, having been affected by the economic activity standstill since mid-March 2020 as a result of the ASPO and other measures aimed at preventing the spread of COVID-19;
- Argentina’s public debt expressed as a percentage of GDP remains high;
- the discretionary increase in public spending has led and continues to lead to fiscal deficits;
- a significant number of protests or strikes have negatively affected, and may continue to negatively affect, various sectors of the Argentine economy, including our business;
- the supply of energy or natural gas may not be sufficient to supply industrial activity (thus limiting industrial development) and consumption;
- unemployment and informal employment levels are still high. According to the INDEC, the unemployment levels during the first quarter of 2021 was 10.2%;



- there has been strong exchange rate volatility;
- Argentina's international reserves remain low;
- investment as a percentage of GDP remains low; and
- because of these conditions, the demand for foreign exchange could grow, generating a capital flight effect as in recent years.

The volatility in the Argentine economy and the measures required by the Argentine government have had, and are expected to continue to have, a significant impact on the country and consequently on local companies. The Argentine economy may be negatively affected if political and social pressures inhibit the implementation of policies designed to control inflation, generate growth and increase consumer and investor confidence by the Argentine government, or if the policies implemented by the government that are designed to achieve these goals are not successful.

On October 27, 2019, the presidential and legislative elections were held in Argentina, which resulted in the election of Alberto Fernández (Frente de Todos Coalition) as President of Argentina. The new administration took office on December 10, 2019. Since taking office, the Fernández administration announced and implemented certain economic and policy reforms, including the following:

- *Solidarity Law No. 27,541.* On December 21, 2019, the Argentine Congress approved the draft bill sent by President Fernandez of a new Solidarity Law (*Ley de Solidaridad Social y Reactivación Productiva en el marco de la Emergencia Pública*, or the “Solidarity Law”). Published on December 23, 2019, the Solidarity Law declared a public emergency on economic, financial, administrative, fiscal, social security, tariff, energy, health and social matters until December 31, 2020, and delegated certain legislative powers to the Argentine executive branch in order to implement changes in these areas. Among other provisions, the law created a new tax (*Impuesto Para una Argentina Inclusiva y Solidaria*, or “PAIS”), generally at a rate of 30%, on the purchase of foreign currencies for a term of five years, increased export duties and suspended increases of electricity and natural gas tariffs. Decree No. 99/2019, issued on December 27, 2019 pursuant to the Solidarity Law, introduced important foreign exchange restrictions and tax modifications, including measures regarding employer contributions and the applicable tax rates of the Tax on Personal Assets applicable to assets located abroad. For more information, see “*Taxation—Argentine Tax Consequences—Tax on Personal Assets.*”
- *Renegotiation of the External Public Debt.* Since the end of 2019, the Argentine government adopted measures regarding sovereign debt, including a “reprofiling” or restructuring of certain public debt bonds subject to Argentine law. On February 13, 2020, Law No. 27,544 granted powers to the Ministry of Economy to engage in negotiations to restructure the external debt. The Argentine government finally reached an agreement with bondholders and on September 4, 2020 settled the exchange. For further information on the renegotiation of the external public debt, see “*—Lack of financing for Argentine companies, whether due to market forces, government regulation, unresolved litigation with holdout bondholders, may negatively impact our financial condition or cash flows.*”
- *Foreign Exchange Regulations.* In September 2019, the Argentine government reestablished restrictions on foreign exchange transactions that limit access to the MLC. After the presidential and legislative elections, the new administration extended the measures and established further restrictions in order to discourage the acquisition of foreign currency by local residents and companies. For further information on the new restrictions in force, see “*—Current and future exchange controls, restrictions on transfers abroad and capital inflow restrictions could limit the availability of international credit and could threaten the financial system, which may adversely affect the Argentine economy and, as a result, our business*” and “*Foreign Exchange Controls.*”
- *Tax Moratorium.* On August 26, 2020, Law No. 27,562 (the “Tax Moratorium Law”) was published in the Official Gazette, which provides for the extension of the fiscal moratorium in order to alleviate the

effects of the COVID-19 pandemic. The moratorium is applicable to tax and social security obligations due as of July 31, 2020. The Tax Moratorium Law excludes from the moratorium subjects (except micro-, small- and medium-sized businesses, non-profit entities and small taxpayers) who have financial assets abroad and do not repatriate at least 30% of such assets within 60 days of joining the regime. Likewise, it provides for those who adhere to the regime, among other benefits, a 15% reduction of the aggregate debt for those who pay their tax obligations in cash; and for those who do not pay in cash, the option to pay their obligations in up to 48, 60, 96 or 120 installments, depending on the type of obligation, at a fixed interest rate of 2% per month for the first six installments, and at the private Badlar rate afterwards.

- *Coparticipation of fiscal resources.* Since September 10, 2020, pursuant to Decree No. 735/2020 the Executive Branch established that, until the Argentine Congress approves the transfer of certain functions from the national government to the government of the City of Buenos Aires, the percentage of the co-participation in resources for the City of Buenos Aires will be reduced from 3.50% to 2.32%. The decree further established that, once the transfer is approved with the corresponding allocation of resources, the percentage co-participation resources for the City of Buenos Aires will be further reduced to 1.40%. The Fiscal Strengthening Fund of the Province of Buenos Aires (*Fondo de Fortalecimiento Fiscal de la Provincia de Buenos Aires*) was created with the resources that are incorporated into the National Treasury from the adjustment provided by this measure. By means of Resolution No. 524/2020, on September 10, 2020, the Ministry of Economy created the Fiscal Strengthening Fund for the Province of Buenos Aires with the National Treasury resources provided by the collections resulting from the adjustment made in the City of Buenos Aires' tax sharing percentage. The resolution further established that the funds equivalent to 1.18% of the total collected amount were to be monthly transferred within the first 10 calendar days of each month.
- On December 28, 2020, pursuant to Law No. 27,606, the Argentine government approved the *Convenio de Transferencia Progresiva a la Ciudad Autónoma de Buenos Aires de Facultades y Funciones de Seguridad en Todas las Materias No Federales Ejercidas en la Ciudad Autónoma de Buenos Aires*, entered into by the GCBA and the Argentine government on January 5, 2016, setting forth that, until the bilateral agreement that has to be entered between the Argentine government and the GCBA, on a monthly basis and automatically, the National Treasury will transfer to the City of Buenos Aires one twelfth of Ps.24,500 million as part of the payment to be agreed by the parties. Such amount will be revised quarterly, considering a multiplier that will be determined in the following proportion: 80% corresponding to the nominal index of the average salary of the Federal Police and 20% corresponding to the CPI. As a result of this, each year's Argentine budget will include the financing of expenses and will be divided in monthly payments which will be transferred from the National Treasury to the City of Buenos Aires, updated on a quarterly basis. As a consequence of the enactment of this law, the City of Buenos Aires filed a claim before the Supreme Court of Justice requesting the declaration of unconstitutionality of the law. On April 21, 2021, the Supreme Court of Justice held a conciliatory hearing which did not result in an agreement and set a new hearing to be held on May 26, 2021, while waiting for the outcome of prior meetings set by the parties to discuss the transfer of the Federal Police to the City of Buenos Aires. The parties failed to reach an agreement in the conciliatory hearings, therefore, the judicial process was restored and the Supreme Court of Justice shall rule on the matter.
- *Judicial Reform Project.* On July 29, 2020, the National Executive Branch announced a judicial reform bill consisting in increasing the number of federal courts by creating 23 new federal courts and merging the federal criminal circuit with the federal criminal economic circuit called "*Consejo Consultivo para el Fortalecimiento del Poder Judicial y del Ministerio Público*". The bill was passed by the Senate on August 28, 2020 and, as of the date of this Exchange Offer Memorandum, was under review of the commissions of Constitutional Affairs, Justice and Budget and Finance of the Chamber of Deputies.
- *Amendments to the regime of Information and Communications Technologies ("TIC").* Pursuant to Decree No. 690/2020 dated August 21, 2020, the Argentine government enacted several modifications to TIC Law No. 27,078, designating TIC services and telecommunications networks access as a public service. In addition, the government modified the regime to set prices, establishing that TIC services licenses will set their prices, which must be fair and reasonable, and must cover operating costs, to

promote the efficient delivery of services, and reasonable operating margins. Moreover, the government established that the prices will be regulated by the relevant authority for competing public essential and strategic TIC services, including the providers of service and any other matters, as determined by the relevant authority for reasons of public interest.

The Executive Branch and the Argentine Congress have considerable powers to set government policies and measures related to the Argentine economy. Furthermore, we cannot predict how the government will address other political and economic issues such as the financing of public expenditures, public service subsidies, inflation rates and tax reforms, or the impact that any measures taken by the current administration related to these issues will have on the Argentine economy as a whole and, in particular, in the construction, waste management, water supply and transportation segments. Some of the measures proposed by the government may also generate political and social opposition, which may in turn prevent the government from adopting its proposed measures. We cannot assure you that the policies implemented by the Argentine government or political developments in Argentina will not adversely affect the Argentine economy or international competitiveness or, in turn, our business, financial condition or results of operations.

Our operations are affected by the macroeconomic, regulatory, social and political conditions prevailing in Argentina. As of the date of this Exchange Offer Memorandum, mostly all of our assets are located in Argentina and the results of our operations may be affected by fluctuations in the inflation index and in the exchange rate with respect to the peso against other currencies, specifically the U.S. dollar, variations in interest rates that have an impact on the cost of capital and interest earned from our loans, changes in government policies, capital control and other political or economic events both internationally and locally that affect the country.

***Continuing high levels of inflation may have an adverse effect on the Argentine economy.***

Historically, inflation has materially undermined the Argentine economy and the government's ability to create conditions that permit economic growth. High levels of inflation or price instability have materially adversely affected the volume of transactions within the financial sector, which, in turn, has materially adversely affected levels of economic activity and employment. High levels of inflation have also affected Argentina's foreign competitiveness, as well as salaries, consumption and interest rates. Since 2007, the Argentine economy has experienced high levels of inflation. According to private estimates, since 2007, inflation in Argentina has remained above 20%. Moreover, between 2007 and 2015 official figures became unreliable and private estimates of inflation had to be used. Combined with such high inflation rates, Argentina has also displayed high volatility in its prices during the same period, as a consequence of alternating periods in which inflation was controlled by pegging the *peso* to other currencies in combination with expansive monetary and fiscal policies—which led to an over appreciation of the *peso*—and periods in which *peso* appreciation was adjusted, leading to accelerated inflation.

According to INDEC, CPI increased 24.8% for 2017, 47.6% for 2018 and 53.8% for 2019. The inflation rate for 2019 has been Argentina's highest since 1991. INDEC reported that the monthly increase in December 2020 was 4% compared to the previous month, and 2020 ended with a cumulative inflation of 36.1%. INDEC reported that the CPI increased 21.5% during the first five months of 2021. According to the Survey of Market Projections (*Relevamiento de Expectativas de Mercado* or "REM") as of May 2021 published by the BCRA, the inflation targets for the years 2021, 2022 and 2023 are 48.1%, 40% and 34.5%, respectively.

In addition, the Internal Wholesale Price Index (*Índice de Precios Internos por Mayor*, or "IPIM") increased 58.5% during 2019. In 2020, IPIM showed a cumulative growth of 35.4% between January and December. INDEC reported that IPIM increased by 25.8% in the first five months of 2021.

Additionally, agreements on maximum prices entered into by the Argentine government and certain key economic sectors, as well as the freezing of service tariffs, have contributed to curbing inflation, but could also have a direct impact on inflation if not extended. A retraction or recession of the economy could bring about a reduction in demand for the services provided by us, adversely affecting our financial condition and business.

High inflation adversely affects economic activity, employment, real wages, consumption and interest rates. In addition, the dilution of the positive effects of the peso devaluation in sectors of the Argentine economy oriented to exports reduces the economic activity level in the country. In turn, a portion of the Argentine debt is adjusted by

the Reference Stabilization Coefficient (*Coeficiente de Estabilización de Referencia*, or “CER”), a foreign currency index strongly tied to inflation. Therefore, any significant rise of inflation would cause an increase in the Argentine debt and, as a result, in the financial obligations of the country.

If inflation remains high or continues to increase, Argentina’s economy may be negatively affected and, in turn, our results of operations could be materially affected. Inflation remains a challenge for the Argentine government given its persistent nature in recent years. If the current administration is not successful in addressing Argentina’s structural inflationary imbalances, the current levels of inflation may continue, extending the adverse effect on Argentina’s economy and, as a result, could have a material adverse effect on our business, financial condition and results of operations.

In the past, inflation was critical for the Argentine economy and the Argentine government’s capacity to create conditions leading to growth. High inflation rates have negatively affected the international competitiveness of Argentina, its real wages, employment rates, consumption rates and interest rates. The high uncertainty level regarding such economic indicators and the general lack of stability in terms of inflation could affect even more the capacity to plan and make decisions. As mentioned, this has had a negative effect on Argentina’s economic activity, which could materially and adversely affect our business, financial condition and results of operations.

The generalized increase of prices could affect long-term financing and gradually weaken Argentina’s competitiveness abroad, with a negative impact on the level of economic activity and employment. Generalized increases in salaries, public expenditure and adjustment of utility rates, as a result of the elimination of subsidies, could have a direct impact on inflation.

Elevated levels of inflation during recent years have caused a significant increase in our costs of operations, which are mostly incurred in pesos. A number of our contracts with our clients contain clauses allowing for a price redetermination due to inflation. Notwithstanding this, this situation has often led to delays in payments being made by those customers and has had, and may continue to have, a material adverse effect on our results of operations.

If the inflationary pressures mentioned above persist or even increase in the future, they could have a significant adverse effect on our business, financial condition and results of operations.

***Fluctuations in the value of the peso generate uncertainty and could adversely affect the Argentine economy and our business, financial condition and results of operations.***

Fluctuations in the value of the peso continue to affect the Argentine economy. The depreciation of the peso adversely affected the Argentine economy and the financial condition of companies such as ours and individuals in Argentina due to its impact on the ability of Argentine businesses and the Argentine government to honor their foreign currency-denominated debt, leads to very high inflation, significantly reduces real wages and negatively impacts on businesses whose success is dependent on domestic market demand, such as utilities and the financial industry.

The high level of inflation in Argentina along with formal foreign exchange controls, have generated periods of overvalued exchange rates. The Argentine peso depreciated 52.5% against the U.S. dollar in 2015, including a 38.4% depreciation during the last quarter of 2015 primarily as a result of the Macri administration easing exchange restrictions in December 2015. In 2016 and 2017 the Argentine peso depreciated 21.9% and 18.4%, respectively, against the U.S. dollar. In May 2018, the Argentine peso further experienced a swift devaluation against the main foreign currencies, losing 101.4% of its value in 2018 and 58.4% in 2019. Additionally, Argentina’s international reserves held by the Central Bank had decreased significantly to U.S.\$25.6 billion as of December 31, 2015. Since then, international reserves have increased to U.S.\$39.3 billion as of December 31, 2016, to U.S.\$55.1 billion as of December 31, 2017 and to U.S.\$65.8 billion as of December 31, 2018. During 2019 international reserves reached a peak of U.S.\$77.5 billion but decreased to U.S.\$44.7 billion as of December 31, 2019. On December 31, 2020, the international reserves held by the Central Bank reached U.S.\$39,387 million while as of June 23, 2021 registered a value of U.S.\$42,402 million.

After the primary presidential elections in August 2019 in which former president Macri was defeated by current president Fernández, a significant depreciation of the peso against the U.S. dollar occurred. In order to stabilize the peso, the Macri administration reestablished foreign exchange restrictions in September of such year. The current

administration has maintained and issued additional regulations in order to discourage the acquisition of foreign currency by local residents and companies. For further information on the new restrictions in force, see *“Foreign Exchange Controls”* and *“—Current and future exchange controls, restrictions on transfers abroad and capital inflow restrictions could limit the availability of international credit and could threaten the financial system, which may adversely affect the Argentine economy and, as a result, our business.”*

As of December 31, 2020 and as of June 30, 2021, the official exchange rate was Ps.84.15 and Ps.95.72 U.S.\$1.00, respectively. A significant further depreciation of the peso against the U.S. dollar could have an adverse effect on the ability of Argentine companies to make timely payments on their debts denominated in or indexed or otherwise connected to a foreign currency, and it could result in a material adverse effect on our financial condition and results of operations due to our exposure to financial commitments in U.S. dollars.

We are unable to predict the future value of the peso against the U.S. dollar. The successive devaluations generated a very high inflation and a significant reduction of real wages. They also had a negative impact on companies focused on the local market, such as those in the utilities and financial industries, particularly with regards to their capacity to repay debt denominated in foreign currency, thus also adversely affecting the ability of the Argentine government to honor its sovereign debt obligations. Significant future devaluations could result in the repetition of these circumstances and adversely affect our business.

Further, a substantial increase of the peso *vis-à-vis* the U.S. dollar also poses risks to the Argentine economy. A peso appreciation against the U.S. dollar would negatively impact the financial condition of companies whose assets denominated in foreign currency are greater than their liabilities denominated in foreign currency. Likewise, in the short term, a real significant appreciation of the peso would adversely affect exports and would therefore affect the balance of payments and the Argentine government’s financing through export taxes, thus having a negative impact on the growth of GDP and employment.

We cannot assure you that variations in the exchange rate will not have an adverse effect on the Argentine economy and, in turn, our business, financial condition or results of operations. Additionally, unforeseen events in the international markets, fluctuations of interest rates, changes in capital movements, political developments or inflation rates may result in unstable exchange rates, which could in turn reduce the peso value against the U.S. dollar.

Since exchange controls began as of September 2019, and upon the introduction of even more restrictive measures that have limited access to foreign currency by private companies and individuals, the implied exchange rate, as reflected in the quotations for Argentine securities that trade in foreign markets compared to the corresponding quotations in the local market, has increased significantly over the official exchange rate. We cannot predict the impact of these changes on our financial condition and results of operations.

If the peso continues to devalue, all of the negative effects on the Argentine economy related to such devaluation could continue or worsen with adverse consequences on our business, since most of our revenues and assets are denominated in pesos and 84.0% of our indebtedness is denominated in U.S. dollars or other foreign currency as of March 31, 2021. We cannot assure you that any policies to be implemented by the Argentine government in the future will achieve stability in the value of the peso against foreign currencies. Accordingly, the peso may continue to be subject to significant fluctuations and further devaluations which might significantly and adversely affect our business, financial condition and results of operations.

From time to time, the BCRA may intervene in the foreign exchange market to consolidate or sell international reserves, and to control the exchange rate volatility, through a variety of devices, some of them discretionary. As a result of the significant depreciation of the peso against the U.S. dollar, since August 30, 2018 the BCRA increased the monetary policy rate of the Argentine peso up to a maximum of 85% aiming to attract investments in the peso. Since the Fernández administration took office, the BCRA has been developing policies to decrease interest rates and, as of March 31, 2021, the monetary policy rate was 38%. This high interest rate limits access to credit by individuals and legal entities, producing an increase in debt levels paid off, which could affect our business, financial condition and results of operations. In addition, high interest rates in Argentine pesos may not be sustainable in the medium term, which could affect the level of activity from a reduction in consumption.

Additional volatility, appreciations or depreciations of the peso or reduction of the BCRA's reserves as a result of currency intervention and future devaluations of the Argentine's trading partners' currencies (which may generate a decrease in Argentina's exports and increase in imports) could adversely affect the Argentine economy and economic growth, its financial condition and the Argentine government's ability to service its debt obligations, which might significantly and adversely affect our business, financial condition and results of operations and the market value of the New Notes.

***A decrease in international prices for commodities exported by Argentina could create new pressures on the exchange market, affect the economy and have a material adverse effect on our business, financial condition and results of operations.***

Negative fluctuations in prices for commodities exported by Argentina (such as soybeans, corn and wheat) and increases in the value of the *peso* in real terms may reduce Argentina's competitiveness and significantly affect the country's export markets. A reduction in exports could lead to decreased export taxes and other government revenues, which would affect the Argentine government's ability to pay its debts. Additionally, the reduction could cause an imbalance in the country's exchange market which, in turn, could lead to increased exchange rate volatility.. This could adversely affect the economic and financial condition of the Argentine public sector and lead to an increase in taxes or inflation. Because of our extensive exposure to the Argentine public sector, a decrease in government revenues could result in an adverse effect on our business, financial condition and the results of our operations, as well as our ability to comply with our payment obligations.

The Argentine economy has been historically based on commodity exports, with volatile prices in the past. The Argentine recovery after the 2001-2002 crisis was largely due to the increase in the price of commodities, particularly soy, its main exportable commodity. The commodity price competitiveness largely contributed to the increase in income of the Argentine government as a result of the greater collection of export taxes and international reserves. Low international prices for the main commodities exported by Argentina would have a negative impact on public revenues affecting the economic activity of Argentina and the ability of the Argentine government to honor its sovereign debt. In addition, adverse weather conditions could negatively affect the production of agricultural commodities, which would also lead to a decrease in exports, and , thus, in export taxes.

The increase in international prices of commodities generates pressure over the prices of food in the domestic market, which, in turn, results in inflationary pressure. Since mid-2020 and as of the date of this Exchange Offer Memorandum, commodities prices have tended to increase, but have shown great volatility over the past few years, aggravated, mainly, by the COVID-19 pandemic. As a result, we cannot predict the commodities prices' behavior in the future nor its impact on the Argentine economy and, consequently, on our business, results of operations and financial condition.

***Noncompliance with the IMF terms may adversely affect the Argentine economy and, as a result, our business.***

On June 7, 2018, the Argentine government announced that it had entered into a U.S.\$50 billion standby loan agreement with the IMF in June 2018 with a term of 36 months. On September 26, 2018, the Argentine government announced new terms of the agreement with the IMF, which included an increase in the total amount available under the loan program to U.S.\$57.1 billion. Through July 2019, the IMF had disbursed an aggregate of U.S.\$44.1 billion under the loan program.

On August 27, 2019, IMF representatives made a technical visit to Argentina as part of the review of compliance with the Argentine government's obligations under the loan program. After the visit, the IMF announced that it was evaluating the situation of Argentina to define the timing of a disbursement for U.S.\$5.4 billion, and during September 2019, the IMF decided to stop disbursements. On November 26, 2019, President-elect Alberto Fernández announced that he would not request disbursement of the pending amounts of the loan program, and that he intended to negotiate the extension of the repayment terms that expire in 2021 and 2022.

In February 2020, the IMF released a report stating that Argentina's debt may not be sustainable, and emphasized the importance of continuing a collaborative process of engagement with private creditors to maximize their participation in the debt operation, supporting the Argentine government's announcements regarding the necessity of restoring the sustainability of Argentina's external public debt.

On August 26, 2020, the IMF announced that the Argentine government had requested that the IMF begin discussions on a new IMF-supported program for Argentina. Since November 9, 2020 the Argentine government has been negotiating with the IMF in order to renegotiate the maturities of the agreement, originally set for the years 2021, 2022 and 2023, as a consequence of the U.S.\$44.1 billion disbursed between 2018 and 2019. In August 2020, the authorities of the IMF and the Argentine government announced that Argentina formally requested the start of talks to renegotiate the agreements in force between Argentina and the IMF. As of the date of this Exchange Offer Memorandum, negotiations between the IMF and the Argentine government are still ongoing.

As of the date of this Exchange Offer Memorandum, the Argentine government's ability to successfully renegotiate its debt with the IMF is uncertain and we cannot determine what measures, which may include restrictive monetary and fiscal policies, will be taken to meet the IMF directives or its consequences on the Argentine economy in general. A lack of success in these negotiations may have an adverse effect on the Argentine economy and financial condition, including on the Argentine government's ability to issue debt securities or obtain favorable terms when the need arises to access international capital markets and, consequently, on our business and results of operations and our ability to access these markets.

***Lack of financing for Argentine companies, whether due to market forces, government regulation, unresolved litigation with holdout bondholders, may negatively impact our financial condition or cash flows.***

Argentina and Argentine companies have had limited access to foreign financing in recent years. In December 2001, Argentina defaulted on its debt to foreign bondholders and other financial institutions. Argentina settled all of its outstanding debt with the IMF in 2006, carried out a variety of debt swaps with certain bondholders between 2004 and 2010, and reached an agreement with the Paris Club in 2014. After several years of litigation, on March 1, 2016, the Argentine government and certain creditors to which the Argentine government was previously in default reached an agreement.

On April 18, 2016, in order to make the payment to bondholders in similar conditions, Argentina issued bonds in an amount of U.S.\$16.5 billion, with interest rates between 6.25% and 8% and maturities of three, five, ten and thirty years. The payment of approximately U.S.\$9.3 billion to the bondholders was made on April 22, 2016, thus reaching a final solution to the Argentine debt in default.

During the remainder of 2016, 2017 and the first four months of 2018, the Argentine government continued to seek financing from international markets. Following the exchange rate crisis beginning in April 2018, however, Argentina has not been able to access the international capital markets, resulting in the Macri administration requesting a loan from the IMF (pursuant to the Stand-By Agreement for a total of U.S.\$57 billion).

After the primary elections that were held on August 11, 2019, the Argentine government announced a series of measures with the goal of stabilizing the economy. In order to reduce uncertainty and create a short-term public debt sustainability framework, a new payment schedule ("reprofiling") was established for certain public debt securities for an amount of U.S.\$100 billion.

Furthermore, Decree No. 141/2020, published on February 11, 2020, postponed until September 30, 2020 the payment of amortization installments on Argentina's Dual Currency Notes Expiring in 2020 (*Bonos de la Nación Argentina en Moneda Dual Vencimiento 2020*), except for individuals who had in their portfolio capital amounts lower than U.S.\$20,000 as of December 20, 2019. On April 6, 2020, Decree No. 346/2020 established the deferral of principal and interest payments on a significant portion of public debt denominated in U.S. dollars under local law (with certain exceptions). In addition, on August 4, 2020, the Argentine Congress passed a bill to restructure Argentina's U.S. dollar-denominated debt issued under local law for an aggregate amount of approximately U.S.\$46.0 billion, and an exchange offer was launched, which settled during September 2020.

On February 12, 2020, the Argentine Congress enacted the Law for the Restoration of the Sustainability of the Public Debt issued under Foreign Law which granted the Ministry of Economy broad powers and faculties to restructure the Argentine government external public debt issued under foreign law, in order to be able to perform any action required to complete the process.

During March 2020, the Argentine government initiated discussions with various groups of creditors to discuss a path for Argentina's debt sustainability. In April 2020, the Argentine government approved the restructuring of certain eligible global bonds issued under foreign laws for up to U.S.\$65 billion (the "Eligible Bonds") and carried out an exchange for new bonds which was successfully concluded in August 2020 with a 99% participation. The new bonds provide, in aggregate, amortization and interest payments of approximately U.S.\$4.0 billion in the 2020-2024 period and U.S.\$42.4 billion in the 2020-2030 period, compared to aggregate payments of U.S.\$31.1 billion and U.S.\$72.5 billion during the same periods under the old exchanged bonds, respectively. The Minister of Economy announced that the renegotiation will save U.S.\$37.7 billion and lower the average interest rate from 7% to 3.07%, providing greater relief to Argentina in the first five to ten years and an extended financial horizon to implement public policies to promote economic recovery and sustained development.

After the restructuring of the Argentine national sovereign debt, several provinces, such as Buenos Aires, the largest province in Argentina, Mendoza and Córdoba, among others, also sought to restructure their U.S. dollar-denominated debt. The Province of Buenos Aires defaulted on all of its dollar-denominated bonds in May 2020. The Government of the Province of Buenos Aires has extended the deadline of its exchange offer several times without improving its initial offer made in April 2020. On March 24, 2021, the Ministry of Finance announced the extension of the period for submitting orders to exchange eligible bonds for new bonds until June 4, 2021 and then on June 7, 2021 it again announced the extension of the deadline until June 18, 2021. The Province of Buenos Aires announced that it has extended once again, for the nineteenth time, the expiration date, the new expiration date of the offer is July 2, 2021. On the other hand, on September 23, 2020 the Province of Mendoza consummated the restructuring of its U.S.\$590 million dollar-denominated debt through an exchange offer that had a 95.3% participation by its bondholders while, on January 22, 2021, the Province of Córdoba reached an agreement with 96.29% of its bondholders with respect to its debt restructuring offer for eligible bonds under foreign law. On June 25, 2021 the Province of Chaco reached an agreement with 93.34% of the principal amount of notes outstanding to restructure its external debt of U.S.\$ 250 million. As of the date of this Exchange Offer Memorandum, three provinces are still in the process of renegotiating their debts; Buenos Aires and La Rioja are in default, and Tierra del Fuego who although continues paying its debt it is negotiating for U.S.\$200 million.

Despite the agreement with bondholders of the public debt and the progress in debt renegotiation with private holders of provincial debt, there is still uncertainty as to the Argentine government's capability to repay its debt, which is reflected in the price of public debt instruments and as to whether it will or not succeed in restructuring its debt with the IMF. For further information see "*—Noncompliance with the International Monetary Fund's terms may adversely affect the Argentine economy and, as a result, our business.*"

On March 13, 2020, the Minister of Economy requested that the Paris Club suspend the payment of U.S.\$2,100 million due on May 5, 2020 for a year, pursuant to the terms of the agreement that Argentina had reached with the members of the Paris Club on May 29, 2014 (the "2014 Paris Club Agreement"). Afterwards, the Minister of Economy sent a proposal to the members of the Paris Club to modify the existing terms of the 2014 Paris Club Agreement, mainly to extend the term of the credit and decrease the interest rate. As of the date of this Exchange Offer Memorandum, the Ministry of Economy announced a partial payment, on account of capital and in two installments, of U.S.\$ 430 million to the Paris Club, which implies a period of time until March 31, 2022 to get into a definitive agreement with the Paris Club, prior agreement with the IMF.

Furthermore, on June 24, 2021, the MSCI index (formerly Morgan Stanley Capital International) downgraded Argentina from "emerging market" to "stand alone". Argentina is no longer qualified as "emerging market", category that in the region included countries such as Brazil, Chile, Colombia, Mexico and Peru, to share now the level with nations like Jamaica, Panama and Trinidad and Tobago, among others.

This determination translates to harsher conditions for Argentina to have access to international financing significantly hurting local stocks by affecting the income of certain flows.

If the Argentine government does not restructure its debt with the IMF or with the Paris Club, Argentina's ability to obtain international or multilateral private financing or direct foreign investment may be limited, which may in turn impair its ability to implement reforms and public policies to foster economic growth, impair the ability of private sector entities to access the international capital markets or make the terms of such financing much less favorable than those available to companies in other countries in the region and may accelerate the depreciation of the



Argentine peso, foster inflation and deepen the economic crisis and recession. In addition, Argentina may face again litigation from sovereign debt holdouts.

Lack of access to international or domestic financial markets could affect our ability to finance our operations and capital expenditures, which, in turn, may have an adverse effect on our financial condition or the results of our operations.

***Current and future exchange controls, restrictions on transfers abroad and capital inflow restrictions could limit the availability of international credit and could threaten the financial system, which may adversely affect the Argentine economy and, as a result, our business.***

In 2001 and 2002, Argentina imposed exchange controls and transfer restrictions, substantially limiting the ability of companies to purchase foreign currency or make payments abroad.

From 2011 to December 2015, the Argentine government increased controls on the sale of foreign currency, significantly limiting access to the exchange markets for the acquisition of external assets and transfer of funds abroad. The rules existing in 2011, together with the regulations established in 2012 that subjected other exchange transactions to the prior approval of the tax authorities in Argentina or the BCRA, significantly restricted access to the exchange markets for individuals and private sector entities. These measures also included restrictions that limited the purchase of foreign currency by Argentine residents and local businesses through the exchange market to make payments abroad, such as dividends and payments of imports of goods and services. Beginning in December 2015, Macri's administration gradually eased restrictions until they were completely lifted by mid-2017.

On August 8, 2016, the BCRA introduced structural changes to the exchange regime through Communication "A" 6037 and Communication "A" 6244 by which it significantly relaxed access to the exchange market. In order to relax the exchange regime further and promote competition, allowing new players on the market, the MLC was reformed pursuant to Decree no. 27/2018, published on January 11, 2018.

Due to the foreign exchange crisis after the primary elections in August 2019 and the uncertainty from the presidential elections in October 2019 and the measures to be adopted by a new administration, on September 1, 2019, through Decree No. 609/2019 and Communication "A" 6770, exchange controls were reinstated, originally effective until December 31, 2019, and later made permanently effective by virtue of Decree No. 91/2019 and BCRA Communication "A" 6854.

The new controls apply to exchange market access by residents for savings purposes and investment abroad, payment of financial debt abroad, payment of dividends in foreign currency abroad, payment of imports of goods and services, and the obligation to repatriate and settle in pesos the proceeds of the export of goods and services, among other things. For more information, see "*Foreign Exchange Controls*" in this Exchange Offer Memorandum.

As a result of reinstating exchange controls, the gap between the official government-mandated exchange rate and other unofficial parallel exchange rates that emerged as a result of certain transactions regularly carried out in the capital markets ("MEP" dollar or "blue chip swap transaction") had increased, with the unofficial exchange rate being significantly higher than the official exchange rate.

The level of international reserves has dropped during 2019 and 2020, totaling U.S.\$44.7 billion as of December 30, 2019, and U.S.\$39 billion as of December 30, 2020. In recent months, the Central Bank accumulated a positive net balance of about U.S.\$4,900 million mainly attributable to its market intervention, while as of May 7, 2021 international reserves decreased U.S.\$188 million mainly as a result of an interest payment made to the IMF. Notwithstanding the measures that the current administration may adopt in the future, the international reserves currently held by the BCRA could decrease further.

We cannot predict how long these exchange measures will continue to be in effect or whether exchange regulations will become more restrictive in the future. The Argentine government may continue to implement these measures or impose new regulations and restrictions on the exchange market or other measures in response to the outflow of capital or the depreciation of the *peso*, which may restrict access to the international capital markets. This may in turn result in political or social unrest and weaken public revenues, as has been the case in the past, which

could adversely affect the Argentine economy and economic growth, which may in turn affect our business, financial condition, our ability to fulfill our obligations in general and, in particular, to make principal and interest payments under the New Notes. For further information, see “*Foreign Exchange Controls*” of this Exchange Offer Memorandum.

***Argentina faces legal proceedings initiated by foreign shareholders of Argentine companies, which could limit the country’s financial resources and affect its capacity to implement reforms and foster economic growth.***

The foreign shareholders of several Argentine companies, including public utilities and bondholders that did not participate in the exchange offers described above, have filed claims that exceed U.S.\$20 billion with the International Center for Settlement of Investment Disputes (“ICSID”) alleging that the emergency measures adopted by the Argentine government as of 2002 violate the just and equal treatment standards set forth in several bilateral investment treaties to which Argentina is a party.

Claimants have also filed also claims before arbitral tribunals under the rules of the United Nations Commission on International Trade Law (“UNCITRAL”) and the International Chamber of Commerce (“ICC”). Several awards have been issued against Argentina and several cases are still ongoing, which could result in material judgments against the Argentine government, including attachments of or injunctions relating to assets of Argentina.

We are unable to predict whether other adverse investment arbitration awards may be issued and whether the country will have the financial resources necessary to meet its obligations, implement reforms and foster growth, the failure of which could have a material adverse effect on our business, financial condition and results of operation.

The measures adopted by the Argentine government or the investors’ perceptions regarding the country’s repayment capacity could, in the future, limit access to international capital markets or significantly increase the cost of indebtedness, thus limiting the Argentine government’s capacity to promote economic growth. A limited or more expensive access to international financing for the private sector could also affect our business, economic condition and results of operations.

***Significant capital expenditure on the part of the Argentine government is required in energy infrastructure to avert a shortage of essential energy. Restrictions on the supply of energy or an energy crisis could materially adversely affect growth and the Argentine government’s fiscal balance.***

In recent years, there has been a lack of investment in gas and electricity generation, transport and distribution capacity in Argentina. At the same time, demand for natural gas and electricity has increased substantially. The 2001 economic crisis and the resulting emergency measures had a material adverse effect on other energy sectors which led to a significant reduction in natural gas supplies to generation companies that use this commodity in their generation activities. In an attempt to address this situation, in January 2016, the Macri administration unified and increased wholesale energy prices for all consumption in Argentina. As a result of this and other measures implemented by the Argentine government, investments have been made in conventional and renewable energy, increasing the installed capacity almost 3500 MW in the last two years. This increase in capacity has occurred both in thermal and renewable energy (wind and solar), the latter being enhanced by the renewable energy tenders, reaching 6% of the Argentine generation matrix in 2019, with a peak of 8.17% in December 2019.

During 2016, certain remedies imposed by lower courts suspended the electric rate increases implemented on February 1, 2016 in some provinces and cities, ordering the Ministry of Energy and Mining and the Electricity Regulating Entity (“ENRE”) to hold non-binding public hearings before the increases could be approved. On October 28, 2016, the Ministry of Energy and Mining and the ENRE held a non-binding public hearing to submit the rate increase proposals made by the distributors serving the Greater Buenos Aires area (approximately 15 million inhabitants) for the 2017-2021 period, as part of the Comprehensive Rate Review. On December 14, 2016, the Ministry of Energy and Mining and the ENRE held eight non-binding public hearings (in the City of Buenos Aires, Mendoza, Neuquén, Mar del Plata, Formosa, Santiago del Estero and Puerto Madryn) to submit the rate increase proposals for electricity transmission at national and regional level, and the seasonal reference prices of capacity and energy in the electric wholesale market, as well as a proposal to reduce subsidies for the 2017-2021 period.

On August 22, 2018, Resolution No. 104 regarding the Procedure for Authorization of Natural Gas Exports was published in the Official Gazette, by virtue of which, as from October 2018, Argentina resumed gas exports to Chile again after eleven years of interruption, mainly due to investments in the Vaca Muerta oil field in the Patagonia region. In addition, such Resolution created a speedy, transparent, and non-discriminatory scheme for the granting of natural gas export permits for short- and long-term firm and uninterrupted contracts, and summer exports and operative exchanges, provided the domestic supply was guaranteed. Resolution No. 265 dated March 24, 2004 of the former Secretariat of Energy had suspended the export of natural gas surpluses to Chile due to the energy crisis.

The Solidarity Law approved on December 21, 2019 grants powers to the national government to intervene the ENRE and the National Gas Regulatory Entity (ENARGAS) for a year, which was declared through Decree No. 277/2020 and Decree No. 278/2020, respectively, to maintain unchanged electricity and natural gas tariffs that are under federal jurisdiction and initiate a comprehensive tariff revision process or to initiate a review of an extraordinary nature under the terms of Law No. 24,065, Law No. 24,076 and related regulations from the effective date of the Solidarity Law continuing for 180 days, aiming to reduce the real tariff load on households, businesses and industries by 2020. Freezing of electricity and natural gas tariffs has been extended for an additional 180 days pursuant to Decree No. 543/2020 and later extended for an additional 90 days (until March 15, 2021) by Decree No. 1020/2020 which also ordered the renegotiation of the integrated tariff review. On February 22, 2021, ENARGAS issued Resolution No. 47/2021 setting a public hearing in order to address the “Transitional Tariff Regimes” in accordance with said Decree No. 1020/2020. The public hearing (No. 101) was held on March 16, 2021.

On May 31, 2021, Decrees No. 353/2021 and 354/2021 were published in the Official Gazette, through which the Transitional Tariff Regimes applicable to carriers and certain natural gas distributors were approved under the terms of Decree No. 1020/2020. The increases established by these decrees imply an average increase of 6% in residential bills for natural gas at the national level.

Electricity generators may still not be able to guarantee the supply of electricity to distribution companies, which, in turn, could prevent these companies from experiencing continued growth in their businesses and could lead to failures to provide electricity to customers. Shortages and government efforts to respond to or prevent shortages may materially adversely impact the cost and supply of energy for our operations, which could have a material adverse effect on our operations and financial condition.

Failure to address the problems that arise in the generation, transport and distribution of energy in Argentina could weaken confidence and adversely affect Argentina’s economic and financial condition and adversely affect our business, financial condition and results of our operations. We cannot assure you that the measures adopted by the Argentine government or those that it will adopt in the future to face the energy crisis will not be challenged in local courts or that they will be sufficient to restore energy production in Argentina in the short or medium term.

If the Argentine government fails to invest in a timely manner in certain areas of energy infrastructure, it is possible that Argentina would suffer a detrimental shortage of energy. It is likely that any such adverse effect on economic growth would diminish the government’s fiscal balance which, in turn, would have a material adverse effect on Argentine government expenditures on infrastructure and other construction projects led by federal or provincial governments, which in turn, could adversely affect our construction business, financial condition and results of operations.

***Certain measures that may be taken by the Argentine government may adversely affect the Argentine economy and, as a result, our business and results of operations.***

The Argentine government in the past decade increased its direct intervention in the economy through the implementation or change of laws and regulations, such as nationalizations or expropriations; restrictions on production, imports and exports; exchange controls; direct and indirect price controls; tax increases, changes in the implementation or application of tax laws and other retroactive tax claims or challenges; cancellation of contract rights; delays or denials of governmental approvals.

For instance, in November 2008, the Argentine government transferred approximately Ps.94.4 billion (U.S.\$29.3 billion) in assets held by the country’s private *Administradoras de Fondos de Jubilaciones y Pensiones* (pension fund management companies, or “AFJPs”, per its acronym in Spanish) to the government-run social security

agency (“ANSES”, per its acronym in Spanish). In addition, the Argentine government became a significant shareholder in many of the country’s public companies, including YPF S.A., the main Argentine oil and gas company, in which the majority of the capital stock was expropriated from the Spanish company Repsol, S.A. in 2012.

In 2014, the Argentine government passed Law No. 26,991, which amended the Supply Law No. 20,680 entitling the Argentine government to intervene in certain markets if it considered that any sector was attempting to impose price or supply restrictions in the market. This law is applicable to all economic processes linked to goods, facilities and services which, either directly or indirectly, satisfy the basic needs of the population and grants broad powers to its competent enforcing agency to intervene in such processes. In May 2015, the Argentine government passed Law No. 27,132 to revoke certain railway concessions, return the national railway network to state control and provide powers to review all concessions in force.

On December 23, 2019, pursuant to the Solidarity Law, the Argentine government granted emergency powers to the Executive Branch, among other measures. We cannot predict what policies the Argentine government will implement under these emergency powers, nor their impact in the Argentine economy.

On June 9, 2020, through Decree No. 522/2020, the Fernández government provided for the intervention for sixty days of Vicentin S.A.I.C. (“Vicentin”), one of Argentina’s largest agro-industrial companies, in order to ensure the continuity of the company’s operations and the preservation of jobs and assets. The intervention was prompted by Vicentin filing for reorganization proceedings on February 10, 2020 as a result of its inability to service payment obligations amounting to Ps.99.3 billion. However, on July 31, 2020, through a new decree, Decree No. 522/2020 was repealed, leaving the intervention ineffective.

Later, on August 21, 2020, the Executive Branch declared mobile telephony, internet and pay television services as public, essential and strategic public services, established new rules regarding their pricing and froze the rates of such services until December 31, 2020. In furtherance, the Argentine government authorized specific rate increases for January, February and March 2021.

Moreover, on May 17, 2021, President Alberto Fernandez informed that, as a consequence of the sustained increase in the prices of meat products in the domestic market, the Argentine government had decided to implement a number of emergency measures towards the coordination of the sector, restrict speculative practices, improve the exports traceability and avoid fiscal evasion in exports. In this sense, through Resolution No. 75/2021, the Argentine government established that, until such measures are fully implemented, the exports of meat would be limited for a 30-day period. Following the 30-day suspension, the Productive Development Minister announced that the Argentine government will allow the sales overseas but only under a quota system.

In the future, the level of government intervention in the economy could continue or increase. The President of Argentina and the Argentine Congress each have considerable power to determine governmental policies and actions that relate to the Argentine economy. We cannot assure you that these or other measures that may be adopted by the Argentine government, such as expropriation, nationalization, forced renegotiation or modification of existing contracts, new taxation policies, changes in laws, regulations and policies affecting foreign trade, investment, etc., will not have a material adverse effect on the Argentine economy and, as a consequence, adversely affect our financial condition, results of operations and the market value of our securities.

***The Argentine economy remains vulnerable to external shocks that could be caused by significant economic difficulties of Argentina’s major regional trading partners, particularly Brazil, or by more general “contagion” effects. Such external shocks and “contagion” effects could have a material adverse effect on Argentina’s economic growth and its ability to service its public debt.***

Argentina’s economy is vulnerable to external shocks that could be caused by adverse developments affecting its principal trading partners at a regional or global level. Although these conditions vary from country to country, investor reactions to events occurring in one country may substantially affect capital flows to issuers and securities of markets in other countries with similar characteristics, including Argentina. A decline in both capital inflows and stock market prices can negatively affect the economy of a country by increasing interest rates or exchange rate volatility.

Further, a significant decline in the economic growth of any of Argentina's major trading partners (including Brazil, the European Union, China and the United States) could have a material adverse impact on Argentina's balance of trade and adversely affect Argentina's economy. Brazilian demand for Argentine exports has generally declined over the past five years and further deterioration of economic conditions in Brazil may reduce demand for Argentine exports and create advantages for Brazilian imports. Further adverse developments in the Brazilian political and economic crisis may have further negative effects on the Argentine economy and our operations. In general, strong economic performance by Brazil has not improved, nor had a positive impact on, Argentina's economy; however, past crises in Brazil had a highly adverse impact on Argentina's economy and financial markets.

In 2018, the economies of emerging markets were impacted by the change in U.S. monetary policy, which resulted in the settlement of investments and higher volatility in the value of their currencies. If interest rates rise considerably in developed economies, including the United States, it could be more difficult and expensive for the economies of emerging markets, including Argentina, to borrow capital and refinance existing debt, which could adversely affect economic growth in those countries. Yet, in recent years the U.S. Federal Reserve cut federal fund rates. On March 20, 2020, the U.S. Federal Reserve cut federal fund rates again to a range of 0% to 0.25% in response to the negative impact of COVID-19.

Global economic growth slowed down in general terms during 2019 highlighting the fall of industrial activity in the Eurozone and a greater uncertainty in commercial terms. During 2019, trade conflicts between the United States with each of China and the European Union, continued to escalate, while the resolution of the "Brexit" plan added uncertainty.

During 2019, the Argentine economy was affected by the devaluation against the U.S. dollar of local currencies in emerging markets, in particular Brazil and Chile. Likewise, the outflow to emerging markets also affected Argentina, deteriorating the conditions to access new external financing.

A new global economic and/or financial crisis or the effects of deterioration in the current international context, could affect the Argentine economy and, consequently, our financial condition or results or operations. If interest rates rise significantly in developed economies, including the United States, Argentina and other emerging market economies could find it more difficult and expensive to borrow capital and refinance existing debt, which could negatively affect their economic growth.

In July 2019, the Southern Common Market ("MERCOSUR") and the European Union entered into a strategic association agreement, which is planned to become effective in 2021 once approved by the respective legislatures of every member country. The objective of this agreement is to promote investments, foster regional integration, increase economic competitiveness, and achieve GDP growth. However, the effect of this agreement on Argentina's economy and the policies implemented by the Argentine government is still uncertain.

On June 23, 2016, the United Kingdom voted in favor of exiting the European Union ("Brexit"). On January 31, 2020, Brexit formally entered into force, giving rise to a transition period that served to negotiate the trade and security agreement with the European Union. After the Withdrawal Agreement was definitively approved, on February 1, 2020, the United Kingdom automatically left the European Union. By virtue of this agreement, there was a transitional period until December 31, 2020 in which the United Kingdom remained in the European market. The United Kingdom and the European Union then negotiated a new commercial relationship during that transitional period, that was signed on December 2020 and came into effect the day after. As of the date of this Exchange Offer Memorandum, the Brexit impact on the UK-EU relationship remains uncertain. A fall in long-term gross product and a decrease in foreign investment would be the possible negative consequences of Brexit for the United Kingdom. This impact could also extend to the rest of the European Union given the greater uncertainty of its solidity as a bloc. In the short term, there was a drop in global financial markets, which then reversed, and a strong weakening of the pound. The long-term impact at the global level is uncertain, but less integration of the European bloc could lead to a reduction in trade with an impact at the global level.

For Argentina, the consequences of Brexit are linked to the weakening of the pound and the euro, which has led to a significant appreciation of the U.S. dollar worldwide. An appreciation of the U.S. dollar and increased risk aversion could lead to a negative effect on the price of raw materials, which would be reflected in the products that Argentina exports to Europe. Another direct consequence of "Brexit" could be a decrease in prices of most

commodities, a factor that could affect Argentina if prices stay low in the long term. Bilateral trade could also suffer. In addition, it is possible that Brexit could complicate Argentina's ability to issue additional debt in the international capital markets, as funding would be more expensive.

Global economic conditions may also result in depreciation of regional currencies and exchange rates, including the Argentine peso, which would likely cause volatility in Argentina. The effect of global economic conditions on Argentina could reduce exports and foreign direct investment, resulting in a decline in tax revenues and a restriction on access to the international capital markets, which could adversely affect our business, financial condition and results of operations. A new global economic and/or financial crisis or the effects of deterioration in the current international context, could affect the Argentine economy.

The Argentine economy may be affected by "contagion" effects. International investors' reactions to events occurring in one developing country sometimes appear to follow a "contagion" pattern, in which an entire region or investment class is disfavored by international investors. In the past, the Argentine economy has been adversely affected by such contagion effects on a number of occasions, including the 1994 Mexican financial crisis, the 1997 Asian financial crisis, the 1998 Russian financial crisis, the 1999 devaluation of the Brazilian real, the 2001 collapse of Turkey's fixed exchange rate regime and the global financial crisis that began in 2008.

Although economic conditions vary from country to country, investors' perceptions of events occurring in other countries have substantially affected – in the past – and may continue to substantially affect capital flows into other countries and investments in securities from issuers in other countries, including Argentina. International investors' reactions to events occurring in one market sometimes have a "contagion" effect that leads an entire region or class of investment to be disfavored by international investors. Argentina could be adversely affected by negative economic or financial developments in other countries, which in turn may have an adverse effect on our financial condition and results of operations.

In addition, the United States held its presidential elections in November 2020, and President Joe Biden took office on January 20, 2021. As of the date of this Exchange Offer Memorandum, we cannot predict the measures and policies that the Biden administration will adopt, which could generate uncertainty in international markets and could have a negative effect on developing economies, including the Argentine economy.

Throughout 2019, several protests have taken place in different Latin American countries against austerity measures or political corruption in the region. In Chile, the leading cause of these events was an increase in Santiago de Chile public transportation tickets, which led to several protests and violent disturbances throughout the country demanding the adoption of changes in economic policy and constitutional reform. In Bolivia, Evo Morales resigned as president amid protests, social pressure and allegations of electoral fraud. The event that led to Evo Morales' resignation has been considered by several countries as a coup. The Congress of Bolivia annulled the election and decided to call a new election, held on October 18, 2020, to elect president, vice-president, senators, and representatives, with Luis Arce from the Socialist Movement winning the election as president in the first round by obtaining 54.41% of the votes.

In March 2020, after the members of the Organization of the Petroleum Exporting Countries ("OPEC") and Russia failed to reach an agreement to stabilize the oil market, Saudi Arabia decided to increase oil production by flooding the market with oil and starting an oil-price war. This decision at a time when the world demand for oil is falling due to the impact of COVID-19 on world trade and the economy, has led to a 30% decline in oil prices, the most significant fall since 1991. The fall in international oil prices and its derivatives has added to the already weakened economic environment prevailing in Argentina. On April 9, 2020, Saudi Arabia, Russia, and OPEC members agreed to reduce oil production by 9.7 million barrels per day, the deepest cut ever agreed upon by world oil producers. They subsequently agreed to increase production. Volatility in the oil market and the prices of other products may have an adverse impact on the Argentine economy and our business.

Finally, the ongoing COVID-19 pandemic has negatively impacted global economy, disrupted financial markets and international trade, resulted in increased unemployment levels and significantly impacted global supply chains, all of which has had an adverse impact on Argentina's economy and may have a material adverse effect on our business. See "*—The recent COVID-19 pandemic, as well as any other public health crises that may arise in the future, has had and will likely continue to have a negative impact on our business*" and "*—The Argentine economy*

*could be negatively affected by external factors that have a global impact, such as the spread of COVID-19, the economic impact of the pandemic and the measures designed to address it, both on a local and an international level.”*

***Federal and provincial elections in Argentina can generate uncertainty in the Argentine economy and, consequently, in our business.***

Along with the national election in which Alberto Fernández of the Frente de Todos coalition was elected with 48.24% of the votes, local elections were held in several provinces during 2019. Changes in local and federal administrations may also imply changes to current programs and policies affecting our business and operations. Both the President and the Congress have considerable power to make decisions and determining government policies and actions that relate to the Argentine economy. Furthermore, some of the measures proposed by the government may also generate political and social opposition, which may in turn prevent the government from adopting its proposed measures.

In addition, as a consequence of the second wave of COVID-19, for one time, through Law No. 27,631, the date of the primary elections and the general legislative elections was modified. The primary elections were postponed to September 12, 2021 and the legislative elections to November 14, 2021. In particular, 127 of the 257 seats of the Chamber of Deputies will be in contention, as well as 24 of the 72 seats in the Senate of the Nation. Since December 10, 2019, the coalition represented by the Fernández administration has had a majority in both chambers of the Argentine Congress, which may lead to further changes in the political parties currently in office.

We cannot foresee the measures that could be taken by any future administration, national or provincial, and the effect that such measures could have on the Argentine economy and in Argentina’s ability to meet its financial obligations, that could adversely affect our business, financial condition and results of operations. Any change in the majorities in the Argentine Congress as a result of the mid-term elections may cause significant changes in economic measures currently in effect and may have a negative effect on the Argentine economy.

***The Argentine government and/or the Argentine Congress may order or promote measures in order to increase benefits to employees in the private sector, which would increase our costs and expenses.***

The Argentine government and/or the Argentine Congress have issued in the past, and may issue in the future, laws, regulations and decrees requiring companies in the private sector to maintain minimum wage levels and provide certain benefits to employees. In addition, both public sector and private sector employers have been exposed to significant pressure by their employees or the unions representing them, demanding higher salaries and certain benefits. Largely in response to inflation, the Argentine government authorized several increases of the minimum monthly salary.

On May 5, 2021, the current administration published in the Official Gazette Resolution No. 4/2021 issued by the *Consejo Nacional del Empleo, la Productividad y el Salario Mínimo, Vital y Móvil*, which provides for an increase in the minimum salary of all employees under the Employment Contract System, the Agricultural Work System, and Public Administration System, as well as for employees working at all the entities and agencies in which the Argentine government acts as their employer, not including family allowances or benefits (the minimum salary until then was the salary set in the amount of Ps.16,875 as of October 2019). This resolution was later amended by Resolutions 5/2021 and 6/2021. Pursuant to these resolutions, the increase will be phased out in stages as follows: (i) Ps.23,544 as from April 1, 2021, for all monthly salary-based employees who work full time according to the law, and Ps.117.72 as the hourly rate for wage-based workers; (ii) Ps.24,408 as from May 1, 2021, for full-time employees and Ps.126.36 as the hourly rate; (iii) Ps.25,272 as from June 1, 2021, for full-time employees and Ps.129.60 as the hourly rate; (iv) Ps.27,216 as from July 1, 2021, for full-time employees and Ps.136.08 as the hourly rate; (v) Ps.28,080 as from August 1, 2021, for full-time employees and Ps.140.40 as the hourly rate; and (vi) Ps.29,160 as from September 1, 2021, for full-time employees and Ps.145.80 as the hourly rate. In addition, the minimum and maximum unemployment benefits have been increased in the amount of Ps.6,540 and Ps.10,900, respectively, as from April 1, 2021, and Ps.8,100 and Ps.13,500, respectively, as from February 1, 2022.

On December 13, 2019, through Decree No. 34/2019, the Argentine government declared a public labor emergency for 180 days successively extended by Decree No. 39/2021 now until December 31, 2021. During that term, in case of wrongful termination, an employee will be entitled to collect twice the severance compensation

provided for dismissal without cause. Duplication cannot exceed Ps.500,000. Decree No. 39/2021 will not be applicable to the employees hired after December 13, 2019 nor employees in the national public sector.

In January 2020, the Argentine government issued a decree imposing the payment of an extraordinary non-wage bonus of Ps.4,000 to all workers in the private sector, payable in two installments in January 2020 and February 2020.

During the ongoing COVID-19 pandemic, on March 31, 2020, through Decree No. 329/2020, the government prohibited dismissals: (i) without justified cause; or (ii) due to lack or reduction of work and force majeure, for a period of 60 days. The measure has been successively extended, currently through December 31, 2021, through Decree No. 413/2021, though this measure is not applicable to individuals working in construction, among others, subject to Law No. 22,250. The decree also prohibits lay-offs on grounds of force majeure, or lack or reduction of work until December 31, 2021. There are some exceptions to these prohibitions, such as layoffs agreed to by the employee or the employees' union, or approved by the labor enforcement authority, in compliance with applicable rules and regulations. Under Decree No. 413/2021, terminations, and lay-offs in breach of this prohibition will have no effect, maintaining the current employment relations and its conditions.

In addition, on August 14, 2020, the Argentine Congress enacted Law No. 27,555 on the Legal Framework of Teleworking, aimed at establishing the minimum legal requirements for the regulation of teleworking in those activities that qualify due their nature and specific features. Since the enactment of such law, certain provisions relating to remote work, such as working hours, work elements, and workers' rights and obligations, among others, were introduced to Law No. 20,744 that governs employment contracts. Law No. 27,555 on the Legal Framework of Teleworking was partially regulated by Decree No. 27/2021, which delegated to the National Ministry of Labor, Employment and Social Security the adoption of the resolution establishing the starting date of the 90-day term required for the entry into force of such law. Later on, through Resolution No. 54/2021, the Ministry resolved that the effectiveness of the Legal Framework for Remote Work as from April 1, 2021.

In the future, the Argentine government could take new measures requiring salary increases or additional employee benefits, and the labor force and labor unions may pressure employers to implement those measures. High inflation rates could continue to increase demand for wage increases. Any salary increase or additional benefit could result in an increase in costs and a decrease in the results of the operations of Argentine companies, including our 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 the value of our current real estate properties. We cannot assure you that property values will increase or that they will not be reduced. The majority of properties we own are located in Argentina. As a result, a reduction in the value of properties in Argentina could materially affect the Argentine economy, including our business, financial condition and results of operations.

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

In recent years, the Argentine government has resorted several times to the BCRA and the ANSES to fund its financial needs. With tight public finances, the Argentine government may adopt certain measures to fund public spending, including resorting to the local capital markets to seek new financing and pursue expansionist monetary policies. In the past, these policies resulted in high inflation and, as a result, may have an adverse effect on the consumers' purchasing power and economic activity.

Capital expenditures increased by 12.4% in 2019 to Ps.236.4 billion, from Ps.210.3 billion in 2018. Transfers to the government from the BCRA and FGS increased by 387.5% in 2019, while intra-public sector interest payments increased by 52.5%.

In 2019, the government received extraordinary revenues of Ps.113.7 billion, as compared to Ps.1.5 billion in 2018. Extraordinary revenues received in 2019 are comprised of (i) Ps.4.8 billion related to the transfer of the



management of the former National Lottery S.E. to the City of Buenos Aires, (ii) Ps.64.2 billion transferred from the FGS to the ANSES for the financing of the Historical Reparations Program for Retirees and Pensioners and (iii) Ps.44.6 billion raised through the sale of fixed assets of state-owned enterprises.

In 2019, interest payments increased by 86.2% to Ps.724.3 billion, as compared to Ps.388.9 billion in 2018. In 2019, interest payments accounted for 88.4% of the aggregate balance of non-financial public sector, compared to 53.4% in 2018.

In 2017 and 2018, public sector spending increased by about 21.8% and 22.4%, respectively, and the Argentine government reported a primary fiscal deficit of about 3.8% and 2.4% of GDP, respectively, according to the Ministry of Finance. In 2019, public spending rose by 37.2% and the government reported a primary fiscal deficit of P.s.819.4 billion, as compared to a deficit of P.s.727.9 billion in 2018. In 2020, the public sector spending was of about 6.5% of the GDP and the primary fiscal deficit was 8.5% of the GDP.

In addition, certain programs introduced by the government, including measures designed to address the COVID-19 outbreak may increase public expenditures. Weaker fiscal results could have a material adverse effect on government's ability to access long-term financing.

The primary fiscal balance could be negatively affected in the future if public spending increases due to subsidies to lower income sectors, social security benefits, financial assistance to provinces with financial problems and increased spending on public works and subsidies to the energy and transportation sectors. A deterioration in fiscal accounts could negatively affect the government's ability to access the long-term financial markets, which could, in turn, result in more limited access to such markets by Argentine companies.

As of the date of this Exchange Offer Memorandum, there is no certainty as to what effect the policies that may be implemented by the government may have on the Argentine economy or on our business, financial condition and results of operations.

## **Risks Related to Other Countries in which We Operate**

### ***Adverse macroeconomic and political conditions in Peru, Chile, Paraguay, Uruguay and Brazil may adversely affect us.***

While we carry out most of our operations in Argentina, we also provide construction services in Peru, Paraguay and Chile. Additionally, we provide waste management services in Uruguay, as well as provide limited construction and transportation services in Brazil. Consequently, our business, financial condition and results of operations could be affected by adverse macroeconomic and political conditions and economic policies in these countries.

The activities in the above-mentioned countries have also been negatively affected by the COVID-19 pandemic. In particular, the state of national emergency declared by the Peruvian Government in March 2020, which imposed strict isolation measures, brought the activities carried out in Peru to a standstill, including those developed by our subsidiary Haug. Although activities resumed after a few months of paralysis, recovery is still partial. The construction market in mining, hydrocarbons and energy—which are the backbone of our businesses in that country—remains depressed because the new health and safety protocols imposed by the pandemic slow down, extend and greatly raise the price of projects and jeopardize the security of our customers' operations in the case of brownfield projects. Therefore, no new bidding processes are organized or their award is delayed. Additionally, projects under way have to face unforeseen expenses that are not always recognized by our customers.

In addition, the uncertainty about the political and economic direction that Peru will take in the next years is also delaying investment decisions of our clients. After a 2020 crossed by a political, health and economic crisis of magnitude, with three presidents succeeding one another in government, one of the highest COVID-19 death rates in the world, and a 12.9% contraction of GDP, as a consequence of the pandemic, the second round of presidential elections in Peru was held at the beginning of June 2021, in which the candidate Pedro Castillo obtained 50.125% of the votes, while his rival, Keiko Fujimori, received 49.875%, according to official results, which implies a difference of just over 44,000 votes. Notwithstanding, as of the date of this Exchange Offer Memorandum, the Peruvian electoral

authorities have not yet been able to proclaim a winner, because requests for the nullity of voting records presented mainly by the group headed by Keiko Fujimori are pending to resolve. Both candidates present diametrically opposite visions in the economic plane. While Fujimori aims to maintain the current free market system, Pedro Castillo proposes a series of structural economic reforms that involve, an active role of the Peruvian government as a market regulator and the nationalization of strategic sectors such as mining, gas and oil, among others.

As of the date of this Exchange Offer Memorandum, we cannot predict the final outcome of the presidential elections in Peru, how certain political and economic issues will be addressed or the impact that any measure related to these matters to be implemented by the elected administration will have in the Peruvian economy as a whole or in our business, financial condition and results of operations.

For more information on the impact on the Argentine economy and our business of other events that have occurred in other countries see “—*The Argentine economy remains vulnerable to external shocks that could be caused by significant economic difficulties of Argentina’s major regional trading partners, particularly Brazil, or by more general “contagion” effects. Such external shocks and “contagion” effects could have a material adverse effect on Argentina’s economic growth and its ability to service its public debt.*”

### **Risks Related to our Business**

***The recent COVID-19 pandemic, as well as any other public health crises that may arise in the future, has had and will likely continue to have a negative impact on our business.***

On March 11, 2020 the World Health Organization declared COVID-19 a global pandemic, which continues to impact business and economic activities local and globally. In Argentina, the government implemented a series of measures aimed at decreasing the movement of people and provided for preventive and mandatory social isolation since March 20, 2020, allowing only of those people related to the provision and/or production of essential services and products to move freely. The ASPO was successively extended, with different levels of relaxation based on the criteria adopted by the different provincial and municipal authorities until November 9, 2020 when the DISPO was enforced to achieve a greater degree of economic and social normality, while maintaining constant epidemiological monitoring. Notwithstanding this, as a result of the increase in cases registered since March 2021, on April 8 2021, pursuant to Decree No. 235/2021, the Argentine government ordered general preventive measures, returning the implementation of a series of restrictions and focused provisions to contain contagions, in order to mitigate the spread of the COVID-19 virus and its health impact, and established certain parameters to define the existence of low, medium and high risk or epidemiological and health alarm in each district. These measures were successively extended and, in some cases, enhanced. As of the date of this Exchange Offer Memorandum, the general preventive measures are in force until August 6, 2021 by virtue of Decree No. 455/2021.

While our activities have been deemed essential services by the Argentine government, the COVID-19 pandemic has had and may continue to have a negative impact on our business. Our revenues from contracts with customers and operating income decreased by 35.3% and 35.9%, respectively, for 2020 and 24.9% and 51.8%, respectively, for the three-month period ended on March 31, 2021, compared to the same period of last year, primarily as a result of the impact of COVID-19 on our business segments as described below.

Our Waste Management activities have been declared essential by the Argentine government and we continue to provide uninterrupted service, although at the beginning of ASPO, there were constraints on economic activities that affected the normal provision of services. In addition, we implemented internal procedures to preserve the health of our employees, their families, customers and suppliers. However, COVID-19 has had a negative impact on some economic and financial variables of our subsidiaries in this business segment, resulting in lower efficiencies in the management of operations, new costs associated with mitigating the effect of the COVID-19 pandemic, a slowdown in waste transport and disposal operations caused by the decline in economic activity, and a delay by clients in the approval and payment of price adjustments in their contracts.

Our Transportation activities have also been deemed essential by the Argentine government and, for this reason, we must ensure continued service. In addition to the preventive measures adopted by the government to limit the spread of the pandemic, such as reduced schedules, closure of stations and limits to the number of passengers allowed on trains, Metrovías has implemented additional measures in order to provide safe transportation, including

new protocols and greater frequency of disinfection (prioritizing contact surfaces and places that can be contagious), provision of alcohol gel for users in all stations, enabling a single access to each station to facilitate access control and service protocols for users with suspected cases of infection, as well as strong user awareness campaigns. The restrictions led to a 95% drop in ridership from March through September 2020. The consequent fall in revenues from fares was, for the Subway and Premetro operations, mostly offset by an increase in government contributions received in compensation for operating costs in order to balance Metrovias' financial condition. On the other hand, the Argentine government has not compensated us for the decrease in revenues from fares in the Urquiza Railway. In both cases, the drop in revenues was partially offset by a reduction in certain variable operating expenses. In addition, the level of activity of BRt and BRf was partially reduced, and in certain opportunities, as part of the ATP Program described in "*—Management's Discussion and Analysis of Financial Condition and Results of Operations— Impact of COVID-19 on Our Operations*", the Argentine government has paid a portion of the cost of wages and has allowed these companies to postpone the payment of certain social security contributions.

In addition, we, like other players in the construction industry in Argentina and particularly public works contractors, have suffered a decline in our Construction activities, primarily as a consequence of budget constraints and the resulting decrease in investment in public works by the Argentine government and the different provincial states, which deepened due to COVID-19. As of the date of this Exchange Offer Memorandum, most works that were halted when the ASPO was declared in March 2020 as well as others that were suspended due to government budget constraints have restarted.

Our construction activities outside of Argentina have suffered an uneven effect from COVID-19. In Peru, Haug's activities came to a halt after the government declared a national state of emergency on March 15, 2020 and imposed strict isolation measures. On May 3, 2020, the Peruvian government approved a four-phase Economic Reactivation Plan which involved relaxing some restrictions and reopening certain industry sectors. Haug's activities were included in Phase 1 and, on May 16, 2020, even amidst a strong contraction of activity in the economic sectors in which Haug's main clients operate, which contraction is ongoing, the company was authorized to gradually restart operations. Meanwhile, our operations in Paraguay have not been significantly affected.

As a result, COVID-19 has had a significant and negative impact on the economic and financial variables of our Construction segment, resulting in a lower level of construction activity in general, lower efficiencies in the management of operations, and new costs associated with mitigating the effect of the pandemic. Because of this situation, our construction subsidiaries are currently analyzing and monitoring of their cost structure. Likewise, some of the Argentine subsidiaries as BRH and Sehos and certain UTEs in which BRH participates in this segment have also accessed the ATP Program.

Our Water Supply activities have also been deemed essential by the government, and we continue providing regular services having implemented procedures necessary to guard the health of our workforce, suppliers and customers. Nevertheless, COVID-19 has had a negative impact on some economic and financial variables in this segment, resulting in a delay in the approval of tariff adjustments, a general lengthening of payment terms, lower efficiencies in the management of operations and new costs associated with mitigating the effect of the COVID-19 pandemic. Finally, regarding our Other Activities segment, Prominente, which level of activity has also been affected by the COVID-19 pandemic, have accessed the ATP Program.

The ultimate effect of the COVID-19 outbreak and its negative impact on the economies of the countries where we operate and on our business, financial situation and results of operations is uncertain and cannot be reasonably foreseen. Although the activities carried out by us in Argentina were declared essential, we cannot predict the duration of that status, nor what additional restrictions may be imposed by the Argentine government. To the extent that the COVID-19 pandemic adversely affects our business, financial condition and results of operations, it may also increase many of the risks described in this Exchange Offer Memorandum, such as those related to our level of indebtedness, our need to generate sufficient cash flows to finance our working capital and to repay our indebtedness, as well as our ability to comply with the obligations assumed by us in the agreements regarding such indebtedness.

***We are highly dependent upon the Argentine government at federal, provincial and municipal levels for our business operations.***

Our main business segments, Construction, Waste Management, Transportation and Water Supply Services, are highly dependent upon contractual arrangements with the Argentine government at federal, provincial and municipal levels. Accordingly, we are dependent on both the solvency of the relevant government agency and on the relevant local government in honoring its contractual arrangements. We are exposed to political changes to the extent that a change of government may adversely affect spending programs, the willingness to honor contractual arrangements and/or the financial health of the Argentine government or the relevant agency.

This dependence upon the Argentine government also exposes us to the following risks:

- • expropriation and nationalization;
- • political and economic instability;
- • social unrest;
- • inflation;
- • currency fluctuations, devaluations and conversion and transfer restrictions;
- • confiscatory taxation or other adverse tax policies;
- • government activities that limit or disrupt markets, restrict payments or limit the receipt or transfer of funds; and
- • government activities that may result in the indirect deprivation of rights.

If the Argentine government is unable to successfully govern in a fiscally responsible manner, the ability of municipalities, provincial governments and the Argentine government to continue to support infrastructure projects could be negatively impacted, which, in turn, could result in a materially adverse effect on our business, financial condition or results of operations. See also “*Risk Factors—Risks Related to Argentina.*”

Our contractual arrangements with the Argentine government at federal, provincial and municipal levels generally contain price, tariff and/or subsidy adjustment provisions, to enable us to make adjustments from time to time as necessary to cover increases in costs, inflation and/or to protect our profit margins. However, these sometimes require negotiation and usually depend on a political decision. Likewise, these adjustments may not be recognized by the Argentine government, or the effects of the adjustment may not fully compensate us. Any delays we might experience in reaching agreement on such matters or delays in payment by our counterparties for works completed, services provided or reimbursements owed can materially adversely affect our business, financial condition or results of operations.

***Decreases in governmental spending may materially adversely affect our business, financial condition and results of operations.***

Our construction, waste management and transportation businesses are directly affected by fluctuations in governmental spending and financing for infrastructure projects. Accordingly, reductions in available governmental spending for infrastructure projects or to finance public services may have an adverse impact on our business, financial conditions and results of operations.

In this regard, GCBA’s budget for 2021 foresees an increase in tax burden and a significant reduction in public spending in order to compensate for the reduction of co-participation resources established by the Argentine government and the drop in tax collection that resulted from the decrease in the economic activity generated by COVID-19. The main targets for public spending savings are the suspension of infrastructure projects and the reduction of certain public services in the City of Buenos Aires, including those provided by the Company, such as

waste collection, waste disposal in CEAMSE landfills or the maintenance of hospitals. Thus, in the past months, the GCBA and Cliba have held several meetings in which GCBA expressed its intention to cut down the waste collection services provided by Cliba. As of the date of this Exchange Offer Memorandum, no agreement has been reached. The GCBA has also been holding conversations with the Teamsters Union representing our workers with a view to negotiating a reduction of the number of work days that would then enable a reduction in Cliba's services. Within this context, the GCBA may likely pressure Cliba into reducing its services or even the rates for the same services.

In connection with the above, the GCBA has requested a price reduction from our subsidiary Sehos for the maintenance services it provides to the hospitals of the City of Buenos Aires by about 10%, which Sehos accepted in exchange for an extension of the contract term.

In the past few months, CEAMSE (which is equally held by the GCBA and the Province of Buenos Aires) has expressed its intention to negotiate a price reduction under the contracts for waste management services in the Norte III landfill. As of the date of this Exchange Offer Memorandum, CEAMSE has requested UTE Norte III, and such party has accepted, a 6% discount in prices as from March 2021, inclusive, subject to recognizing in time the price adjustments set forth under the contract. Additionally, CEAMSE has significantly delayed payment for the services we provide and has been slow in recognizing price adjustments during a substantial part of 2020. Moreover, our payments largely depend on the monthly contribution of funds from its shareholders which, as discussed above, are facing budgetary constraints. Given the budgetary situation of the CEAMSE shareholders, we may face new pressure to reduce our services and/or prices.

The measures mentioned in the previous paragraphs, or other similar ones in other waste management contracts, may significantly adversely affect our business, financial condition and the results of our operations.

Further, economic downturns generally lead to decreases in the number of new projects awarded, as well as the delay or cancellation of major projects previously awarded (whether or not commenced), which could have a material adverse effect on our business, financial condition and results of operations.

***We operate in a highly regulated environment, and our operating results could be materially adversely affected by the Argentine relevant government authorities' actions.***

Our transportation and water supply concessions are public services supported by their users. We are authorized to provide such services under concession contracts executed with the relevant government authorities, which set out our rights and obligations. However, the relevant granting authorities have the discretion to determine and unilaterally modify our tariffs and/or subsidies, as well as other provisions of our concession agreements. The discretionary use of these powers may materially adversely affect our business, financial condition or results of operations.

We may also be affected by decisions of the granting authorities to award new concessions in the areas in which we currently operate that create increased competition, which may limit our capacity to grow and implement our commercial strategy.

The concession agreements are administrative contracts under Argentine law, granted and governed in accordance with applicable laws and regulations. Such laws and regulations provide the granting authorities with the power to determine the obligations which the concession agreements impose and the tariffs we may charge. If our costs increase or our revenues decrease, or we are required to invest additional amounts without being adequately compensated by the granting authority, our financial position or results of operations would be materially adversely affected.

Our contracts and concession for ground and underground railway transportation services in force as of the date of this Exchange Offer Memorandum contain, in addition to provisions relating to tariff adjustments, provisions for periodic subsidies from the granting authority designed to protect us against cost increases not adequately covered by tariff adjustments. In these cases, subsidies are necessary as fares are insufficient to cover the operational costs of the project, increasing our dependence on government subsidies. These subsidies are granted as a result of a decision by the relevant governmental grantor agency to increase subsidies rather than the tariffs paid by customers. Since the 2001 crisis, subsequent mandatory conversion into pesos ("*pesification*") of dollar-denominated liabilities,

indebtedness, deposits and a wide range of contractual relationships and the devaluation, we are highly dependent on such subsidies in this business area.

In that sense, the GCBA's budgetary situation after the reduction of co-participation resources has considerable importance given the amount of subsidies it transfers for the operation of the Subway of Buenos Aires under the AOM, which amounted to more than Ps.11.300 million in 2020. No assurances can be given that the GCBA will continue timely paying the subsidies in the future which, given their significance, may materially affect our financial position.

***Our concessions and contracts may expire and not be renewed or be terminated prior to their expiration.***

The concessions or the operation contracts we currently hold may be terminated prior to their expiration upon the occurrence of certain events, including expropriation by the concession grantor or the failure to comply with the terms of the concession or operation contract. Pursuant to the terms of some of our concessions, we are required to meet certain investment targets in Argentina. If we fail to meet these targets, we may be subject to monetary penalties and, in the event of repeated failures resulting from our negligence, possible termination of the concession agreements. If any of our concession or operation agreements were to be terminated for any reason, we would no longer be able to operate the relevant services under such agreements.

Following a concession termination, pursuant to the terms of the concession agreements, the rights and assets necessary to operate our services (together with any investments made by us in any assets under concession) may revert to the concession grantor at its discretion. Although the concession grantor is obligated to compensate us for such reversion of assets, this compensation may not be sufficient to cover the value of the assets and the amount of any compensation may be disputed, and payment may be delayed. As a result, our business, financial condition or results of operations may be materially adversely affected. In addition, if we do not comply with the terms of the agreements, the concession grantor may also foreclose on the performance bonds that we are required to maintain.

Moreover, our concessions and contracts, including without limitation, those related to our landfill and urban waste management operations and our subway and railway operations, may expire in accordance with their terms and may not be renewed on favorable terms or at all. For a detailed description of these concessions and contracts, including relevant expiration and renewal terms, see “*Business—Construction Segment—Toll Road Concessions*,” “*Business—Waste Management Segment—Urban Waste Management*,” “*Business—Waste Management Segment—Landfill Operations*” and “*Business—Transportation Segment—Subway Network Operation and Maintenance Contract—Urquiza Railway Concession*.”

***Our participation in UTEs could expose us to risks derived from the other participants' economic and financial situation.***

Our subsidiaries may participate in UTEs, or joint ventures, with other companies in order to carry out our operations. Any economic or financial difficulties of third-party participants of the UTE may negatively impact us in the event these difficulties prevent these third-party participants from complying with their respective contributions to the UTEs or meeting their obligations. It is possible that we would have to assume all or part of those commitments in order for the UTE to continue to operate or avoid liability.

***We are exposed to risks related to the reduction of passenger volumes.***

Our tariff-based income from our transportation contracts and concessions depend on the number of passengers utilizing such services. Passenger volumes may decrease as a result of decreases in economic activity, inflation, increases in transportation tariffs, the lower cost of alternative means of transportation such as buses, the development of new methods of transportation or changes in the personal preferences or habits of users, or as a result of restrictions on the movement of people such as those imposed by the Argentine government in order to contain the COVID-19 pandemic. Although as of the date of this Exchange Offer Memorandum we receive a subsidy to compensate for operating costs not covered by fare revenues pursuant to our transportation contracts and concessions in force, a drop in revenues as a consequence of a significant reduction in passenger volumes may not be fully offset by the subsidies received, which may adversely affect our business, financial condition or results of operations.

***Our business could be materially adversely affected by trade union action.***

In times of economic or political crisis and/or instability, the level of trade union activity frequently increases. The labor force engaged in our transportation and waste management services is heavily unionized and a strike by workers in either sector can result in a total stoppage of services and, therefore, the suspension of tariff collections. Actions of this nature can reduce our collections and, in general, have a material adverse effect on our business, financial condition or results of operations. For a further discussion of our relationships with the unions that represent some of our employees, see “*Business—Unions.*”

***The loss of members of our senior management or our inability to attract, hire and retain qualified senior management and key personnel could have an adverse effect on us.***

We depend on the services rendered by our directors, senior executives, managers and key employees. Our ability to maintain our competitive position depends in large part on the performance of all of them, mainly because of our business model and our growth and expansion strategy. Our future success also depends on our continuous ability to identify, hire, train and retain other qualified members of our staff which comply with certain eligibility criteria required by law. We do not have long-term employment agreements or non-competition agreements with our senior management. There is no assurance that we will succeed in attracting, hiring and retaining qualified senior management personnel. The loss of the services of any of the above mentioned personnel or our inability to attract, hire and retain qualified personnel and related training costs could have an adverse effect on our ability to execute our business strategy.

***Unforeseen expenses or investments may materially adversely affect us.***

Our ability to acquire new concessions, contracts or other assets or companies related to our businesses and satisfactorily meet the obligations under our current projects is subject to fluctuations in costs of labor and raw materials, economic conditions, credit availability, business conditions, performance by our contractors and subcontractors of their contractual obligations, our relationship with the granting authorities, political risks and engineering issues, among others. These factors may significantly increase the costs related to the construction and management of our projects. If we are unable to pass such costs on to our clients, our cash flow, and consequently our business, financial condition or results of operations may be materially adversely affected.

***Our businesses are susceptible to operational risks.***

Our business, financial condition or results of operations may be adversely affected by natural disasters, adverse weather conditions, operator error, business interruption (through evacuation of personnel, curtailment of services or inability to deliver materials to jobsites in accordance with contract schedules), property or equipment damage, failures in our information and/or processing systems and pollution or environmental damage. Although we maintain comprehensive insurance covering our assets and operations at levels that our management believes to be appropriate, such insurance coverage will not be adequate in all circumstances or against all risks.

***We and our operations are subject to stringent environmental requirements, and we may be subject to environmental contingencies.***

We and our operations are subject to stringent laws and regulations for the protection of the environment. The landfill operations of our waste management services are subject to especially strict environmental protection regulations. Sanctions for any failure to comply with environmental regulations, many of which may be applied retroactively, may include administrative, civil and criminal penalties, revocation of permits and correction orders (including orders to investigate and/or clean up contamination). In addition, project contracts generally include environmental compliance obligations. Any breach of applicable environmental regulations or contractual obligations could adversely affect our business, financial condition and results of operations. In addition, unanticipated regulatory or other developments may increase the amount of future expenditures required to maintain compliance and could materially adversely affect our business, financial condition or results of operations, including our availability of funding for capital expenditures and other purposes.

Also, we may be subject to claims related to exposure to asbestos. The City of Buenos Aires, through SBASE, has filed a suit against Madrid Metro for approximately €14 million for the sale of subway cars that allegedly contained asbestos, a substance associated with cancer. SBASE argues that Madrid Metro offered the cars for sale despite knowing the potential health risks they posed to workers. The cars were removed from circulation and SBASE started the Comprehensive Asbestos Management Plan of the Buenos Aires Subway Network, along with a commission formed together with the unions, Metrovías, the Undersecretariat of Labor, Industry and Commerce and the Ombudsman of the City of Buenos Aires, for the review of rolling stock and network infrastructure. A specialized operator was hired for the analysis and removal of this type of material and a follow-up plan was implemented for the workers who work in potentially exposed areas. Subway workers have interrupted services in several lines to denounce the health hazards they face at work due to the presence of this carcinogenic material and the *Asociación Gremial de Trabajadores de Subterráneos y Premetro* initiated an environmental action of protection (that is processed as a collective action) against the GCBA, SBASE and Metrovías. Metrovías has filed with SBASE, in its capacity as Inspection and Control Authority, an asbestos elimination plan for rolling stock and fixed installations, which is currently under execution.

Although we do not manufacture or distribute any products containing asbestos nor did we purchase the train cars that allegedly contain asbestos, nor the rest of the rolling stock and fixed installations that could contain asbestos in their components that are the subject of the collective action, Metrovías is currently responsible, pursuant to the AOM, for the maintenance and operation of the Buenos Aires subway network, which includes these subway cars and the fixed installations that allegedly contain asbestos. In this sense, in addition to the collective actions, we could be exposed to lawsuits and personal injury claims from people who allege being affected by the asbestos. Although we believe we have no responsibility in connection with this matter, there can be no assurance that claims will not be made against us and, if made, that the outcome of any of these claims will be favorable to us. If any such claims are made and ultimately decided against us, our reputation, business, financial condition and/or results of operations may be adversely affected.

***We are a holding company and we conduct our business through our subsidiaries. Our ability to invest in our business developments will depend on our subsidiaries' ability to generate net revenues.***

As a holding company, we conduct our operations through our subsidiaries, the primary source of our revenues. Consequently, we do not operate or hold substantial assets, except for equity investments in our subsidiaries. Except for such assets, our ability to invest in our business developments and to repay obligations is subject to the funds generated by our subsidiaries and their ability to generate revenues for our investments. In the absence of such funds, we may have to resort to financing options at unappealing prices, rates and conditions. Additionally, such financing could be unavailable when we may need it.

***The industries in which we operate are highly competitive. If we are unable to successfully compete in these markets, our margins could be materially adversely affected.***

Our markets are highly competitive, and most of the projects executed by us or our subsidiaries require substantial resources, and, in particular, highly skilled and experienced technical personnel. Most of our ongoing construction projects and concession businesses were awarded through a competitive bidding process, and we generally face substantial competition for such projects and services. While price is generally the most important factor that determines whether a particular contract or concession will be awarded, other important factors include health, safety and environmental protection records, service quality, technological capacity and performance, as well as reputation, experience, access to funding sources and client relations.

While our construction business is one of the largest and most experienced in Argentina, we have faced active competition, especially for large infrastructure projects. Chinese companies have become active in the sector, and often can obtain financing on favorable terms. The ability to finance projects on favorable terms is not available to us in Argentina or to our local competitors. If we are unable to effectively compete in the markets in which we operate, our business, financial condition and results of operations may be materially adversely affected. In addition, the European Union ("EU") and MERCOSUR entered into a strategic association agreement in July 2019, which will facilitate the possibility of European companies to bid on, and be awarded, governmental contracts. EU companies may eventually gain access to contracts from subcentral entities. This agreement will open markets on both sides and secure, at the goods and services level (including construction services) reciprocal legal access to public contracting



markets where public contracting is beyond specified thresholds. Brazil and Argentina have also undertaken to work on concession contracts from the same entities (for instance, contracts for the construction of a road where the constructor receives compensation through toll revenues). However, as of the date of this Exchange Offer Memorandum, the strategic association agreement has been challenged by some of the member countries of both the EU and MERCOSUR, and has yet to be considered by the member countries' government bodies and enter into effect.

***Unfavorable decisions in our legal or administrative proceedings may materially adversely affect our business, financial condition and results of operations.***

We are defendants in legal and administrative proceedings arising from the ordinary course of our business, especially with respect to civil, tax and labor claims, which may be decided to our detriment. Adverse rulings that have material economic impacts on our business or impede the execution of our business plan may materially adversely affect our business, financial condition and results of operations. For more information regarding our legal and administrative proceedings, see “*Business—Legal Proceedings*.”

***Certain property dedicated to the provision of public services in Argentina may not be subject to attachment to secure a judgment.***

Under Argentine law, attachment as a provisional measure and post-judgment attachment to secure a judgment will not be ordered by an Argentine court with respect to property which is located in Argentina and which is determined by such courts to be dedicated to the provision of essential public services. A portion of our assets may be considered by such court to be dedicated to the provision of an essential public service. If an Argentine court were to make such a determination with respect to certain of our assets, such assets would not be subject to attachment, execution or other legal process as long as such determination stands, and the ability of our creditors to realize a judgment against such assets may be adversely affected.

***Our former indirect controlling shareholder is subject to a legal proceeding, and this could materially adversely affect our reputation, business, financial condition and results of operations.***

As of the date of this Exchange Offer Memorandum, more than 100 businessmen (including Aldo Benito Roggio, our former indirect controlling shareholder, who acted as Chairman of Clisa and BRH until mid-August 2018), along with former public officers of the Argentine government, continue to be under investigation for the alleged commission of the crimes of illicit association and bribery. These investigations are processed under Cases No. 9608/2018 “*Fernández, Cristina Elisabet y otros s/Asociación Ilícita*,” Case No. 13820/2018 “*Fernández, Cristina Elisabet y otros s/procesamiento*” and Case No. 13816/2018 “*Fernández, Cristina Elisabet y otros s/Asociación Ilícita*.” These involve an investigation regarding the existence of an illicit association to defraud the Argentine state and the payment of bribes, and Mr. Roggio has been prosecuted for active bribery, although the court later declared lack of merit to prosecute or dismiss him in relation to his participation in an illicit association.

Moreover, Mr. Roggio and other businessmen and public officers continue to be investigated in another case, Case No. 1614/2016 “*Ben, Carlos Humberto y otros s/Asociación Ilícita*,” which investigates their involvement in the presumed direction of the public bid process for the construction of the “Paraná de Las Palmas” water purification plant (the bid was carried out by a consortium in which BRH held a 16.6% stake) and the related presumed payment of bribes. Mr. Roggio is prosecuted for fraudulent administration to the detriment of the public administration and active bribery.

Three other defendants in these cases, although they were active employees of BRH at that time, are no longer paid employees of BRH or any other subsidiary of Clisa as of the date of this Exchange Offer Memorandum.

Based on the above, our and our subsidiaries' reputation may have been affected or be affected in the future. Our and our subsidiaries' reputations are an important factor for the development of our business.

In the cases referred to above, some of the defendants' assets were attached under precautionary measures. In addition, in Case No. 1614/2016, precautionary measures were issued for the assets of the companies that presumably benefitted from the defendants' acts. Although such companies are not part of the proceedings, the court considered that the precautionary measures were appropriate since the companies had obtained a presumed “benefit”

from the alleged crimes. In the case of BRH, the attachment amounts to Ps.659.0 million, which were covered with the registration of two attachment orders on a property owned by BRH, which includes its head offices, workshops and warehouse.

Besides the measures mentioned above, there are no other precautionary measures issued against us or our subsidiaries in relation to these proceedings as of the date of this Exchange Offer Memorandum.

As of the date of this Exchange Offer Memorandum, all the cases mentioned above have been referred to trial court for oral proceeding. This is a necessary step in the procedure for clarification of the facts. The oral court will be responsible, once the proceedings have been substantiated before it, for judging the persons prosecuted, convicting or acquitting them, after which there will be an appeals process. The outcomes of these legal proceedings and the time it takes to conclude them may affect the businesses of the companies that were conducted by the prosecuted businessmen at the time of the events investigated.

Moreover, an unfavorable judgment in any of these cases for Mr. Roggio or BRH's former employees could have adverse effects on BRH, us and our other subsidiaries if they were intended to be held civilly liable for the consequences derived from the events under investigation, or if they were intended to be punished for the alleged commission of money laundering offense or the alleged participation in collusion acts.

Based on the above, while we cannot anticipate the amount of potential civil claims that may derive from the foregoing contingencies nor, in consequence, if these were applicable, make the corresponding accounting provision for such contingencies, the development or the outcome of these proceedings could have a material adverse effect in our or our subsidiaries' business, financial condition or results of operations.

***We and our subsidiaries must comply with regulations on prevention of corruption and money laundering and antitrust, and the violation of any of these rules could have a material adverse effect on our or our subsidiaries' reputation, business, financial condition and results of operations.***

We and our subsidiaries are subject to different regulations on prevention of corruption and money laundering and antitrust. Although we and our relevant subsidiaries have policies and procedures to enforce such regulations, we cannot guarantee that such policies and procedures will be sufficient to prevent or detect all improper actions or practices, fraud or violations of the regulations by our or our subsidiaries' directors, managers, employees, partners, agents, representatives, sub-contractors or providers of goods or services; or that said sub-contractors or providers will adopt measures upon the violation of any policies or procedures. Violations by either us, our subsidiaries, or any of those indicated before to any regulation on prevention of corruption and money laundering and antitrust could have an adverse effect in our and our subsidiaries' reputation, business, financial condition or results of operations.

***We are subject to cybersecurity risks.***

Information and processing systems are vital to us and our ability to monitor the operation and performance of our business, to generate adequate invoices to customers, achieve operating efficiencies and meet service targets and standards. Cybersecurity risks have increased in the recent years as a consequence of the development of new technologies and increasing sophistication of cyber threats. We are subject to cybersecurity risks including unauthorized access to privileged and sensitive information, technological assaults on our infrastructure aimed at stealing information, fraud or interference with regular service and interruption of our services resulting from the exploitation of these vulnerabilities. Should we be affected by a cybersecurity incident, we may incur substantial costs and suffer other negative consequences, which may include remediation costs, such as liability for stolen assets or information, repairs of system damage, litigation and other legal risks that could materially and adversely affect our operations, financial condition and results of operations.

#### **Risks Related to the Exchange Offer and Consent Solicitation and APE Solicitation**

***If we are unable to consummate the Exchange Offer and Consent Solicitation and APE Solicitation, we will consider other restructuring or relief alternatives available under applicable laws. Any such alternatives could be***

***on terms less favorable to the Holders of Old Notes than the terms of the Exchange Offer and the Consent Solicitation and APE Solicitation.***

If we are unable to consummate the Exchange Offer and Consent Solicitation and APE Solicitation, or less than all the Old Notes are tendered in the Exchange Offer, we will consider other restructuring or relief alternatives available to us. Those alternatives may include asset dispositions, joint ventures, or alternative refinancing transactions or relief under the LCQ. Any such alternatives could be on terms less favorable to the holders of Old Notes than the terms of the Exchange Offer and the Consent Solicitation and APE Solicitation. If we are not able to complete the Exchange Offer and Consent Solicitation and APE Solicitation, doubt may arise about our ability to timely make principal and interest payments on the Old Notes. Accordingly, there is a risk that the ability of the holders of Old Notes to recover their investments would be substantially delayed and/or impaired if the proposed Exchange Offer is not consummated or, where appropriate, if the Issuer fails to obtain the judicial approval of Clisa's APE. In addition, if the Exchange Offer is not completed or is delayed, the market price of the Old Notes may decline to the extent that the current market price reflects an assumption that the Exchange Offer (or a similar transaction) will be completed.

If we fail to complete the Exchange Offer with the exchange of at least 98% of Old Notes, or, absent that degree of participation, we fail to achieve the court approval of Clisa's APE, or do not achieve such approval in reasonable time due to the lack of participation of the Holders in the Exchange Offer and Consent Solicitation and APE Solicitation or due to judicial oppositions or annulments requests, our credit and the commercial prospects of our businesses could be adversely affected, all of which could have substantial adverse effects on us and our economic and financial situation, in which case our ability to comply with our commitments could be adversely affected.

If the Exchange Date is delayed by virtue of extensions or for any other reason beyond the grace period deadline for interest payments provided for in the Old Notes Indentures, and therefore we do not make the next scheduled interest payment on or before such deadline, there would be an Event of Default under the Old Notes Indentures.

***We may carry out other exchange offers, purchases or redemptions of notes.***

Regardless of whether the Exchange Offer is consummated, we may carry out, after the Exchange Date, and as permitted under applicable law, other exchange offers, or acquire Old Notes through purchases in the open market, privately negotiated transactions, tender offers or any other method, for the prices that could be obtained at such time, which could be higher or lower than those of the present Exchange Offer, and through payment in cash or otherwise, based on terms more or less favorable than those contemplated in this Exchange Offer. Alternatively, we can, subject to certain conditions, redeem all or any of the Old Notes not offered in accordance with the Exchange Offer at any moment that we are permitted to do so under the terms of the Old Notes. We cannot assure you which of these alternatives, if any (or a combination of them) we will choose to carry out in the future.

***Certain consequences for Holders of Old Notes that do not tender in the Exchange Offer***

***Should Clisa and the Participating Holders enter into Clisa's APE and Clisa's APE is approved, the Non-Participating Holders would not receive any sum for a prolonged and uncertain period of time.***

If, in accordance with the provisions of this Exchange Offer Memorandum, Clisa and the Participating Holders enter into Clisa's APE, and Clisa's APE receives judicial approval, the Non-Participating Holders would not receive any sum from Clisa, BRH or Cliba until they receive the New Notes by virtue of the provisions of the court's approval resolution. The New Notes to be received by Non-Participating Holders on the Delivery Date will only accrue interest from the beginning of the interest period in progress at the time of the Delivery Date (as opposed to Participating Holders, whose New Notes will accrue interest from the Issue Date). Furthermore, Non-Participating Holders will not be entitled to the Early Participation Consideration, which will only be received by those Participating Holders who have validly presented their Old Notes in the Exchange Offer on or before the Early Participation Date.

Clisa cannot assure you when Clisa's APE will be approved. The period from the filing date of the APE for court approval up to the court approval resolution is estimated between six (6) and nine (9) months absent any objections to the APE; and between nine (9) and twenty-four (24) months in the event objections are filed. These terms might be extended if, for instance, the competent court: (i) dismisses the objections to the APE and the resolution is

appealed; or (ii) orders the suspension of the effects of the court approval in view of the pending appeal. The periods of time mentioned herein are mere estimations. Given that prior similar cases have had different schedules, the duration of the APE proceeding cannot be accurately established and no assurance can be given that the procedure up to the approval of the APE would last a specific period of time.

***Uncertainty with regards to the trading market of the Old Notes not exchanged.***

Although the Old Notes will maintain their listing and negotiation in BYMA and Global Exchange Market which is the exchange regulated market of Euronext Dublin, to the extent that the Old Notes are exchanged for New Notes, the trading market of the Old Notes that remain in circulation after consummation of the Exchange Offer may become significantly smaller or limited than the existing trading market for the Old Notes, which could directly cease to exist as a consequence of the reduction in the amount of outstanding Old Notes after the consummation of the Exchange. Such Old Notes in circulation could be listed or traded at a lower price from that of similar securities with higher liquidity in the market. In turn, a lower market value and liquidity may make the trading price of the remaining Old Notes more volatile. As a result, the market price of the Old Notes that remain in circulation once the Exchange Offer is consummated could be adversely affected as a consequence of the Exchange Offer. Clisa, BRH or Cliba, the Dealer Managers, the Information, Exchange and Tabulation Agent and any other agent appointed in the Exchange Offer and Consent Solicitation and APE Solicitation do not have any obligation to generate a market for the Old Notes not exchanged in the Exchange Offer.

***We cannot assure Holders that the existing credit rating of the Old Notes will be kept.***

We cannot assure Holders that, as a result of the Exchange Offer, one or more credit rating agencies will not lower or negatively comment on the respective credit rates of the Old Notes. Any decline in the rating or negative comment regarding it may negatively affect the respective market prices of the Old Notes.

***The Restructuring Support Agreement could be terminated, and we could be unable to implement the restructuring on the terms described in this Exchange Offer Memorandum or at all.***

The Restructuring Support Agreement contains certain provisions that give the Consenting Noteholders the ability to terminate the Restructuring Support Agreement if various conditions are not satisfied. Among other things, the Restructuring Support Agreement provides that the failure to meet specified milestones related to the Exchange Offer and Consent Solicitation, Clisa's APE and certain breaches by the parties under the Restructuring Support Agreement would constitute a termination event. Termination of the Restructuring Support Agreement could significantly and adversely impact consummation of the Restructuring, as the Consenting Noteholders would be released from their commitments under the agreement in connection with the support of the Restructuring. See "Important Information—Restructuring Support Agreement."

***Effects of the Proposed Amendments to the Old Notes Indentures***

If the Exchange Offer and Consent Solicitation and APE Solicitation is consummated and the proposed amendments to the Old Notes Indentures become operative, such proposed amendments will eliminate substantially all of the restrictive covenants and related provisions, as well as the Old Share Pledge securing the Old Secured Notes and the Existing Guarantees, contained in the Old Notes Indentures. If such proposed amendments become operative, Old Notes that are not tendered and exchanged or purchased pursuant to the Exchange Offer will remain outstanding and will be subject to the terms of each Old Notes Indentures, as amended by the proposed amendments to such Old Notes Indentures. As a result, Holders of Old Notes not tendered or not exchanged or purchased pursuant to the Exchange Offer will no longer be entitled to the benefits of substantially all of the restrictive covenants and events of defaults currently contained in the Old Notes Indentures and the Old Share Pledge and Existing Guarantees currently supporting the Old Notes.

The elimination or modification of these restrictive covenants and events of defaults and other provisions would permit us to take certain actions previously prohibited or limited by certain restrictions in each Old Notes Indentures, in each case, without violating the provisions of the Old Secured Notes Indenture and the Old Unsecured Notes Indenture. The proposed amendments to the Old Notes Indentures would allow us to take actions that would likely increase the credit risks faced by Holders of Old Notes not exchanged or purchased pursuant to the Exchange

Offer. In addition, a default by the Issuer in connection with debt other than the Old Notes would not be considered an event of default under the terms of the Old Notes, nor would it entitle the Holders to accelerate the Old Notes. As a result, the market price, credit ratings and liquidity of any remaining outstanding Old Notes may be affected negatively.

The elimination of the Existing Guarantees could increase the credit risks to which the Holders of the Old Notes not exchanged in the Exchange Offer are exposed. Consequently, the market price, the credit rating and the liquidity of the eventual Old Notes that remain outstanding may be adversely affected.

***The terms and conditions of the New Notes expressly exclude a breach under the Old Notes as an event of default under the New Notes.***

The terms and conditions of the New Notes provide that any breach by the Company or any Restricted Subsidiary derived from its Indebtedness will be an event of default thereunder, but expressly excludes any breach under the 2023 New Notes Indenture and the 2023 Secured New Notes Indenture. Consequently, a breach under the Old Notes would not constitute an event of default under the New Notes and would, therefore, not give holders of the New Notes the right of acceleration under the New Notes.

***If the APE is court approved, the terms of the APE would be binding upon the Holders not participating in the Exchange Offer.***

According to the provisions of the LCQ, once the court resolution approving Clisa's APE becomes final, its terms will be binding upon the Holders who have not participated in the Exchange Offer. The LCQ only provides for the possibility of such Holders filing objections founded on an overstatement of Issuer's assets or liabilities or the lack of the legal majorities for the Holders of the Old Notes to approve the agreement.

***Regulatory basis for the determination of judicial costs in the case of oppositions submitted by Non-Participating Holders.***

Notwithstanding the provisions of the last paragraph of Section 75 of the Bankruptcy Law, if oppositions are filed that are not subsumed under the limited causes provided for in the first paragraph of said Section, the defeated opponent could face legal costs calculated on broader regulatory bases.

***Responsibility for complying with the procedures of the Exchange Offer.***

Only Eligible Holders are authorized to receive and review this Exchange Offer Memorandum and participate in the Exchange Offer. See "Transfer Restrictions." If you are not an Eligible Holder, you should dispose of this Exchange Offer Memorandum. Each Eligible Holder that tenders its outstanding Old Notes will be bound by the agent's message and will be agreeing with and making the representations, warranties and agreements as set forth under "Description of the Exchange Offer and Consent Solicitation and APE Solicitation—Representations, Warranties and Covenants of Holders of Old Notes" and "Transfer Restrictions." Eligible Holders of Old Notes are responsible for complying with all of the procedures for tendering Old Notes for exchange. None of Clisa, the Dealer Managers or the Information, Exchange and Tabulation Agent assumes any responsibility for informing any Eligible Holders of Old Notes of irregularities with respect to such Eligible Holder's participation in the Exchange Offer.

***The Exchange Offer and Consent Solicitation and APE Solicitation may be cancelled, delayed or amended.***

The Exchange Offer and Consent Solicitation and APE Solicitation is subject to the satisfaction of certain conditions. See "Description of the Exchange Offer and Consent Solicitation and APE Solicitation—Conditions to the Exchange Offer and Consent Solicitation and APE Solicitation." Even if the Exchange Offer is consummated, it may not be consummated on the schedule described in this Exchange Offer Memorandum. Accordingly, Eligible Holders participating in the Exchange Offer may have to wait longer than expected to receive their New Notes (or to have their Old Notes returned to them in the event that we terminate the Exchange Offer), during which time such Eligible Holders will not be able to effect transfers or sales of their Old Notes tendered in the Exchange Offer. Subject to certain limits, we have the right to amend the terms of the Exchange Offer and Consent Solicitation and APE

Solicitation prior to the Expiration Date. In addition, we may decide to terminate the Exchange Offer and Consent Solicitation and APE Solicitation at any time in our sole discretion.

***Compliance with offer and distribution restrictions.***

Eligible Holders of Old Notes are referred to the restrictions in “*Transfer Restrictions*” and “*Notice to Certain Non-U.S. Holders*” and the agreements, acknowledgements, representations, warranties and undertakings contained therein, which Eligible Holders will make on submission of an agent’s message. Non-compliance with these could result in, among other things, the unwinding of trades and/or penalties.

***Responsibility to consult advisers.***

Eligible Holders should consult their own tax, foreign exchange, accounting, financial and legal advisers regarding the suitability to themselves of the tax, foreign exchange, accounting, financial or legal consequences of participating in the Exchange Offer and Consent Solicitation and APE Solicitation and an investment in the New Notes.

None of Clisa, the Guarantors, the Dealer Managers, the Trustee or the Information, Exchange and Tabulation Agent or their respective directors, employees or affiliates is acting for any Eligible Holder, or will be responsible to any Eligible Holder for providing any protections which would be afforded to its clients or for providing advice in relation to the Exchange Offer, and accordingly none of Clisa, the Guarantors, the Dealer Managers, the Trustee or the Information, Exchange and Tabulation Agent or their respective directors, employees, affiliates and advisors makes any recommendation whatsoever regarding the Exchange Offer, or any recommendation as to whether Eligible Holders should tender their Old Notes for exchange pursuant to the Exchange Offer.

***The consideration for the Exchange Offer and Consent Solicitation and APE Solicitation does not reflect any independent valuation of the Old Notes or the New Notes.***

We have not obtained or requested a fairness opinion from any financial advisor as to the fairness of the Exchange Price or the Early Participation Consideration, as applicable, offered to Eligible Holders in the Exchange Offer and Consent Solicitation and APE Solicitation or the relative value of Old Notes or the New Notes. The consideration offered to Eligible Holders in exchange for validly tendered and accepted Old Notes does not reflect any independent valuation of the Old Notes and does not take into account events or changes in financial markets (including interest rates) after the commencement of the Exchange Offer. If you tender your Old Notes, you may or may not receive more or as much value as you would if you choose to keep them.

***Risks Related to the APE Solicitation***

***The Issuer can neither assure the court approval of the APE nor how the Court would settle different issues arising while substantiating the APE proceedings.***

The APE mechanism is relatively new in Argentine law. On May 16, 2002, the Argentine Congress enacted Law No. 25,589 amending the LCQ and incorporating the APE as a mechanism to restructure the liabilities of a debtor with financial difficulties or that is unable to pay its debts when due. Argentine judges have contrastingly interpreted certain aspects of the legal rules applicable to the APE. Nevertheless, court decisions in the country are not effective as a precedent and, therefore, Argentine courts may interpret the rules and regulations applicable to an APE in varied ways. As a result, no assurance can be given as to how the different issues that may arise from an APE proceeding may be resolved, which include the following:

- (i) Even if the Issuer fulfills every formal requirement for Clisa’s APE to be court-approved as provided by the LCQ, the court may refuse to grant the approval if it considers that its terms are fraudulent or abusive or may condition such approval to the modification or repeal of one or more sections of Clisa’s APE. Although the Information, Exchange and Tabulation Agent will be empowered by the Participating Holders to make such amendments or repeals, no assurance can be given that the Court will consider such powers valid.

- (ii) Even though Clisa's APE will be executed by the Information, Exchange and Tabulation Agent on behalf of the Holders of the Old Notes tendered in the Exchange Offer and Consent Solicitation and APE Solicitation and then ratified through one or more meetings of the Holders called for such purposes, no assurance can be given that the Court will not request that new meetings of the holders be called and held for the same purposes. Although the Old Notes tendered in the Exchange Offer will be transferred to the Local Trustee to the sole effect that the Local Trustee appear, participate and vote to ratify Clisa's APE in the meetings called at the expense of the Court, no assurance can be given that the Court will consider valid the performance of the Local Trust in said meetings.
- (iii) Through the Exchange Offer and Consent Solicitation and APE Solicitation and, as applicable, the execution of Clisa's APE, the Issuer is proposing the restructuring of only its unsecured liabilities represented by the Old Notes which, as of the Exchange Date, account for a significant portion of the outstanding unsecured debts of the Issuer. Although Argentine courts have admitted in the past the possibility of a debtor restructuring only a portion of its unsecured liabilities (through the APE mechanism), no assurance can be given that the Court will ratify these criteria or admit the approval of an APE seeking to restructure only the debt held with the Holders of the Old Notes and not with other creditors of the Issuer.
- (iv) Under Clisa's APE, the parties acknowledge and agree that all the considerations committed thereunder pursue the most full and complete cancellation and release of all credits and interests of any nature against the Issuer or against any of the assets or property of the Issuer by virtue of the Old Notes, and the novation and full termination of the obligations of third party guarantors thereof, including, without limitation the novation and extinction of all obligations assumed under the Existing Guarantees. Although Clisa considers that the parties to Clisa's APE can agree the foregoing effect with respect to the Existing Guarantees, Clisa cannot ensure you that the Court will validate said provision or the terms thereof or the effects agreed to the consideration committed with respect to the Existing Guarantees and, therefore, cannot guarantee that such effects will be enforceable against Non-Participating Holders. If the Court does not validate the effects agreed to the considerations committed with respect to the Existing Guarantees, BRH and/or Cliba could be exposed to the claims that the Non-Participating Holders may submit against them in accordance with the provisions of the Old Notes Indentures.
- (v) There is no certainty that the Court will consider that the Issuer has performed Clisa's APE once the latter exchanges the Old Notes held by the Holders who have not participated in the Exchange Offer for the New Notes following the court approval of Clisa's APE, or that the Court will consider that the Issuer will perform Clisa's APE upon fully honoring its commitments under the New Notes. The Court may issue injunctive reliefs in relation to the Issuer's property until there is proof that Clisa's APE has been performed and, should they fail to be lifted or replaced by a surety bond or otherwise, they may affect the Issuer's regular course of business and activities.
- (vi) A decision by the Court regarding any of these issues or any other matter that may arise which is not expressly covered by the LCQ may lead to significant delays in the proceeding or to Clisa's APE not being court-approved. Given that prior similar cases have had different schedules, the duration of Clisa's APE proceeding cannot be accurately established and no assurance can be given that the procedure up to the approval of Clisa's APE would last a specific period of time. It is possible that, if secured, the court approval of Clisa's APE may fail to meet the schedule established in this Exchange Offer Memorandum. Although the LCQ provides certain terms when regulating the APE mechanism, the Issuer believes that securing the court approval of Clisa's APE may take at least several months as from being filed with the Court. The procedure leading up to the approval depends on several factors, many of which are beyond the Issuer's control including, among others, the extent of the APE review by the Court, the number of objections filed and the time devoted by the Court to dealing with them. The procedure leading up to the approval of the APE may further be affected by other unforeseen events, such as the enactment of new laws or regulations changing the rules being currently applied to the mechanism. As a result of the foregoing, the Issuer can neither anticipate nor know when the Court will resolve whether or not to approve Clisa's APE. Moreover, the enforcement of the APE following the approval by the Court depends on a series of regulatory approvals that must be secured or kept in force, the absence of appeals and legal actions, and other factors beyond the Issuer's control. The Issuer cannot

assure if the regulatory approvals required for enforcing Clisa's APE will be maintained or if or when they will be secured.

- (vii) Even if Clisa's APE Solicitation were successful and Clisa's APE were executed and submitted to the Court, and even when the legal requirements for its court approval were objectively met, the Court may choose not to approve it based, among other things, on the objections that may be filed by the Issuer's creditors. In such event, the Issuer's debt restructuring will be partially fulfilled and the Issuer may have to deal with the consequences derived from a potential breach under the Old Notes. Faced with this situation, the Issuer and BRH and/or Cliba may choose to file a petition for reorganization.
- (viii) According to the Bankruptcy Law, a Non-Participating Holder in Clisa's APE will have the right to object to its court approval during the objection period, on the following grounds: (a) the Issuer has made a false representation in its statement of assets and liabilities; and/or (b) the Issuer has failed to secure the required legal approvals. Also, the Court may not approve Clisa's APE if it is considered fraudulent or abusive. Consequently, while the Issuer considers that, if Clisa's APE is executed, all the legal requirements necessary for its court approval have been met, no assurance can be given to the Holders that the Court will not choose to sustain, as applicable, any objections that may be filed and dismiss Clisa's APE court approval based on the grounds of said oppositions or considering that Clisa's APE is fraudulent or abusive.
- (ix) Should the court approval of Clisa's APE be obtained, for a period of six (6) months from the date of such court approval, any Holder of the Old Notes, including those participating in Clisa's APE, may request that Clisa's APE be declared void because the Issuer: (a) has made a false representation in its statement of assets and liabilities submitted with Clisa's APE; or (b) by including or excluding certain creditors in and from the APE, it has created unlawful preferences in favor of certain creditors which, in any event, were proven following the court approval. If after the court approval, Clisa's APE were declared void, the Issuer will most probably be forced to petition for reorganization and the creditors who, according to the judicial determination, had engaged in fraud, will forfeit their claims against the Issuer. If Clisa's APE were declared void, the rights of the Holders prior to the court approval will be reinstated. To the extent that any Holder is proven to have engaged in the fraud leading to the avoidance of Clisa's APE, such creditor will forfeit all its rights against the Issuer.
- (x) No assurance can be given by the Issuer that the issues that may arise during Clisa's APE proceeding will be settled favorably for the Issuer or the Holders.

***No assurance can be given by the Issuer of the recognition of Clisa's APE under U.S. law or the granting of measures in said jurisdiction for its enforcement.***

Even if Clisa's APE were approved by the Court, it may not be honored or observed in other jurisdictions. In general, if certain minimum requirements are met, U.S. bankruptcy courts should consider valid a restructuring implemented in a proceeding outside the United States. To the best of Issuer's knowledge, several United States bankruptcy courts have accepted APE proceedings in that jurisdiction. Furthermore, some reorganization proceedings of Argentine companies have been declared enforceable in the United States. Nevertheless, no assurance can be given by the Issuer that Clisa's APE will be recognized by the U.S. courts since, in making such determination, these courts perform a case-by-case analysis. Consequently, if a creditor objects to Clisa's APE in the United States, a U.S. bankruptcy court may determine that the minimum rules required to recognize Clisa's APE proceeding as valid have not been met in said jurisdiction. Since the Old Notes are governed by the laws of the State of New York, it is possible that some or all of the transactions forming part of the restructuring agreed under Clisa's APE may be objected to and that the Issuer may be subject to significant litigation.

At any time following the execution of Clisa's APE, the Issuer may file a petition for recognition of Clisa's APE under U.S. law following the provisions of Chapter 15 of the United States Bankruptcy Code. Moreover, the Issuer will also evaluate whether or not to request from the bankruptcy courts of said country any measure deemed necessary to enforce Clisa's APE against the Non-Participating Holders and/or the trustee of the Old Notes Indenture and/or any other person or entity. Nonetheless, no assurance can be given by the Issuer to the Holders of the recognition of Clisa's APE under U.S. law or the granting of measures for the above-mentioned purposes requested from a court



in said jurisdiction. If the Issuer fails to achieve the recognition or such measures, it may encounter difficulties to successfully implement the restructuring of the debt subject to Clisa's APE.

### **Risks Related to the New Notes**

***The New Notes Indenture and certain of our existing debt agreements contain various covenants that could restrict and/or limit the operation of our business.***

The New Notes Indenture and our existing debt agreements contain various provisions that will limit our discretion in the operation of our business by restricting our ability to, among other things:

- sell assets;
- pay dividends and make other distributions;
- redeem or repurchase our capital stock;
- incur additional debt and issue capital stock;
- create liens;
- consolidate, merge or sell substantially all of our assets;
- enter into certain transactions with our affiliates;
- make loans, investments or advances;
- repay subordinated indebtedness;
- undergo a change in control; and
- enter into sale and leaseback transactions.

These restrictions on our ability to operate our business in our discretion could seriously harm our business by, among other things, limiting our ability to take advantage of financing, mergers and acquisitions and other corporate opportunities. In addition, certain of our debt agreements are also subject to various additional financial maintenance tests. Events beyond our control could affect our ability to meet these financial tests, and we cannot assure you that they will be met.

In particular, our subsidiary Benito Roggio Construcciones y Concesiones S.A.C. ("BRCC"), a company incorporated under the laws of Peru, entered into a note purchase agreement for the issuance and sale of up to U.S.\$27.0 million senior secured notes due in October 2022 with an annual interest rate of 9.50% to be paid quarterly (the "BRCC Notes"), which are guaranteed by Haug, among others. The BRCC Notes contain certain financial covenants, among them Haug's commitment to maintain a certain ratio between financial debt and EBITDA generated over the last twelve-month period.

As of June 30, September 30 and December 31, 2020 and as of March 31, 2021, Haug was not in compliance with this covenant as a result of the slowdown in activity due to COVID-19, which had a significant negative impact on Haug's EBITDA generation, but received a waiver for its breach on such occasions. However, we cannot assure you that, to the extent Haug does not comply with the required ratio as of the date of its future financial statements, the holders of the BRCC Notes will grant additional waivers. Any such breach may constitute an event of default under the terms of the BRCC Notes for which the requisite holders may then declare the principal and any additional amounts due and payable and, therefore, they may accelerate the BRCC Notes and exercise any rights under the related security documents.

In addition, the acceleration of the BRCC Notes as a result of a default thereunder may in turn cause a cross

default under the Old Notes Indentures (unless the proposed amendments described herein are approved) and the New Notes Indenture, as well as under the Company's other debt agreements. In such case, the respective creditors may choose to accelerate their bonds pursuant to the terms of the relevant indenture and, in the case of the New Notes, exercise any rights available under the Share Pledge or their loans pursuant to the terms of the relevant debt agreements.

See “—*Risks Related to our Business—The recent COVID-19 pandemic, as well as any other public health crises that may arise in the future, has had and will likely continue to have a negative impact on our business.*”

***We and our subsidiaries, including the Guarantors, may incur additional indebtedness ranking equal or senior to the New Notes, which could adversely affect our financial health and our ability to satisfy our outstanding debt obligations.***

As of March 31, 2021, we had Ps.42,635.5 million (U.S.\$463.4 million) of indebtedness, of which Ps.37,792.5 million (U.S.\$410.8 million) was secured indebtedness. As of March 31, 2021, our total encumbered and restricted assets were Ps.20,224.8 million. See note 22 to our Unaudited Condensed Interim Consolidated Financial Statements.

The New Notes Indenture will permit us and our subsidiaries, including the Guarantors, to incur additional debt, including debt that ranks on an equal and ratable basis with the New Notes or on a senior or secured basis subject to the restrictions set out in “*Description of the New Notes—Limitation on Incurrence of Additional Indebtedness*” and “*—Limitation on Liens.*” If we and/or the Guarantors incur additional debt or guarantees that rank on an equal and ratable basis with the New Notes, the holders of that debt (and beneficiaries of those guarantees) would be entitled to share ratably with the holders of the New Notes in any proceeds that may be distributed upon the insolvency, liquidation, reorganization, dissolution or other winding-up of Clisa or the Guarantors, as the case may be. Further, if Clisa and/or the Guarantors incur additional secured debt or guarantees, the holders of that debt (and beneficiaries of those guarantees) would be entitled to preferential rights *vis-à-vis* the rights of the holders of the New Notes. The terms of the New Notes will allow, subject to certain limitations, the Company and its subsidiaries to secure assets in connection with a broad range of circumstances, and any secured debt will be effectively senior to the New Notes (up to the value of the security and except with respect to the Share Pledge). Holders of secured debt would also be given preferential rights to proceeds upon our insolvency, liquidation, reorganization, dissolution or other winding-up of Clisa or the Guarantors, as the case may be. These factors would likely reduce the amount of any liquidation proceeds that would be available to be paid to holders of the New Notes. For a further description of the ability of Clisa and its subsidiaries to incur debt, see “*Description of the New Notes—Covenants—Limitation on Incurrence of Additional Indebtedness*” and “*—Limitation on Liens.*”

In addition, the incurrence of indebtedness could have important consequences. For example it could:

- make it more difficult for us to satisfy our obligations with respect to the New Notes or our other indebtedness;
- increase our vulnerability to general adverse economic and industry conditions;
- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital and other activities;
- limit our flexibility in planning for, or reacting to, changes in our business and industry, which may place us at a competitive disadvantage compared to our competitors that have less debt; and
- limit, particularly in concert with the financial and other restrictive covenants in our indebtedness, our ability to borrow additional funds or take other actions.

***The New Notes constitute a new issue of securities for which there is no existing market, and we cannot assure you that you will be able to sell your New Notes in the future.***

Although an application has been made for the securities to be listed on the Global Exchange Market which is the exchange regulated market of Euronext Dublin, to be listed and traded in BYMA, through BCBA, in accordance with the delegations of powers by BYMA to the BCBA, and traded in the MAE, the New Notes are new securities with no established trading market, and there can be no assurance that a liquid trading market for the New Notes will develop or, if one develops, that it will be maintained. If an active market for the New Notes does not develop, the price of the New Notes and the ability of a holder of the New Notes to find a ready buyer will be adversely affected. As a result, an investor may be unable to sell the New Notes.

If such market were to develop, the New Notes could trade at prices that may be lower than the face value of the New Notes, depending on many factors including some beyond our control. Furthermore, the liquidity of, and trading market, if any, for the New Notes may be adversely affected by changes in interest rates and by volatility in the market for similar securities as well as by any changes in our business, financial condition or results of operations.

The market for Argentine securities is substantially smaller, less liquid and potentially more volatile than the markets for securities from the United States and other developed countries. These market characteristics may significantly limit the ability of the holders of the New Notes to sell the New Notes at the price and time desired, which may adversely affect the price of the New Notes.

***We may be unable to satisfy our note-purchase obligations upon a change of control.***

Upon the occurrence of a Change of Control Triggering Event (as defined in “*Description of the New Notes*”), each holder of the New Notes may require us to purchase all or a portion of such holder’s New Notes at a purchase price equal to 101% of the aggregate principal amount of such holder’s New Notes, together with accrued and unpaid interest and Additional Amounts, if any, to the date of purchase.

In such event, we may not have the financial resources sufficient to purchase all of the New Notes and its other indebtedness that might become payable upon the occurrence of a Change of Control Triggering Event. For further information, see “*Description of the New Notes—Change of Control Triggering Event*.”

In addition, the repurchase of the New Notes will be deemed a prepayment of external debt obligations under applicable Argentine law, which currently prohibits, without a prior approval from the BCRA, any prepayments of external debt obligations on a date more than three business days prior to the originally scheduled payment date. We cannot assure that such prior approval could be obtained nor that, if obtained, it could be obtained within the time period for repurchase set forth in the New Notes Indenture.

***Redemption may adversely affect your return on the New Notes.***

We have the right to redeem some or all of the New Notes prior to maturity, as described under “*Description of the New Notes—Optional Redemption*.” We may redeem the New Notes at times when prevailing interest rates may be relatively low. Accordingly, you may not find investments at an effective interest rate as high as that of the New Notes.

***Failure of Clisa, the Guarantors or any of their subsidiaries to comply with certain of their financial obligations once they become due and payable could result in a default by us and a cross-default of our repayment obligations under the New Notes and other agreements.***

We, the Guarantors and their subsidiaries are subject to numerous financial obligations, including obligations under existing debt facilities and obligations to suppliers. If certain of our financial obligations, the financial obligations of either of the Guarantors, or of any subsidiary thereof becomes due and payable prematurely by reason of an event of default (however described) or any of those parties fail to make any payment in respect of any of those financial obligations on the due date for such payment, or any security given by us, the Guarantors or any of their subsidiaries for any financial obligation becomes enforceable and steps are taken to enforce the same, it could result

in the acceleration of the obligations under the New Notes and could trigger cross-default provisions under other agreements.

***Fraudulent conveyance laws and other limitations on the enforceability and the amount of the guarantees of the New Notes and the Share Pledge Agreements may adversely affect the validity and enforceability of the guarantees of the New Notes and the Share Pledge Agreements.***

The New Notes will be guaranteed by the guarantee of the Guarantors, and secured by the Share Pledge Agreements. Each Share Pledge Agreement will grant a special privilege on the Pledged Shares and the proceeds resulting therefrom in accordance with Argentine laws. Such guarantees provide a basis for a direct claim against the Guarantors; however, it may be possible that such guarantees may not be enforceable under Argentine law. Argentine law does not prohibit the giving of guarantees and security interests (such as the Share Pledge Agreements) and, as a result, does not prevent the guarantees of the New Notes or the Share Pledge Agreements from being valid, binding and enforceable against the Guarantors or pledgors of a Share Pledge Agreement. However, in the event that a Guarantor or a pledgor under a Share Pledge Agreement becomes subject to a reorganization proceeding or to bankruptcy, the corresponding guarantee or the Share Pledge Agreement, as applicable, if granted within two years prior to the date of suspension of payments of such Guarantor or pledgor under a Share Pledge Agreement, may be deemed to have been a fraudulent transfer and declared void with respect to such Guarantor or pledgor under a Share Pledge Agreement if, among other reasons, it is determined that such Guarantor or pledgor under a Share Pledge Agreement did not receive a fair consideration in exchange for the execution and delivery of the guarantees or the New Notes and the respective Share Pledge Agreement, as applicable.

In addition, according to prevailing judicial precedent, the validity and enforceability of the guarantees of the New Notes or the Share Pledge Agreement, as granted by the Guarantors or the pledgors of the Share Pledge Agreements, requires that the issuance of the guarantees or security interests (such as the Share Pledge Agreements) in favor of third-party debts be within the Guarantors', grantor's or pledgor's corporate purpose, the guarantees or security interests (such as the Share Pledge Agreements) be in the best interest of the Guarantors, grantor or pledgor, and that the Guarantors, grantor or pledgor receive fair and adequate consideration for the execution and delivery of the guarantees or the relevant security interest (such as the Share Pledge Agreements).

We cannot assure you that a potential intervening Argentine court will consider that the guarantees of the New Notes and/or the Share Pledge Agreements are in the best interests of the Guarantors and/or the pledgors of the Share Pledge Agreements, or that they have received fair and adequate consideration. In addition, foreclosure of a share pledge in Argentina can be an expensive and lengthy process that could have a significant negative effect on the value of the Pledged Shares as well as on the potential foreclosure proceeds resulting therefrom.

***The New Notes are subject to transfer restrictions.***

The New Notes have not been, and will not be, registered under the Securities Act, any state securities laws or any jurisdiction other than the jurisdiction of Argentina, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons 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. Such exemptions include offers and sales that occur outside the United States in compliance with Regulation S under the Securities Act and in accordance with any applicable securities laws of any other jurisdiction and sales to qualified institutional buyers as defined under Rule 144A under the Securities Act. For further information, see "Transfer Restrictions."

***The obligations undertaken by us pursuant to the New Notes are subordinate to the payment of other claims established by Argentine law.***

Pursuant to the laws of Argentina, indebtedness like the debt represented by the New Notes, to the extent not covered by the Share Pledge, is subordinate to the payment of certain obligations established by law. In the event of our bankruptcy, reorganization proceedings or liquidation, these prioritized obligations set forth by law, including any claims by employees of salaries up to a certain limit; payment of compensation following occupational accidents; any claims for tax or social security debts; labor claims up to a certain limit; or tax obligations, will have priority over other claims, including claims of investors represented by the New Notes.

***We cannot assure investors that a judgment of a court for liabilities under the securities laws of a jurisdiction outside Argentina would be enforceable in Argentina, or that an original action can be brought in Argentina against us for liabilities under applicable securities laws.***

We and the Guarantors are incorporated under the laws of Argentina, and a substantial portion of our and their assets are located in Argentina. Substantially all of their directors, executive officers and certain advisors named herein reside in Argentina. As a result, it may not be possible for investors to effect service of process within the United States upon us or the Guarantors or their directors, executive officers or advisors, or to enforce against us or the Guarantors or their directors, executive officers or advisors, in U.S. or Argentine courts, any judgments predicated upon the civil liability provisions of applicable securities laws. In addition, it may not be possible to bring in legal actions initiated in Argentina, liabilities and rights predicated solely upon the civil liability provisions or the federal securities laws of the United States or other non-Argentine laws or to enforce the New Notes or the Guarantees if the Indenture (including the Guarantees) or the New Notes were to be declared void by a court applying the laws of the State of New York. For further information, see “*Enforcement of Judgments*” in this Exchange Offer Memorandum.

***The claims of holders of the New Notes against us and the Guarantors are structurally subordinated to all existing obligations of our subsidiaries that do not guarantee the New Notes.***

We are a holding company and the primary source of our revenues to enable us to make any payments under the New Notes is from the operating revenues of our subsidiaries. Cliba and BRH, two of our direct subsidiaries, in the construction and waste management segments, will guarantee the New Notes on the issue date. Many of the operating entities within those segments as well as the operating entities within our other segments, including transportation, are not subsidiary guarantors. In addition, Cliba has also assigned certain collection rights as a guarantee of certain indebtedness as described further in “*Other Company Indebtedness—Indebtedness of the Waste Management Segment*” and “*—Indebtedness of the Construction Segment*,” and BRH also has assigned certain collection rights and has a lien placed over certain property as security for certain indebtedness, and certain attachments under precautionary measures (see “*Risks Related to Our Business—Our former indirect controlling shareholder is subject to a legal proceeding, and this could materially adversely affect our reputation, business, financial condition and results of operations*,” and “*Business—Legal Proceedings—BRH*”).

As of March 31, 2021, Cliba and BRH accounted for Ps.31,010.1 million, or 61.3%, of our net assets on a combined stand-alone basis before group eliminations. For the three-month period ended March 31, 2021, the total Adjusted EBITDA of Cliba and BRH, on a stand-alone combined basis, accounted for Ps.582.9 million, or 28.3%, of our total Adjusted EBITDA. As of December 31, 2020, Cliba and BRH accounted for Ps.28,977.8 million, or 60.4%, of our net assets, on a stand-alone combined basis before group eliminations. For the year ended December 31, 2020, the total Adjusted EBITDA of Cliba and BRH, on a stand-alone combined basis, accounted for Ps.1,396.4 million, or 16.2%, of our total Adjusted EBITDA.

As of March 31, 2021, the net assets of our subsidiaries that will not guarantee the New Notes accounted for Ps.19,342.1 million, or 38.3%, of our net assets, on a stand-alone combined basis before group eliminations. For the three-month period ended March 31, 2021, the total Adjusted EBITDA of our subsidiaries that will not guarantee the New Notes, on a stand-alone combined basis, accounted for Ps.1,308.3 million, or 63.5%, of our total Adjusted EBITDA. As of December 31, 2020, the net assets of our subsidiaries that will not guarantee the New Notes accounted for Ps.18,531.0 million, or 38.6%, of our net assets, on a stand-alone combined basis before group eliminations. For the same year, the total Adjusted EBITDA of our subsidiaries that will not guarantee the New Notes, on a stand-alone combined basis, accounted for Ps.6,540.1 million, or 76.0%, of our total Adjusted EBITDA.

As of March 31, 2021, our indebtedness totaled Ps.42,635.5 million (U.S.\$463.4 million), of which Ps.10,002.1 million (U.S.\$108.7 million) was held by subsidiaries that are not subsidiary guarantors. The New Notes Indenture will permit our non-guarantor subsidiaries to incur significant indebtedness subject to the restrictions set out in “*Description of the New Notes—Limitation on Incurrence of Additional Indebtedness*.”

Our subsidiaries are separate and distinct legal entities and will have no direct obligations, contingent or otherwise, to pay any amounts due pursuant to the New Notes or to make any funds available therefor, whether in the form of loans, dividends or otherwise other than the Guarantors pursuant to the Guarantees. Accordingly, since a substantial portion of its assets are, and will be, held by operating subsidiaries, any claims against us in respect of the

New Notes will be structurally subordinated to all existing obligations and liabilities (whether or not for borrowed money) of such subsidiaries. Furthermore, the New Notes Indenture does not limit the ability of any subsidiary, including the Guarantors, to make investments in, or payments to, or transfer assets to, any other subsidiary or affiliate, including subsidiaries and affiliates that are not guarantors of the New Notes.

In addition, the requirements with respect to ensuring future subsidiaries become subsidiary guarantors are subject to numerous limitations, and the percentage of assets represented by subsidiary guarantors could decrease in the future. Our right as a shareholder to participate in the distribution of assets of any of its subsidiaries, upon the liquidation thereof, will be structurally subordinated to the prior claims of such subsidiaries' creditors (whether or not such claims are for borrowed money). In addition, any consequential claims against the Guarantors may also be subject to the same structural subordination issues described above in relation to the existing obligations and liabilities of the operating subsidiaries of such Guarantors.

***Except with respect to the shares subject to the Share Pledges, the New Notes will be effectively subordinated to our other secured indebtedness.***

As of March 31, 2021, we had Ps.42,635.5 million (U.S.\$463.4 million) of outstanding Consolidated Indebtedness, of which Ps.37,792.5 million (U.S.\$410.8 million) was secured Indebtedness. As of March 31, 2021, Tecsan had Ps.23,394.3 million (U.S.\$254.3 million) and CBA had Ps.2,460.5 million (U.S.\$ 26.7 million) in consolidated assets, representing 30.2% and 3.2% of our Consolidated Assets, respectively. We and our subsidiaries may incur additional secured indebtedness in the future. Except with respect to the shares subject to the Share Pledges, the New Notes will be effectively subordinated to any of our existing or future secured indebtedness to the extent of the relevant security interest.

***Clisa and the Restricted Subsidiaries may make unlimited investments in non-recourse subsidiaries and joint ventures subject to certain conditions.***

Clisa and the Restricted Subsidiaries are generally limited in our ability to make Restricted Payments as further described in “Description of the New Notes—Covenants—Limitations on Restricted Payments.” Under the carve-outs to the covenant, however, we and our Restricted Subsidiaries may make unlimited investments in non-recourse subsidiaries or joint ventures, as long as we meet our debt incurrence ratios under “Description of the New Notes—Covenants—Limitation on Incurrence of Additional Debt” and the relevant subsidiary or joint venture are not outside the scope of permitted business. This carve-out, which is further described, including defined terms, in “Description of the New Notes,” allows, under these limitations, funds that could be applied to payments of principal and interest under the New Notes to instead be invested in non-recourse subsidiaries or joint ventures, which may limit the amounts available to pay amounts due under the New Notes. In addition, these non-recourse subsidiaries or joint ventures may be limited, by contract or otherwise, in their ability to pay dividends or distributions to us or our Restricted Subsidiaries.

***Any reduction in the credit ratings of the New Notes could materially and adversely affect our business, financial condition or results of operations.***

The ratings of the New Notes address the likelihood of payment of principal at the maturity of the New Notes. The ratings also address the timely payment of interest on each interest payment date. The ratings of the New Notes are not a recommendation to purchase, hold or sell the New Notes, and the ratings do not comment on market price or suitability for any particular investor. We cannot assure you that the ratings of the New Notes will remain for any given period of time or that the ratings will not be lowered or withdrawn. The assigned ratings may be raised or lowered depending on the rating agencies' respective assessment of our business or financial strength, as well as their assessment of Argentine sovereign risk generally.

In addition, credit ratings impact the interest rates we pay on funds that we borrow and the market's perception of our financial strength. If the ratings on the New Notes were reduced and the market were to perceive any such reduction as a deterioration of our financial strength, our cost of borrowing would likely increase and our cash flows, business, financial condition or results of operations could be materially adversely affected.

***You may not be able to enforce your claims in Argentina.***

We and each of the Guarantors are corporations organized under the laws of Argentina. Most of our and the Guarantors' directors, members of the Supervisory Committee and officers reside in Argentina. All or a substantial portion of our and the Guarantors' assets, and the assets of our and the Guarantors' directors, are located in Argentina.

Under Argentine law, enforcement of foreign judgments would be recognized, provided that the requirements of Sections 517 through 519 of the Argentine National Civil and Commercial Procedural Code (*Código Procesal Civil y Comercial de la Nación*) are complied with, including the requirement that the judgment does not violate the principles of public policy of Argentine law, as determined by an Argentine court. There can be no assurance that an Argentine court would not deem the enforcement of foreign judgments condemning us and/or either of the Guarantors to make a payment under the New Notes or the Guarantees in foreign currency and outside of Argentina to be contrary to Argentine public policy, if at the time the judgment is rendered, there are legal restrictions prohibiting Argentine debtors or guarantors from transferring foreign currency outside of Argentina to pay off indebtedness. For further information, see "Enforcement of Judgments" in this Exchange Offer Memorandum.

***The limitations imposed on creditors' rights in Argentina and the ability to foreclose on certain guarantees may adversely impact you.***

The Argentine government passed various laws and regulations in the past limiting the ability of creditors to foreclose on collateral and to exercise their rights pursuant to guarantees and similar instruments upon the occurrence of a default by a debtor under a financing agreement. Such limitations restricted creditors of Argentine entities from initiating collection actions and/or lawsuits to recover the repayment of defaulted loans. There can be no assurance that the Argentine government will not pass other restrictive rules and regulations limiting the ability of creditors to enforce their respective rights pursuant to debt agreements, guarantees and similar instruments. This could affect your ability to enforce the Guarantees or to pursue any payment under the New Notes through the foreclosure of any of our assets.

***Restrictions on the ability of the companies to acquire and retain foreign currency and the transfer of funds outside of Argentina may affect our ability to make payments in connection with the New Notes.***

There are restrictions that affect the ability of companies to acquire and retain foreign currency, to transfer funds outside of Argentina and to make payments abroad and other transactions which require the prior approval by the BCRA, such as the transfer of funds abroad to make payments of principal and/or interest on foreign debt, to the extent that the funds were not declared and brought through the free exchange market (*Mercado Libre de Cambios*, or "MLC"), to the extent such obligation existed at the time of the disbursement.

The BCRA requires that those who have scheduled maturities falling between October 15, 2020 and December 31, 2021 in connection with (i) foreign debt in the non-financial private sector with a creditor that is not a related counterparty, or (ii) an issuance of publicly registered debt securities in Argentina denominated in foreign currency, submit a refinancing plan to the BCRA by virtue of which: (a) the net amount for which the MLC will be accessed within the original terms will not exceed 40% of the amount of principal to be paid during the relevant term; and (b) the remaining principal amount will be refinanced with an average life of at least two years. The refinancing may be coupled or replaced with new indebtedness brought through the MLC with an average life of at least two years.

It is not possible to anticipate whether the BCRA may extend the mandatory refinancing to principal payments maturing after December 31, 2021. The Argentine government may establish even greater restrictions in response to, among other circumstances, outflow of capital or a significant devaluation of the peso. In that case, our ability to make payments abroad in respect of the New Notes could be adversely affected.

Also, foreign exchange control regulations do not specifically authorize access to the MLC to non-financial private sector companies issuing performance bonds or guarantees with respect to repayment of foreign debts incurred by other residents with access to the MLC. As a consequence, any access by the Guarantors to the MLC in order to comply with their obligations under the Guarantees will be subject to the BCRA's prior approval. Such approval is granted at the sole discretion of the BCRA. For a description of the current restrictions on exchange controls, see "Foreign Exchange Controls."

Moreover, although Clisa understands that, by virtue of not being voluntary repayments, Clisa should have access to the MLC in order to comply with the Mandatory Excess Cash Amortizations, Clisa cannot assure that the entities through which Clisa intends to acquire the foreign currency for such purposes will share said interpretation, or that said entities will not require the prior approval of the BCRA to do so, nor can it be ensured, in such case, that the BCRA will grant such prior approval. In the event that Clisa is unable to access the MLC in order to comply with the Mandatory Excess Cash Amortizations, the provisions of “*Description of the New Notes—Mandatory Excess Cash Amortization*” will apply.

Likewise, the BCRA regulations currently prohibit Clisa from accessing the MLC to make voluntary prepayments of principal on its external debt with an anticipation of more than three business days from becoming due. Consequently, if Clisa received the consideration corresponding to an Asset Sale in Argentina, Clisa may not have access to the MLC to comply with its obligation to make one or more Asset Sales Offers to the extent that it does not obtain prior approval from the BCRA. We cannot assure that such prior approval would be obtained or that, if obtained, it would be obtained within the term established by the New Notes Indenture to carry out such Asset Sales Offers.

***In the event we file a petition for a concurso preventivo or an acuerdo preventivo extrajudicial, holders of the New Notes will vote differently from other unsecured creditors.***

In the event we file for a petition seeking reorganization or an arrangement with creditors or a *concurso preventivo de acreedores*, or an *acuerdo preventivo extrajudicial*, which would ordinarily be applicable to the New Notes, the New Notes will be subject to the provisions of Bankruptcy Law and the provisions of the New Notes Indenture regarding the voting powers of the holders of the New Notes, and other regulations applicable to such type of reorganizations and, consequently, the Negotiable Obligations Law will not apply.

The Bankruptcy Law establishes, for the holders of securities issued in a series such as the New Notes offered hereby, a differential voting procedure from the other unsecured creditors in relation to the calculation of the required majority under such law. In accordance to said differential procedure, the bargaining powers of the holders of the New Notes can be significantly lower than the rest of our creditors.

In particular, Section 45 bis of the Bankruptcy Law establishes that in the case of securities issued in a series, such as the New Notes, the issuer will obtain internal consent to a reorganization proposal and/or a restructuring agreement by means of a procedure described as follows: (1) holders of such securities will gather in a meeting called by the trustee or the bankruptcy judge; (2) in such meeting the holders of such securities will agree to or reject the insolvent company’s proposal and, in case the proposal is accepted by the creditors, the holders of such securities will express their preferences to the alternatives proposed by the insolvent company; (3) the agreement to the proposal will be calculated taking into account the principal amount represented by those holders of such securities who vote favorably to the proposal and be considered as granted by one person; the rejection to the proposal will also be considered as issued by one person; (4) the agreement will be made public by the trustee or any other person appointed by the holders of such securities; (5) the meeting of holders of such securities will not be needed in case the agreement governing such securities or the applicable law establishes an alternative method of obtaining the consent of the holders of such securities, provided that the judge finds it adequate; (6) in case the trustee is declared admissible as creditor under the proceeding (in accordance to Section 32 bis of the Bankruptcy Law), the trustee can split its vote in two to represent those holders of such securities who vote favorably and those who reject the proposal; for calculating the majority, said votes will be calculated as issued by two persons; (7) the same procedure will be applicable to other collective representatives; and (8) in all the cases, the judge can issue measures to assure the participation of the creditors and the regularity of the procedure to obtain their conformity.

In addition, there are some legal precedents where it was decided that those holders of securities who did not attend the meeting or did not vote will not be considered for purposes of calculating the majorities of creditors representing two-thirds of the debtor’s unsecured debt.

Therefore, in case we file for a petition seeking reorganization or an arrangement with creditors, or an APE, the bargaining power of the holders of the New Notes in relation to other creditors can be adversely affected as a consequence of applicable Bankruptcy Law and the aforementioned legal precedents.



***The perception of higher risk in other countries, especially in emerging economies, may adversely affect the Argentine economy, our business and the market price of Argentine securities issued by Argentine issuers, including the New Notes.***

Emerging markets like Argentina are subject to greater risks than more developed markets, and financial turmoil in any emerging market could disrupt business in Argentina and adversely affect the price of the New Notes. Moreover, financial turmoil in any emerging market country may adversely affect prices in stock markets and prices for debt securities of issuers in other emerging market countries as investors move their money to more stable, developed markets. An increase in the perceived risks associated with investing in emerging markets could dampen capital flows to Argentina and adversely affect the Argentine economy in general, and the interest of investors in the New Notes, in particular in Argentina. We cannot assure you that the value of the New Notes will not be negatively affected by events in other emerging markets or the global economy in general.

***Holders of the New Notes will not be entitled to registration rights, and we do not currently intend to register the New Notes under applicable securities laws. There are restrictions on your ability to transfer or resell the New Notes.***

The New Notes are being offered and sold pursuant to an exemption from registration under the Securities Act and applicable state securities laws, and we do not currently intend to register the New Notes, other than in the jurisdiction of Argentina. The holders of the New Notes will not be entitled to require us to register the New Notes for resale or otherwise. Therefore, you may transfer or resell the New Notes only in a transaction registered under or exempt from the registration requirements of the Securities Act and applicable state securities laws, and you may be required to bear the risk of your investment for an indefinite period of time. See “*Transfer Restrictions.*”

***Because the New Notes are represented by global securities registered in the name of a depository, you will not be a “holder” under the New Notes Indenture and your ability to transfer or pledge the New Notes could be limited.***

Because the New Notes are represented by global securities registered in the name of a depository, you will not be considered a “holder” under the New Notes Indenture and your ability to transfer or pledge the New Notes could be limited. The New Notes will be represented by one or more global securities registered in the name of Cede & Co., as nominee for DTC. Except in the limited circumstances described in this Exchange Offer Memorandum, owners of beneficial interests in the global securities will not be entitled to receive physical delivery of the New Notes in certificated form and will not be considered “holders” of the New Notes under the New Notes Indenture for any purpose. Owners must rely on the procedures of DTC and its participants to protect their interests under the Indenture and to transfer their interests in the New Notes. Your ability to pledge your interest in the New Notes to persons or entities that do not participate in the DTC system may also be adversely affected by the lack of a certificate.

## **USE OF PROCEEDS**

We will not receive any cash proceeds from the Exchange Offer.

## EXCHANGE RATES

The following table sets forth the low, high, average and period-end exchange rates for the periods indicated, expressed in *pesos* per U.S. dollar and not adjusted for inflation. For the annual periods, the average exchange rate is calculated by using the average of Banco Nación's reported selling exchange rates (*tipo de cambio vendedor divisa*) on the last day of each month. For the monthly periods, the averages are calculated using the averages of the lowest and highest daily selling rates in the period. The exchange rate as of July 12, 2021 was Ps.96.09 per U.S.\$1.00.

<u>Year ended December 31,</u>	<b>Exchange Rates</b>			<b>Year End</b>
	<b>Low</b>	<b>High</b>	<b>Average<sup>(1)</sup></b>	
2016 .....	13.200	16.030	14.992	15.890
2017 .....	15.190	19.200	16.731	18.649
2018 .....	18.410	41.250	29.262	37.700
2019 .....	36.900	60.400	49.309	59.890
2020 .....	59.815	84.150	71.611	84.150

	<b>Exchange Rates</b>			<b>Period End</b>
	<b>Low</b>	<b>High</b>	<b>Average<sup>(2)</sup></b>	
<b><u>2021</u></b>				
January .....	84.700	87.330	86.015	87.330
February .....	87.600	89.820	88.710	89.820
March .....	90.090	92.000	91.045	92.000
April .....	92.240	93.560	92.900	93.560
May .....	93.670	94.730	94.200	94.730
June .....	94.730	95.720	95.225	95.720
July (through July 12) .....	95.760	96.090	95.925	96.090

(1) Calculated as the average of Banco Nación's reported selling exchange rates (*tipo de cambio vendedor divisa*) on the last day of each month during an annual period.

(2) Calculated as the average of the lowest and highest daily selling rates in the period.

## FOREIGN EXCHANGE CONTROLS

As of December 2001, Argentine authorities implemented a series of monetary and exchange controls including limitations on the withdrawal of funds deposited in local banks and restrictions or prohibitions to the transfer of hard currency abroad. At the beginning of 2002, through Decree No. 260/2002 Argentine authorities established the Single Free Exchange Market (*Mercado Único y Libre de Cambios*, or “MULC”) through which all foreign currency transactions had to be channeled at an exchange rate freely agreed, but subject to regulations issued from time to time by BCRA.

On June 9, 2005, the Argentine government issued Decree No. 616/2005, pursuant to which all foreign currency inflow other than foreign trade financings, direct foreign investment or primary subscription of publicly traded debt instruments authorized by the CNV in Argentina and listed in a self-regulated exchange market, would be subject to a fixed, non-remunerated 365-day deposit to be made at a local financial institution. Such deposit had to be made in U.S. Dollars in an amount equivalent to 30% of the amounts transferred to the local market and could neither be assigned to third parties nor used as collateral for any other transaction. In addition, there was a minimum stay period for some investments and for repayment of capital of financial debts abroad. Subsequently, different communications issued by BCRA regulated such requirements and established certain exceptions, including loans whose proceeds were to be applied towards repayment of other loans with foreign creditors or for purposes of long-term investments to be made by local residents outside Argentina, as well as financial loans with an average duration of at least two years and applied towards investments in fixed assets.

On December 18, 2015, Decree No. 616/2005 was amended through Resolution No. 3/2015 issued by the former Ministry of the Treasury and Public Finances, reducing: (i) the percentage of the fixed deposit from 30% to 0%; and (ii) the minimum stay period from 365 days to 120 days.

Additionally, between the end of 2015 and start of 2016, most of the foreign exchange restrictions then in effect were gradually eliminated, and the MULC’s general functioning was modified, mainly in connection with transfers of foreign currency to and from Argentina.

On December 28, 2017, pursuant to Communications “A” 6401 and “A” 6410, the BCRA replaced the reporting systems formerly set by Communications “A” 3602 (foreign debt) and “A” 4237 (survey of indirect investments) by a new unified survey of external assets and liabilities (the “Survey of External Assets and Liabilities”).

In May 2018, Decree No. 260/2002 was amended by section 132 of Law No. 27,444 replacing the MULC with the MLC, through which all exchange transactions must be performed.

After the primary elections held on August 11, 2019, the foreign exchange market experienced high volatility. From August 12 to August 30, 2019, the *peso* lost approximately 31% of its value vis-a-vis the U.S. dollar, and BCRA international reserves decreased by about U.S.\$11,600 million. To curb foreign exchange fluctuations and prevent the outflow of capital, the BCRA announced a number of monetary and exchange risk management measures, such as higher interest rates on BCRA liquidity bills (LELIQ), performance of sales transactions on the spot foreign exchange market to increase liquidity, and limitation on the leverage of financial institutions on the MLC through the use of derivative instruments.

In addition, on September 1, 2019, through Decree No. 609/2019 and Communication “A” 6770, the Executive Branch and the BCRA reinstated exchange controls, originally effective until December 31, 2019. Later on, Decree No. 91/2019 of December 27, 2019 and Communication “A” 6854 of the BCRA established the effect of those controls without a specific time limit.

Communication “A” 6770 of the BCRA was subsequently supplemented and/or amended by several regulations. On May 28, 2021 the BCRA published a new version of the restated text of the exchange control regulations (hereinafter, the “Restated Text”).

Listed below are the main Argentine regulations on exchange restrictions as of the date hereof.

## ***External Financial Debt***

Proceeds from new external debt financings disbursed on and after September 1, 2019 must be repatriated and settled for *pesos* through the MLC for the borrower to be able to repay the debt from Argentina. Although the regulations set no specific term, compliance with this requirement is a condition to access the MLC to make debt service payments. Moreover, in order to access the MLC to repay commercial and external financial liabilities, the corresponding debt should be disclosed under the Survey of External Assets and Liabilities.

Section 2.6 of the Restated Text allows borrowers to avoid settling the disbursement for *pesos* in the MLC (although not the repatriation) as long as (a) the funds are brought into the country and credited in foreign currency accounts owned by the client in local financial entities; (b) the repatriation is made within any applicable term for settling funds on the MLC; (c) the funds in foreign currency are applied simultaneously to operations in connection with which the regulations allow access to the MLC, considering any applicable limits; (d) if the funds corresponding to a new external financial debt are to be applied to prepay external financial debt with a local financial entity, the new external debt should have a longer average life than the prepaid debt; and (e) the use of this mechanism is neutral from a tax standpoint.

Subject to the abovementioned requirements, access to the MLC is authorized for repayment of external financial debt service at maturity or up to three business days in advance.

In accordance with Section 3.5.3 of the Restated Text, no prior consent from the BCRA is required to prepay principal and interest on external financial debt with an anticipation of more than three business days, as long as the following conditions are met: (a) the prepayment is made simultaneously with the settled proceeds of a newly disbursed external financial debt; (b) the average life of the new debt exceeds the remaining average life of the debt being prepaid; (c) the accumulated principal payments under the new debt may not exceed in any moment the accumulated amount of principal of the debt being prepaid.

Regulations specify that access to the MLC must be granted to the debtor or to the trustee of the local trust organized to guarantee debt repayment. Section 3.7 of the Restated Text states that access to the MLC for external debt service payments is also granted to the trustees of trusts organized in the country to guarantee debt service payments to the extent that it is evidenced that the debtor would have been entitled to access the MLC for purposes of such payment.

Moreover, Section 3.11.1 of the Restated Text authorizes: (a) local borrowers of (i) external financial debt with “non-related” lenders (as defined in 1.2.2 of the rules on “Major Exposure to Credit Risk”) and (ii) of commercial debt for imports of goods and/or services with foreign banks or foreign official credit agencies, and (b) trusts organized in the country to guarantee external indebtedness described in (i) and (ii) to access the MLC to acquire foreign currency to constitute the guarantees by the applicable borrowing agreements, subject to the following requirements: (1) it involves external financial debt with non-related lenders or commercial debts related to the import of goods and/or services with a foreign financial entity or an official export credit agency, authorized by the regulations to have access to the MLC for debt repayment purposes, and the related contracts provide for the crediting of funds in escrow accounts for future foreign debt servicing purposes; (2) the proceeds should be deposited in accounts opened with local financial institutions; the constitution of the guarantees in offshore accounts may only be authorized when this is the sole and exclusive alternative set forth in the financing agreements entered into before August 31, 2019; (3) the accumulated amounts do not exceed the value of the next debt service; (4) the daily access amount does not exceed 20% of the amount set forth in the previous paragraph; and (5) the bank has verified the financing documentation and is able to confirm that access to the MLC meets the requirements listed above. If the purchased foreign currency is not used for repayment of the relevant debt service, the same must be repatriated and settled through the MLC within five business days following the related debt service due date.

The current foreign exchange regulations do not provide access to the MLC to non-financial companies from the private sector for the payment of performance bonds or guarantees of third-party obligations. In the event that payment of such bonds or guarantees needs to be carried out from Argentina, prior BCRA approval is required to access the MLC for such purpose.

Section 3.11.2 of the Restated Text also authorizes local borrowers that are required to make payments of external debt services or local debt securities through the MLC, to access the MLC to purchase foreign currency before

the applicable due date, subject to the following requirements: (a) the foreign currency purchased should be deposited in foreign currency-denominated accounts held in the name of the borrower opened in local financial institutions; (b) MLC access is made no earlier than five business days in advance of the applicable due date; (c) the daily purchases do not exceed 20% of the amount to be paid on the due date; and (d) the bank should verify that the borrowing meets the exchange regulations by which such access is authorized. Foreign currency not used for purposes of the payment of the relevant debt service must be settled for *pesos* in the MLC within the five business days following the corresponding debt service due date.

In the case of external debt refinancing, section 3.5.1 of the Restated Text clarifies that the requirement to provide evidence on the repatriation and settlement of disbursements in order to access the MLC to pay principal and interest on external financial debt will not apply to external borrowings incurred on or after September 1, 2019, which do not involve disbursements as a result of being refinanced external financial debts having access to the MLC; provided that such refinancing does not anticipate maturity of the original debt.

Regulations allow access to the MLC in advance of the scheduled maturity to prepay interest under external financial debt or debt securities denominated in foreign currency and registered locally, provided that the prepayment is made in the context of a debt securities exchange and the following conditions are met: (i) the amounts paid before the scheduled maturity correspond to interest accrued to the exchange closing; (ii) the average life of the new debt securities is higher than the average life of the tendered securities; and (iii) the accumulated amount of maturities of principal under the new securities does not exceed at any moment the accumulated amount of the maturities of principal of the tendered security.

With regard to foreign currency-denominated loans granted by local banks, access to the MLC is granted for their repayment to the extent the loan proceeds were settled for *pesos* in the MLC at the time of disbursement. In addition, prior approval of the BCRA to obtain access to the MLC is required for the prepayment of financings in foreign currency granted by local financial entities, except for payments of foreign currency purchases made with credit cards.

Likewise, the regulations establish that issuance of debt securities in foreign currency with public registration in the country or abroad arranged as of January 7, 2021 to refinance pre-existing debts will be deemed to have met the foreign currency settlement requirement for the purposes of accessing the MLC for the cancellation of its principal and interest services, with respect to the equivalent to the amount of principal refinanced, the interest accrued up to the date of the refinancing and, to the extent that the new securities do not foresee capital maturities before January 1, 2023, an amount equivalent to the interest that would accrue until December 31, 2022 for the debt that is refinanced early and/or due to the postponement of the refinanced principal and/or due to the interest that would accrue on the amounts thus refinanced.

*Restructuring of the non-financial private sector external debt.* Pursuant to section 3.17.1 of the Restated Text non-financial private sector borrowers having principal maturities scheduled until December 31, 2021 by virtue of (i) external financial debt from the non-financial private sector with a lender that is not a related counterparty or (ii) publicly-traded debt securities issued in Argentina in foreign currency, must submit to the BCRA a breakdown of a refinancing plan upon the basis of the following criteria (the “Refinancing Plan”):

- the net amount for which access to the MLC will be available may not exceed 40% of the original principal amount that became due; and
- the remaining principal amounts due during such term must be refinanced to have an average life of at least two years.

In addition to the refinancing granted by the original lender, new external financial debts, granted by other lenders and settled through the MLC may also be considered. In the case of an issuance of publicly traded debt securities in Argentina in foreign currency, it may be possible to compute new issuances payable in Argentina in foreign currency, as long as the proceeds are settled through the MLC.

The submission of the refinancing plan is not required in the following cases:

- (a) indebtedness with or guaranteed by international credit institutions or their associated agencies or ECAs;
- (b) cases in which access to the MLC for the payment of the relevant principal services does not exceed the equivalent of U.S.\$2 million per calendar month through all local banks.
- (c) financial indebtedness incurred as from January 1, 2020, the proceeds of which were settled through the MLC;
- (d) refinancings closed as from January 1, 2020 to comply with the refinancing scheme established under Communication A 7106; and
- (e) the remaining portion of previously refinanced maturities to the extent that such refinancing would have allowed reaching the parameters set forth in that paragraph.

The Refinancing Plan will be deemed fulfilled if the borrower accesses the MLC for the payment of principal in excess of the 40% of principal that became due, to the extent the borrower settles through the MLC as from October 9, 2020 funds for an amount equal or higher to the excess over such 40% corresponding to: (a) external financial debt; (b) issuance of publicly traded debt securities abroad; (c) issuance of publicly traded debt securities in Argentina in foreign currency payable in Argentina in foreign currency, the proceeds of which are settled through the MLC.

In the event of publicly traded debt securities in Argentina or abroad, having an average life of not less than two years, issued as from October 9, 2020, delivered to lenders to comply with the Refinancing Plan, the requirement of settlement of foreign currency for purposes of accessing the MLC for the payment of principal and interest shall be considered fulfilled.

In the context of these refinancings, access to the MLC may be granted up to 45 calendar days in advance of the relevant principal and interest payment date in relation with external financial debt or publicly traded debt securities in Argentina in foreign currency, provided that the following conditions are verified: (a) the amount of interest paid does not exceed the amount of interest accrued under the refinanced indebtedness up to the closing; and (b) the accumulated amount of principal maturing under the new debt does not exceed the accumulated principal amounts maturing under the refinanced debt.

Moreover, access to the MLC can also be obtained prior to the maturity date to pay interest of external financial debts or of publicly traded debt securities payable in Argentina in foreign currency, if the prepayment is made in the context of a debt securities exchange process, provided that all the following conditions are verified: (a) the amount prepaid corresponds to interest accrued as of the exchange process closing; (b) the average life of the new debt securities is higher than the remaining average life of the exchanged security; and (c) the accumulated amount of principal maturities of the new securities may at no time exceed the amounts accumulated by principal maturities under the securities exchanged.

### ***Payment of Dividends and Profits Abroad***

Pursuant to section 3.4 of the Restated Text, access to the MLC may be obtained to pay dividends and corporate profits to non-resident shareholders, without prior approval from the BCRA, to the extent such dividends and profits correspond to closed and audited balance sheets and the total amount paid to non-resident shareholders, including payments for which access to the MLC is requested, do not exceed the applicable amount in local currency as per the distribution determined at the meeting of shareholders. The aggregate amount of dividends payments made through the MLC as from January 17, 2020, including the payment for which access to the MLC is requested, may not exceed 30% of the value of new direct foreign investment contributions in local companies, repatriated and settled through the MLC in the same period.

Access to the MLC for the payment of dividends and profits abroad will be subject to BCRA authorization for those cases not contemplated above.

### ***Survey of External Assets and Liabilities***

This reporting system (created by Communication “A” 6401, as amended by Communications “A” 6410 and 6795, among others) replaced the former reporting systems for “foreign debts” (Communication “A” 3602) and direct investments by non-residents (Communication “A” 4237). Compliance with the survey is required irrespective of whether any relevant indebtedness was brought to Argentina or whether it will be repaid through the MLC.

The reporting system requires disclosure of the following assets and liabilities: (i) equity interests and shares of stock; (ii) non-negotiable debt instruments; (iii) negotiable debt instruments; (iv) financial derivatives; and (v) land and structure.

Moreover: (i) all persons with external liabilities by the end of any calendar quarter, or having repaid external liabilities during that quarter, must comply with the reporting obligations; and (ii) any reporting person for which the balance of external assets and liabilities by the end of every year is equal to or exceeds an amount equivalent to U.S.\$50 million, must file an annual report (which must supplement, ratify, and/or rectify the quarterly reports filed), which may also be filed voluntarily by any other legal entity or individual.

### ***Foreign Currency Transactions between residents***

Access to the MLC is banned for payment of liabilities denominated in foreign currency between residents agreed on or after September 1, 2019. With regard to prior transactions, access to the MLC is authorized, provided, however, that the relevant transaction was executed through public deeds or public records. Access to the MLC will be granted for payment, upon maturity, of new issuances of debt securities carried out to refinance debt mentioned herein to the extent such new debt issuances represent an increase of the average life of the obligations.

In the case of loans denominated in foreign currency and granted to residents by local banks, access to the MLC must be authorized for repayment of such loans provided that they have been settled through the MLC upon disbursement. In addition, payments of foreign denominated securities registered in Argentina is authorized to the extent that the conditions mentioned in the preceding sections are complied.

### ***Swap and Arbitration***

Currency swap and arbitration transactions may be conducted without BCRA’s prior authorization to the extent that, if carried out as individual transactions through the peso, they would have access to the FX market without the need of prior BCRA approval. The BCRA provisions regarding swap and arbitration transaction regulations also apply to the transfer of foreign currency abroad by local collective depositaries of securities in relation to foreign currency proceeds paid in Argentina for principal and interest payments issued by the National Treasury securities, as part of the payment process at the request of foreign collective depositaries.

### ***Mandatory repatriation and settlement of proceeds of exports of goods and services***

Proceeds from the export of goods and services (services rendered by residents to non-residents) must be repatriated and settled in the MLC. Any proceeds of exports of goods formalized on or after September 2, 2019 must be repatriated and settled in the MLC within, the earlier of, (i) 15, 30, 60, 120, 180 or 365 calendar days as from customs clearance of the relevant export of goods (*cumplido de embarque*) (depending on the type of good), or (ii) five business days as from collection in the case of services. With respect to the proceeds from services rendered to non-residents, their equivalent value must be repatriated and settled in the MLC within five business days from collection.

### ***Disposal of non-financial non-produced assets***

The foreign currency proceeds from the sale of non-financial non-produced assets to non-Argentine residents must be repatriated and settled for *pesos* through the MLC within five business days as from payment, either in the country or abroad, or the credit thereof in foreign accounts.

### ***Formation of external assets of legal entities and derivative transactions***



Prior BCRA authorization is required to access the MLC for the formation of external assets (concepts relating to savings and investments abroad) of resident legal entities. BCRA authorization is also required to access the MLC for derivative transactions, including the payment of premiums, constitution of guarantees, and settlement of futures, forwards, options, and other derivative transactions. Pursuant to Section 13.12 of the Restated Text, futures transactions on regulated markets, forwards, options, and other derivatives settled on or after September 11, 2019 by local banks and exchange entities must be entered into in local currency.

Section 13.12 of the Restated Text permits access to the MLC for payment of premiums, constitution of guarantees and payment of settlement corresponding to interest rate hedging contracts in connection with external liabilities of Argentine residents disclosed and validated, where applicable, through the External Assets and Liabilities Survey, provided that the hedged risks do not exceed the external liabilities that the debtor effectively has with the interest rate being hedged in the transaction.

### ***Formation of external assets of individuals and derivative transactions***

Access to the MLC is authorized for resident individuals for the formation of external assets, remittance of money for family support, and provision of guarantees associated with derivative transactions, to the extent such access does not exceed an equivalent of U.S.\$200 per month considering the aggregate of entities authorized to conduct exchange transactions as well as the aggregate of the items indicated above. The transaction must be performed with debit on local bank accounts, allowing the use of local currency cash in transactions up to an equivalent of U.S.\$100 per month considering the aggregate of entities authorized to perform exchange transactions.

As a condition to carrying out the transaction, the client must submit to its bank a sworn statement stating that (i) it has not carried out in Argentina sales of securities settled in foreign currency within the preceding 90 days, and (ii) it undertakes not to carry such transactions during the subsequent 90 calendar days.

If access to the MLC for these purposes involves the transfer of foreign currency abroad, the transfer must be made to a bank account held abroad in the name of the same client.

Individuals transferring foreign currency from their local foreign currency-denominated accounts to their own bank accounts overseas are required to submit a sworn statement indicating that they have not sold securities with local settlement in foreign currency during the preceding five business days.

Purchases made abroad with a debit card account, being the relevant amounts debited from local accounts in *pesos*, and amounts in foreign currency purchased by individuals in the MLC as of September 1, 2020 for the payment of obligations among local residents, including payments for purchases made in foreign currency through credit cards, will be deducted as of the following calendar month, from the maximum amount established for the following calendar month, as per paragraph 3.8 of the Restated Text for the purchase of foreign currency by individuals for the formation of external assets, delivery of family assistance and derivative transactions (U.S.\$200 per month). In the event the amount purchased exceeds the maximum amount available for the following month or if it has been already absorbed by other purchases recorded as of September 1, 2020, the deduction must be applied to the maximum amounts accountable for the subsequent months until the amount purchased has been completed. Regardless, to the extent the conditions provided to such end are complied with, the individual may continue to make purchases abroad with a debit card with the amounts debited from his/her account in *pesos*, and having access to the foreign exchange market for the payment of financings granted to residents.

### ***Additional provisions applying to the formation of external assets by individuals and legal entities***

For customer transactions corresponding to outflows through the MLC, including those performed through swaps or arbitrage, in addition to requirements applicable in each particular case, the entity must have the BCRA's prior approval except where it has a sworn statement by the customer where the following is evidenced:

- the date on which access to the MLC is requested and during the 90 prior calendar days it has not sold in Argentina securities settled in foreign currency, made transfers thereof to depositary entities abroad, or (as from July 12, 2021) exchanged securities for external assets; and

- the customer undertakes not to sell in Argentina securities settled in foreign currency or to transfer the same to depositary entities abroad or exchange securities for external assets as of the date it requests access and during the 90 subsequent calendar days.

This requirement will not be applicable for the outflows corresponding to: (1) transactions inherent to the bank as a customer; (2) payment of foreign currency denominated financings granted by local financial entities, including payments for purchases in foreign currency made through purchase or credit cards; and (3) transfers abroad to non-resident individuals beneficiaries of retirement and/or pensions paid by the ANSeS, up to the amount paid by such entity on the calendar month and to the extent the transfer is made to a banking account owned by the beneficiary on the registered country of residence, as long as they are made automatically by the entity as attorney-in-fact of the non-resident beneficiary.

In addition, in the case of legal entities, the client must submit a sworn statement including a list of the individuals or entities that directly control it and declaring that on the date on which access to the MLC is sought and during the immediately preceding 90 it has not transferred, within Argentina, local currency or local liquid assets to any individual or entity directly controlling it, except for those transfers directly related to regular purchases of goods and/or services. This requirement, which only applies to transfers made as from July 12, 2021, may be considered met if the entity submits to its bank a sworn statement of each of the individuals/entities directly controlling it, declaring that they have not sold in Argentina securities settled in foreign currency, or made transfers thereof to depositary entities abroad or (as from July 12, 2021) exchanged securities for external assets; and that they undertake not to carry out those transactions within the following 90 calendar days.

These restrictions do not apply to transfers of securities made to foreign depositaries in the context of debt exchanges issued by the Federal Government, the provincial governments or private issuers. Certain other exclusions apply.

Further, prior approval from the BCRA is required to access the MLC for the formation of external assets by residents, provided that the relevant entity or individual is a beneficiary of the special credits and/or refinancings set forth under section 3.8.5 of the Restated Text or falls in any of the other situations listed therein.

#### ***Additional general requirements for any outflow of funds through the MLC***

In addition to the requirements applicable in each case, prior approval from the BCRA will be required to access the MLC in the case of the operations included in sections 3.1 to 3.15 of the Restated Text (including, but not limited, outflows of funds to comply with principal and interest payments related to external financial debt) unless a sworn statement from the customer has been submitted to the local bank, evidencing that at the time of obtaining access to the MLC: (a) its holdings in foreign currency in Argentina are deposited in local bank accounts; and (b) it does not have available external liquid assets (as described below) in excess of the equivalent of U.S.\$100,000; or, in the event it has available external liquid assets in excess of the aforesaid amount, such amount is not exceeded considering that such assets: (i) were used on that date to make payments with access to the MLC; and/or (ii) were transferred in the client's favor to a correspondent account of a local entity authorized to operate in foreign currency; and/or (iii) are proceeds deposited in bank accounts abroad corresponding to collections of exports of goods and/or services, or advances, prefinancing and post financing of exports of goods granted by non-residents, or to the disposal of non-financial non-produced assets where the term of five business days as from collection has not lapsed; and/or (iv) are proceeds deposited in bank accounts abroad under external financial debts, and the amount thereof does not exceed the equivalent to be paid by way of principal and interest during the next subsequent 365 calendar days. The customer must declare the value of its available external liquid assets at the start of the date when access to the MLC is requested.

The following are considered external liquid assets, among others: bills and coins in foreign currency, coined gold or bullion for good delivery, sight deposits with external financial entities and other investments enabling immediate availability of foreign currency (such as, investments in external public securities, funds with investment accounts of investment managers located abroad, cryptoassets, funds in supplier accounts related to payment services, etc.). Those funds deposited abroad that cannot be used by the customer as reserve funds or guarantee funds established

by virtue of the requirements provided for in foreign indebtedness agreements or funds established as guarantee of derivative transactions made abroad will not be considered available external liquid assets.

The customer must undertake to settle through the MLC, within five business days as of their collection, foreign currency proceeds received abroad corresponding to the collection of loans granted to third parties, the collection of term deposits, or the sale of any type of asset, provided that the asset would have been purchased, the deposit made, or the loan granted after May 28, 2020.

In addition, pursuant to section 3.16.4 and 3.16.5 of the Restated Text, respectively, prior BCRA approval will be required to access the MLC to purchase foreign currency: (i) if the relevant customer is included in the AFIP's database of apocryphal invoices (except for the repayment of loans granted by local banks in foreign currency); and/or (ii) if the customer, being obliged to do so, is not registered with the Exporters' and Importers' Foreign Exchange Information Registry (RICEI, per its acronym in Spanish).

#### ***Reporting of foreign exchange operations for a daily amount above U.S.\$50,000***

In accordance with Section 16.1 of the Restated Text, financial and foreign exchange entities must inform the BCRA, at the end of each day and at least two business days in advance, the sales of foreign currency to be made at customers' requests that require access to the MLC for a daily amount that is equal to or higher than U.S.\$50,000, for each of the three business days following the first day reported. In addition, clients must inform their required purchases to the financial and foreign exchange entities with sufficient anticipation so that these entities can comply with the aforementioned requirement and carry out the exchange operation.

#### ***Purchase of foreign currency by non-residents***

Access to the foreign exchange market by non-residents for the purchase of foreign currency will require BCRA's prior approval, except for the following transactions: (a) international entities and institutions acting as official export credit agencies; (b) diplomatic and consular representations and staff with diplomatic status accredited in the country for transfers made in the performance of their duties; (c) representations in the country of Courts, Authorities or Offices, Special Missions, Commissions or Bilateral Bodies established by International Treaties or Agreements to which the Republic of Argentina is a party, to the extent that the transfers are made in the performance of their duties; (d) transfers abroad to individuals who are the beneficiaries of retirement and/or pension funds paid by the ANSeS for up to the amount paid by said entity in the calendar month, to the extent that the transfer is made to a bank account in the name of the beneficiary in its registered country of residence; (e) the purchase of foreign currency bills by non-resident individuals for travel or tourism for up to a maximum amount equivalent to U.S.\$100 for all entities, to the extent that the entity has verified on the online system implemented by the BCRA that the customer has settled an amount higher than or equal to the one it wishes to purchase within the previous 90 calendar days and (f) repatriation of foreign direct investments in local companies not controlling local financial entities provided the corresponding capital contributions were settled in the MLC after October 2, 2020 and the repatriation is carried out at least 2 years thereafter.

#### ***Certificate of Increase of Exports 2021***

Through Communication "A" 7301, issued on June 4, 2021, the BCRA approved the "2021 Export Increase Certification" regime, pursuant to which holders of such certification may access the MLC without the need to obtain prior approval from the BCRA (in the event such approval were required) for up to the amounts included in the certification for the making of payments of external obligations (the concepts relating to the formation of external assets are excluded). Subject to the compliance of various requirements and to a maximum cap, the certification may be obtained provided that the exporter evidences an increase in the volume of its 2021 exports versus its 2020 exports (in both cases considering FOB value).

**We cannot predict how the current foreign exchange restrictions may change or determine whether such restrictions will affect our ability to fulfill our obligations in general and, in particular, to make payments of principal and interest under the New Notes.**

For a detailed list of all the exchange restrictions and controls on the inflow and outflow of funds into and from Argentina, effective as of the date hereof, investors are strongly recommended to consult legal counsel and read the BCRA regulations, Decree No. 609/2019 (as amended), and the Criminal Foreign Exchange Law No. 19,359, as supplemented and amended from time to time. Interested parties may check this information in the Ministry of Justice and Human Rights' legislation information website (<http://www.infoleg.gov.ar>), as well as in the BCRA's website (<http://www.bcra.gov.ar>). See also *“Risk Factors—Risks Related to Argentina--Current and future exchange controls, restrictions on transfers abroad and capital inflow restrictions could limit the availability of international credit and could threaten the financial system, which may adversely affect the Argentine economy and, as a result, our business.”*

## OTHER COMPANY INDEBTEDNESS

We have indebtedness both at the Clisa level and at the level of our various subsidiaries (including the Guarantors and at some of the subsidiaries of the Guarantors).

In the ordinary course of business, we incur short-term debt with a number of banks. These transactions tend to be secured through the assignment of collection rights under trade receivables for works performed or services rendered to our clients, which are mostly from the public sector. We also enter into financial operations through which various banks purchase from us deferred payments checks which we received as payment from our clients. In both cases, these operations are entered into with recourse against us, consequently we register them as financial liabilities and maintain the trade receivables as assets until they are collected.

We also borrow under financial loans with a term of up to 60 months which are secured through the assignment or trust assignment, as applicable, of future collection rights that accrue in our favor under certain construction or services agreements.

Additionally, we have granted guarantees to ensure the performance of obligations under concession contracts or procurement contracts. For a description of our guarantees, see note 28.(a) to our 2020 Audited Consolidated Financial Statements and note 21.(a) to our Unaudited Condensed Interim Consolidated Financial Statements, which are included in this Exchange Offer Memorandum.

In January 2016, the IASB issued IFRS 16, “Leases,” which modifies the accounting for these transactions, mainly eliminating the distinction between operating and financial leases. This adjustment means changes for most of the lease contracts in recognition of assets, for the right to use the leased item and in liabilities, for payment of income. We have adopted IFRS 16 retroactively as of January 1, 2019, without modifying the comparative information for the year ended December 31, 2018, as permitted by the transition provisions set out in the standard.

Since the application of IFRS 16, we have recognized liabilities for the right to use the assets under lease contracts from the date the leased asset is available for use at the present value of the payments to be made during the term of the contract, considering the discount rate implicit in the lease agreement, if it can be determined, or the incremental debt rate of Clisa. As of March 31, 2021, liabilities for the right to use the leased assets amounted to Ps.127.3 million.

Below is a description of our most significant indebtedness, as well as any guarantees and security interests granted by us and our subsidiaries. As of March 31, 2021, 16.0% of our consolidated indebtedness was denominated in *pesos*, and 84.0% was denominated in U.S. dollars and other foreign currencies.

### ***Clisa indebtedness***

In July 2016, Clisa issued the Old Unsecured Notes in an aggregate principal amount of U.S.\$200.0 million, as authorized by the CNV, through Resolution No. 18,109, for the public offering of non-convertible bonds (*obligaciones negociables simples no convertibles en acciones*) for up to U.S.\$300.0 million. The Old Unsecured Notes accrue interest at a rate of 9.50%, payable semiannually, are amortizable in a single payment on July 20, 2023 and are guaranteed by BRH and Cliba.

In February 2017, Clisa issued additional Old Unsecured Notes in the amount of U.S.\$100.0 million. Except for the issue price and the issue date, the additional Old Unsecured Notes have the same terms and conditions as the Old Unsecured Notes, constituting a single class and are fungible.

In December 2019, Clisa made an offer to exchange Old Unsecured Notes for the Old Secured Notes, as authorized by the CNV. Holders tendered and exchanged Old Unsecured Notes in an aggregate principal amount of U.S.\$270.04 million, which represented 90.01% of the total amount of outstanding Old Unsecured Notes. On January 17, 2020, the Holders of the Old Unsecured Notes, as part of a concurrent consent solicitation, also approved in an extraordinary meeting certain modifications to the Indenture governing the terms of the Old Unsecured Notes (the “Old Unsecured Notes Indenture”), including the elimination of substantially all restrictive covenants and events of default.

Also on January 17, 2020, and to effect the exchange offer, Clisa proceeded to issue Old Secured Notes for an aggregate principal amount of U.S.\$270.04 million, leaving a total aggregate principal amount of U.S.\$29.96 million of Old Unsecured Notes outstanding. The Old Secured Notes are guaranteed by BRH and Cliba, accrue interest at an annual rate of 9.50% payable semi-annually and will amortize in a single payment on July 20, 2023. The Old Secured Notes are also secured through a first priority pledge of 100% of the shares of Tecsan.

According to the terms and conditions of the Old Secured Notes, the Company was able, at its sole option, to pay in kind up to 100% of the interest payable for the interest periods ending on or before January 20, 2021, in which case: (i) interest would accrue at an annual nominal rate of 11.50% for those periods and for the portion of interest with respect to which said option was exercised and (ii) the Company had to deliver to each Holder Old Secured Notes in a principal amount equal to the amount of interest accrued on the Old Secured Notes of such Holder payable on the relevant interest payment date.

Clisa exercised the option to pay in kind with respect to 100% of the accrued interest payable on July 20, 2020 and January 20, 2021. Consequently, on those dates, it issued additional Old Secured Notes in an aggregate principal amount of U.S.\$15.8 million and U.S.\$16.4 million, respectively, on the terms and conditions established in the Old Secured Notes Indenture. As a result, the aggregate outstanding principal amount of the Old Secured Notes became U.S.\$302.3 million.

The terms and conditions of the Old Notes include certain covenants. As of the date of this Exchange Offer Memorandum, we were in compliance with all of them. The Old Secured Notes and the Old Unsecured Notes are the subject of this Exchange Offer and Consent Solicitation.

### ***Indebtedness of the Waste Management Segment***

As of March 31, 2021, Cliba and its subsidiaries had outstanding short-term indebtedness with several financial institutions in a total amount of Ps.4,716.1 million. As a guarantee for the repayment of this indebtedness, Cliba and its subsidiaries assigned collection rights related to several invoices and deferred payment checks for waste management services. This type of transaction is recurrently entered into by Cliba and its subsidiaries in order to finance their working capital.

As of March 31, 2021, Cliba had loans outstanding with Banco de la Ciudad de Buenos Aires in an aggregate amount of Ps.380.9 million. These loans are payable in three semi-annual installments, the first of which was due in January 2021, and bear interest at an interest rate equal to the sum of the Badlar rate plus a 1% or 3% margin. The loans are secured by a first priority pledge over certain debt securities issued by the GCBA for the cancellation of its obligations with suppliers, which accrue interest at a rate equal to Badlar and are amortized in three semi-annual installments, the first of which was due in January 2021.

As of March 31, 2021, Cliba and its subsidiaries had overdraft balances in checking accounts and working capital loans with several financial institutions that amounted to Ps.65.9 million.

The liabilities recognized under IFRS 16 for the use rights under lease contracts entered into by Cliba and its subsidiaries as of March 31, 2021 were an amount equivalent in *pesos* of Ps.50.9 million.

As of March 31, 2021, Cliba and its subsidiaries were part of various financial leasing contracts in an aggregate amount of Ps.4.8 million. These contracts were entered into in respect of the acquisition of assets for use in the development of our activities. These contracts have terms that vary between 30 and 61 months, during which a monthly fee is paid, the last of which expires in October 2021. At the end of the term, the lessee has the option to pay a purchase option to acquire ownership of these assets.

As of March 31, 2021, Cliba and its subsidiaries recorded dollar-denominated loans with Caterpillar Leasing Chile S.A., in an aggregate amount of Ps.173.1 million. These contracts were entered into between November 2018 and February 2019 for the acquisition of equipment for use in the development of our environmental engineering activities. Such loans are secured by a first priority chattel mortgage over the purchased equipment and are amortizable in quarterly installments, the last of which expires in June 2024.

Between July 2019 and May 2020, Cliba entered into U.S. dollar-denominated secured loans with Scania Argentina S.A.U. for the acquisition of equipment for use in the development of our environmental engineering activities. These loans are secured by a first priority lien over the purchased equipment and are amortized in monthly installments, the last of which is scheduled for May 2022. As of March 31, 2021, the balance outstanding under these loans was U.S.\$0.4 million, equivalent to Ps.35.0 million.

On July 6, 2018, Cliba entered into a Ps.400.0 million syndicated loan agreement with Banco de Galicia y Buenos Aires S.A.U., Banco Santander Río S.A. and Banco BBVA Argentina S.A., which was increased to Ps.700.0 million on July 26, 2018 with the additional participation of Banco Hipotecario S.A. and BACS Banco de Crédito y Securitización S.A. This loan is amortizable in 57 equal, monthly and consecutive installments, payable starting in November 2018 and accrues interest at an annual nominal interest rate equal to the sum of the corrected Badlar rate plus a margin of 8%. As a guarantee of repayment, Cliba transferred 75% of its collection rights under its contract with the GCBA for the provision of urban waste management service in “Zone 2” of Buenos Aires. The debt recorded by Cliba as of March 31, 2021 in connection with this transaction amounted to Ps.339.2 million. “Corrected Badlar rate” refers to an average of a sample of interest rates paid by private sector banks in Buenos Aires for 30-35 day deposits with principal amounts of more than Ps.1 million, as calculated daily by the BCRA, subject to certain adjustments.

As of March 31, 2021, 96.3% of the indebtedness of the Waste Management segment was denominated in pesos, and 3.7% was denominated in U.S. dollars.

The terms and conditions of the indebtedness instruments in connection with our Waste Management Segment include certain covenants. As of the date of this Exchange Offer Memorandum, we were in compliance with all of them.

### ***Indebtedness of the Construction Segment***

As of March 31, 2021, BRH was a party to various short-term transactions with various banking institutions for a total amount of Ps.668.7 million. As security for some of those loans, BRH assigned collection rights corresponding to progress certificates in different projects, in an amount substantially equivalent to the debt undertaken, and deferred payment checks. This type of transaction is frequently entered into by BRH in order to finance its working capital.

As of March 31, 2021, BRH had loans with Banco de la Ciudad de Buenos Aires for a total of Ps.111.6 million. These loans are payable in three semi-annual installments, the first of which was due in January 2021, and bear interest at an annual interest rate equal to the sum of the Badlar rate plus a 1% or 3% margin. The loans are secured by a first priority pledge over certain debt securities issued by the GCBA for the cancellation of its obligations with suppliers, which accrue interest at a rate equal to Badlar and are amortized in three semi-annual installments, the first of which was due in January 2021.

As of March 31, 2021, BRH had overdraft balances and working capital loans with several financial institutions in an aggregate amount of Ps.175.3 million.

In March 2020, BRH entered into a loan agreement with Banco CMF S.A. for Ps.100.0 million. This loan is payable in 24 monthly installments with a six-month grace period and bears interest at an annual interest rate equal to the sum of the corrected Badlar rate plus a 6% margin. The balance of the loan as of March 31, 2021 was Ps.75.4 million. The loan is secured by a first priority mortgage over a property owned by Prominente located in the Province of Córdoba. In addition, as security for this loan, BRH and Tecsán assigned collection rights corresponding to progress certificates in different construction projects and several invoices for waste management services, respectively.

BRH holds a 33.33% stake in a UTE with José Cartellone Construcciones Civiles S.A. and Supercemento S.A.I. y C. that is engaged in the construction the Vega Creek Second Emissary in the City of Buenos Aires. In August 2017 and February 2018, the UTE entered into loan agreements with Landesbank Baden-Württemberg for the sum of 12.0 million euros and 1.9 million euros, payable in seven semiannual installments, with a final maturity in January 2022. To secure this contract, the UTE provided a first priority pledge over the machinery acquired for the execution of the works. The members of the UTE became joint co-debtors, each of them with respect to its participation in the

UTE, with respect to any obligation that must be fulfilled by the borrower under the loan. Consequently, the outstanding debt amount as of March 31, 2021 was 2.6 million euros.

Liabilities recognized under IFRS 16 for use rights under BRH's lease contracts were Ps.67.1 million as of March 31, 2021.

As of March 31, 2021, Haug had Peruvian Sol, U.S. dollar and Chilean *peso*-denominated debt with various financial institutions in an aggregate amount equivalent in *pesos* to Ps.946.4 million. This figure includes leasing operations with a maturity date in October 2024 for Ps.7.7 million and short-term loans with different financial institutions for Ps.938.7 million, of which Ps.331.2 million represent loans secured by the assignment of collection rights of accounts receivable and Ps.607.6 million represent unsecured debt.

As of March 31, 2021, Benito Roggio Paraguay had Guarani and U.S. dollar-denominated debt with various financial institutions in an aggregate amount equivalent in *pesos* to Ps.1,553.3 million. This figure includes working capital loans equal to Ps.1,448.1 million and other amortizing loans equal to Ps.105.3 million.

As of March 31, 2021, Sehos had loans with Banco de la Ciudad de Buenos Aires for a total of Ps.143.8 million. These loans are payable in three semi-annual installments, the first of which was due in January 2021, and bear interest at an annual interest rate equal to the sum of the Badlar rate plus a 1% or 3% margin. The loans are secured by a first priority pledge over certain debt securities issued by the GCBA for the cancellation of its obligations with suppliers, which accrue interest at a rate equal to Badlar and are amortized in three semi-annual installments, the first of which was due in January 2021. In addition, as of March 31, 2021, Sehos had working capital loans with Banco de Galicia y Buenos Aires S.A.U in an aggregate amount of Ps.13.0 million.

In October 2019, our subsidiary BRCC entered into a note purchase agreement for the issuance and sale of up to U.S.\$27.0 million of the BRCC Notes in transactions exempt from registration pursuant to Section 4(a)(2) under the Securities Act. On October 9, 2019, BRCC issued the first tranche of the BRCC Notes in the amount of U.S.\$12.9 million. Additionally, on January 14, 2020, BRCC issued the second tranche of the BRCC Notes in the amount of U.S.\$14.1 million. The BRCC Notes are payable in four increasing semi-annual installments, beginning in April 2021. Therefore, the outstanding aggregate amount of BRCC Notes as of March 31, 2021 was U.S.\$27.0 million. The obligations of BRCC under the BRCC Notes are irrevocably and unconditionally guaranteed by Clisa, BRH and Haug. The BRCC Notes are secured by an assignment in trust of the shares of BRCC and Haug and 80% of the interests and voting rights of Benito Roggio Paraguay, real property owned by Haug and Benito Roggio Paraguay and collection rights under an intercompany loan to Clisa described below.

The BRCC Notes contain certain financial covenants, among them Haug's commitment to maintain a certain ratio between financial debt and EBITDA generated over the last twelve-month period. As of June 30, September 30, 2020 and December 31, 2020 and as of March 31, 2021, Haug was not in compliance with this covenant as a result of the slowdown in activity due to COVID-19, which had a significant negative impact on Haug's EBITDA generation. Nonetheless, on such occasions, Haug received a waiver of the breach by all of the holders of the BRCC Notes. See *"Risks Related to the New Notes—The New Notes Indenture and certain of our existing debt agreements contain various covenants that could restrict and/or limit the operation of our business."*

Simultaneously with the note purchase agreement, BRCC, as lender, entered into an intercompany loan agreement with Clisa, as borrower, for up to U.S.\$27.0 million with the intention to use the proceeds to finance capital expenditures of its waste management division and to repay certain financial obligations, including Clisa's Series 4 Notes at maturity.

As of March 31, 2021, 18.4% of the indebtedness of the Construction segment was denominated in *pesos*, and 81.6% was denominated in U.S. dollars and other foreign currencies.

### ***Indebtedness of the Water Supply, Transportation and Other Activities Segments***

In April 2020, ACSA entered into a loan agreement with Banco de la Provincia de Córdoba S.A. in the amount of Ps.3.4 million. This loan is payable in six month installments with a six-month grace period, and it accrues



interest at an annual fixed interest rate of 24%. As of March 31, 2021, the outstanding amount of the loan was Ps.0.6 million.

In addition, as of March 31, 2021, Prominente and BRf had working capital loans with Banco de Galicia y Buenos Aires S.A.U and Banco Santander Río S.A. in an aggregate amount of Ps.6.1 million and Ps.6.3 million, respectively.

### ***Guarantees granted by Clisa***

*Obligations of Coviare.* In March 2001, Coviare S.A. (“Coviare”), a company in which Clisa has a minority interest of 31.8% through Polledo, obtained a long-term loan for U.S.\$238.8 million from a bank syndicate in which HSBC Bank Argentina S.A. acts as the administrative agent. In September 2004, Coviare agreed with its creditors to restructure the loan, which amounted to Ps.370.4 million at the time, provided that the loan would be repaid in 134 monthly installments commencing in September 2004. The loan is secured by: (i) a first priority pledge created by the majority shareholders of Coviare (including Polledo) over shares of common stock representing 60% of the shareholders’ equity and voting rights in Coviare; and (ii) a trust assignment of, among others rights, toll payment rights corresponding to Coviare under its concession contract for the construction and operation of the Buenos Aires – La Plata Highway. Pursuant to the latest available financial statements of Coviare as of December 31, 2012 the outstanding principal under such loan amounted to approximately Ps.1,267.2 million. BRH guaranteed 1 3% of the performance of Coviare’s obligations to Banco de la Provincia de Buenos Aires, one of the banking entities under a syndicated loan agreement, representing an estimated indebtedness of Ps.65.7 million as of December 31, 2012, the date of the last information available as Coviare has not prepared financial statements since December 31, 2012. This guarantee may only be enforced in the event of termination of Coviare’s concession contract for reasons for which Coviare is responsible. Clisa is jointly and severally liable for the obligations of BRH under that guarantee.

In July 2013, the Province of Buenos Aires, through Provincial Decree No. 419/13, unilaterally terminated the Coviare concession contract, on grounds of breach of contract by the concessionaire. Coviare rejected the termination, denying the contractual breaches alleged and requesting a declaration of unlawfulness and absolute and incurable nullity of Decree No. 419/2013. In December 2013, Coviare filed an action against the Province of Buenos Aires and the Argentine government before the Supreme Court of Justice of the Nation, claiming the invalidity of the administrative act in which the termination was resolved as well as compensation for damages. The damages claimed have been assigned as collateral to the concession trust under the Coviare’s syndicated loan, so that the trustee must join the claim as a mandatory third party.

Additionally, in June 2014, Coviare began its reorganization procedure (*concurso preventivo de acreedores*).

Afterwards, Decree No. 13/2015 amended the Argentine Ministries Act No. 22,520 and established that any matters related to concessions and licenses of public services would fall under the realm of different ministerial areas. In that context, the DNV (now in the scope of the Ministry of Transport) initiated talks with Coviare’s executives to discuss the possibility of an out-of-court settlement of the conflict and to create an evaluation committee to consider the matter. As a result of these negotiations, the bankruptcy court decreed the consecutive extensions of the exclusivity period, the last one of which ended on June 30, 2018; in addition, all procedural deadlines were suspended for any actions filed by Coviare against the Argentine government and the Province of Buenos Aires until the evaluation committee issues its final decision. After the Argentine tax authority (*Administración Federal de Ingresos Públicos*, “AFIP”) appealed the last extension of the deadline, the National Court of Appeals ordered the judge of the court of first instance to order the continuity of the corresponding procedural acts. Coviare filed an extraordinary appeal before the Supreme Court of Justice of the Nation, which was dismissed on August 2, 2018.

Roggio, our controlling shareholder, has entered into an agreement with Banco de la Provincia de Buenos Aires aimed at preventing the enforcement of this guarantee by such entity, which will not imply any recognition of liabilities in connection with Coviare’s judicial situation.

*Obligations of Covimet S.A.* Covimet S.A. (“Covimet”), an entity in which Polledo has a 31.8% ownership interest, entered into a debt restructuring agreement in 2005 with Key Largo Trust as creditor under which BRH

provided a guarantee for the payment of such obligation, which as of March 31, 2021, amounted up to Ps.117.8 million. Key Largo Trust assigned its rights under such agreement in favor of HupizaIfim Trust which is the current creditor. The beneficiary of such guarantee declared the termination of the underlying agreement, with a retroactive effect to December 2012. For this reason, Covimet understands that such guarantee is no longer enforceable. On June 23, 2016, Covimet began its reorganization procedure (*concurso preventivo*), and on November 8, 2017, Covimet declared bankruptcy after the expiration of the exclusivity period.

## CAPITALIZATION

The following table sets forth our current and non-current bank and financial indebtedness, total equity and total capitalization on an actual basis as of March 31, 2021.

	As of March 31, 2021	
	(Actual)	
	<i>(unaudited)</i>	
	(Stated in the constant currency of March 31, 2021)	
	<i>(in millions of pesos)</i>	<i>(in millions of U.S.\$)<sup>(1)</sup></i>
<b>Current liabilities</b>		
Bank and financial debts (Secured).....	8,644.4	94.0
Bank and financial debts (Unsecured).....	2,008.5	21.8
<b>Total current bank and financial indebtedness.....</b>	<b>10,653.0</b>	<b>115.8</b>
<b>Non-current liabilities</b>		
Bank and financial debts (Secured).....	29,148.1	316.8
Bank and financial debts (Unsecured).....	2,834.5	30.8
<b>Total non-current bank and financial indebtedness.....</b>	<b>31,982.5</b>	<b>347.6</b>
<b>Equity</b>		
Share capital.....	96.7	1.1
Capital adjustment.....	52.0	0.6
Accumulated losses.....	(14,479.4)	(157.4)
Effect of currency translation differences.....	1,729.7	18.8
Balances of revaluation of subsidiaries .....	12,796.0	139.1
<b>Total equity attributable to the owners of the parent .....</b>	<b>194.9</b>	<b>2.1</b>
Non-controlling interest .....	1,839.2	20.0
<b>Total equity .....</b>	<b>2,034.2</b>	<b>22.1</b>
<b>Total capitalization.....</b>	<b>44,669.7</b>	<b>485.5</b>

- (1) Amounts stated in U.S. dollars have been converted from Argentine *pesos* at the exchange rate of Ps.92.0 per U.S.\$1.00, based on the U.S. dollar selling rate as of March 31, 2021, as published by Banco Nación. Such translations should not be construed as representations that the amounts represent, or have been or could be converted into, U.S. dollars at that or any other rate. For further information, see “*Exchange Rates*” for additional information on the exchange rate.

As of March 31, 2021, on a pro forma basis, after giving effect to the Exchange Offer and the participation and other assumptions set forth below, we would have had the following aggregate principal amount of New Notes and Old Notes outstanding:

- (i) US\$335.48 million (assuming that, on the Expiration Date, Old Notes validly submitted in the Exchange Offer represent 98% of the aggregate principal amount of outstanding Old Notes); and
- (ii) US\$335.54 million (assuming that, on the Expiration Date, (a) Old Notes validly submitted in the Exchange Offer represent 85% of the aggregate principal amount of outstanding Old Notes, (b) the Minimum Conditions are fulfilled, and (c) Clisa's APE is approved).

## SELECTED FINANCIAL INFORMATION

The tables below present summary financial data as of and for the periods and years indicated. You should read the information below in conjunction with our Audited Consolidated Financial Statements and our Unaudited Condensed Interim Consolidated Financial Statements, prepared in accordance with IFRS or IAS 34, respectively, which are included in this Exchange Offer Memorandum, as well as the information included in “*Presentation of Financial and Other Information*,” “*Selected Financial Information*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” in this Exchange Offer Memorandum.

The information included in this Exchange Offer Memorandum about our consolidated balance sheet as of December 31, 2020 and 2019 and our consolidated statements of income, other comprehensive income, changes in equity and cash flow for the years ended December 31, 2020 and 2019 derives from our 2020 Audited Consolidated Financial Statements which are included in, and form a part of, this Exchange Offer Memorandum. Such information is restated in the constant currency of December 31, 2020.

The information included in this Exchange Offer Memorandum about our consolidated balance sheet as of December 31, 2018 and our consolidated statements of income, other comprehensive income, changes in equity and cash flow for the year ended December 31, 2018 derives from the comparative information presented in our 2019 Audited Consolidated Financial Statements which are included in, and form a part of, this Exchange Offer Memorandum. Such information is restated in the constant currency of December 31, 2020.

The information included in this Exchange Offer Memorandum about our consolidated balance sheet as of March 31, 2021 and our consolidated statements of income, other comprehensive income, changes in equity and cash flow for the three-month period ended March 31, 2021 and 2020 derives from our Unaudited Condensed Interim Consolidated Financial Statements for the three-month period ended March 31, 2021, presented in comparative format, which are included in, and form part of, this Exchange Offer Memorandum. Such information is restated in the constant currency of March 31, 2021.

Our Unaudited Condensed Interim Consolidated Financial Statements for the three-month period ended March 31, 2021 and 2020 have been prepared on the same basis as our Audited Consolidated Financial Statements. The Unaudited Condensed Interim Consolidated Financial Statements have been prepared in accordance with the accounting policies used in the preparation of financial information under IFRS as issued by the IASB as of December 31, 2020, except for the application of the new standards, amendments and interpretations that came into force as from the year commenced January 1, 2021, as described in note 25 to our Unaudited Condensed Interim Consolidated Financial Statements. Interim financial results are not necessarily indicative of the results that may be expected for the full fiscal year or any future reporting period.

The Audited Consolidated Financial Statements as of and for the fiscal years ended December 31, 2020 and 2019 and 2018 were restated following the method provided in IAS 29. The financial information arising therefrom is stated in the constant currency of December 31, 2020. The Unaudited Condensed Interim Consolidated Financial Statements were restated following the method provided in IAS 29. The financial information arising therefrom is stated in the constant currency of March 31, 2021.

THEREFORE, THE ANALYSIS AND INTERPRETATION OF THE FINANCIAL INFORMATION INCLUDED IN THIS EXCHANGE OFFER MEMORANDUM SHOULD TAKE INTO ACCOUNT THAT THE QUARTERLY FINANCIAL INFORMATION IS EXPRESSED IN THE CONSTANT CURRENCY OF A DIFFERENT DATE THAN THAT OF OUR ANNUAL FINANCIAL INFORMATION.

For more information, see “*Presentation of Financial and Other Information—Financial Information*”

### Income Statement Information

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	For the three-month period ended March 31,		For the fiscal year ended December 31,		
	2021	2020	2020	2019	2018
	(stated in the constant currency of March 31, 2021)		(stated in the constant currency of December 31, 2020)		
	(unaudited)		(audited)		
	(in millions of pesos)				
Revenues from contracts with customers.....	11,030.3	14,693.4	42,623.4	65,897.9	65,990.4
Waste Management .....	5,819.3	6,568.3	23,268.1	24,628.0	24,798.9
Construction .....	3,568.2	5,206.4	13,129.5	27,645.4	29,258.9
Transportation.....	467.2	1,591.1	2,205.3	9,335.5	7,744.4
Water Supply Services.....	1,170.5	1,314.3	3,997.0	4,240.7	4,192.1
Other activities.....	102.9	98.8	339.0	416.3	500.0
Adjustments and eliminations....	(97.8)	(85.4)	(315.6)	(368.1)	(504.0)
Cost of providing services <sup>(1)</sup> .....	(8,271.6)	(10,625.7)	(30,515.1)	(48,464.6)	(47,485.8)
<b>Gross profit .....</b>	<b>2,758.7</b>	<b>4,067.6</b>	<b>12,108.2</b>	<b>17,433.2</b>	<b>18,504.6</b>
Administrative expenses <sup>(1)</sup> .....	(1,567.1)	(1,765.7)	(6,141.4)	(7,807.0)	(8,042.5)
Selling expenses and other operating expenses <sup>(1)</sup> .....	(587.5)	(883.4)	(2,747.9)	(4,387.8)	(5,001.0)
Other operating income and expenses, net.....	106.0	55.5	334.2	305.8	149.2
<b>Operating income .....</b>	<b>710.2</b>	<b>1,474.1</b>	<b>3,553.2</b>	<b>5,544.2</b>	<b>5,610.3</b>
Waste Management .....	548.7	972.2	4,009.0	3,286.7	2,810.6
Construction .....	(48.3)	63.2	(974.2)	1,634.4	2,497.2
Transportation.....	183.6	395.6	872.3	1,116.6	314.1
Water Supply Services.....	95.6	94.9	(117.0)	(98.2)	204.9
Other activities.....	5.1	(12.8)	(20.2)	(66.0)	26.0
Adjustments and eliminations ....	(74.6)	(39.0)	(216.8)	(329.3)	(242.7)
Financial income .....	1,197.8	727.2	1,729.3	923.8	1,481.6
Financial expenses.....	(1,685.2)	(2,921.9)	(8,851.3)	(7,542.5)	(13,016.9)
Net (loss) / gain in associates and joint arrangements accounted for under the equity method .....	49.3	(23.2)	(53.9)	(253.2)	220.2
Goodwill impairment.....	-	-	-	-	(18.1)
<b>Loss before tax .....</b>	<b>272.0</b>	<b>(743.8)</b>	<b>(3,622.6)</b>	<b>(1,327.7)</b>	<b>(5,722.9)</b>
Income tax .....	(297.0)	(450.0)	(180.4)	(1,360.2)	(1,924.5)
<b>Net loss for the period / year .....</b>	<b>(25.0)</b>	<b>(1,193.8)</b>	<b>(3,803.0)</b>	<b>(2,687.9)</b>	<b>(7,647.4)</b>

(1) This includes a reduction in costs based on subsidies provided by the Argentine government and the GCBA to cover increases in the costs incurred by Metrovías.

## Balance Sheet Information

	As of March 31, 2021	2020	As of December 31, 2019	2018
	(stated in the constant currency of March 31, 2021)		(stated in the constant currency of December 31, 2020)	
	(unaudited)		(audited)	
			(in millions of pesos)	
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment.....	32,382.5	29,644.6	29,206.7	26,387.2
Intangible Assets.....	4,470.4	4,069.3	4,261.6	4,307.3
Goodwill.....	837.1	792.9	837.6	796.5
Investments in associates and joint arrangements accounted for under the equity method.....	437.7	341.8	406.0	661.0
Deferred tax assets.....	210.6	226.5	339.8	181.6
Other receivables.....	1,936.3	1,512.9	1,605.3	1,766.2
Trade receivables.....	903.0	1,300.9	782.6	600.7
<b>Total non-current assets.....</b>	<b>41,177.6</b>	<b>37,889.1</b>	<b>37,439.5</b>	<b>34,700.5</b>
<b>Current assets</b>				
Contractual assets.....	620.0	529.8	1,234.4	963.3
Other receivables.....	5,894.8	4,885.5	4,355.9	5,275.4
Inventories.....	2,541.2	2,262.3	2,604.8	2,187.1
Trade receivables.....	24,311.1	22,070.3	20,169.6	19,666.0
Other investments.....	103.9	99.1	188.3	153.7
Cash and cash equivalents.....	2,938.4	3,455.6	4,536.2	5,511.7
<b>Total current assets.....</b>	<b>36,409.5</b>	<b>33,302.7</b>	<b>33,089.1</b>	<b>33,757.2</b>
<b>Total assets.....</b>	<b>77,587.1</b>	<b>71,191.8</b>	<b>70,528.7</b>	<b>68,457.7</b>
<b>EQUITY</b>				
Attributable to the owners of the parent.....	194.9	462.1	1,573.6	1,476.4
Non-controlling interests.....	1,839.2	1,618.8	1,829.2	1,725.0
<b>Total Equity.....</b>	<b>2,034.2</b>	<b>2,080.9</b>	<b>3,402.8</b>	<b>3,201.5</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Bank and financial debts.....	31,982.5	30,100.9	26,130.5	24,508.0
Provisions for contingencies.....	1,171.8	1,105.1	1,065.9	1,157.9
Contractual liabilities.....	-	47.4	69.4	-
Deferred tax liability.....	4,539.7	4,258.3	4,696.9	4,210.1
Other liabilities.....	4,796.2	4,319.6	4,000.7	5,167.4
Trade payables.....	660.2	673.9	603.0	385.5
<b>Total non-current liabilities.....</b>	<b>43,150.4</b>	<b>40,505.1</b>	<b>36,566.4</b>	<b>35,429.0</b>
<b>Current liabilities</b>				
Bank and financial debts.....	10,653.0	8,944.3	9,674.1	8,233.3
Provisions for contingencies.....	194.7	206.5	179.6	159.8
Contractual liabilities.....	570.5	441.8	534.7	1,170.1
Other liabilities.....	11,220.8	10,250.0	10,382.6	11,409.3
Trade payables.....	9,763.5	8,763.1	9,788.3	8,854.7

	As of March 31, 2021	2020	As of December 31, 2019	2018
	(stated in the constant currency of March 31, 2021)		(stated in the constant currency of December 31, 2020)	
	(unaudited)		(audited)	
Total current liabilities.....	32,402.4	28,605.7	30,559.4	29,827.2
Total liabilities .....	75,552.9	69,110.9	67,125.8	65,256.2
Total liabilities and equity.....	77,587.1	71,191.8	70,528.7	68,457.7

### Changes in Equity Information

	As of March 31, 2021	2020	As of December 31, 2019	2018
	(stated in the constant currency of March 31, 2021)		(stated in the constant currency of December 31, 2020)	
	(unaudited)			
		(in millions of pesos)		
Share Capital.....	96.7	96.7	96.7	96.7
Capital adjustment .....	52.0	34.9	105.8	4,875.5
Legal Reserve.....	-	-	-	12.8
Other comprehensive income.....	14,525.7	13,030.3	11,177.3	8,669.3
Accumulated losses.....	(14,479.4)	(12,699.8)	(9,806.1)	(12,177.1)
<b>Equity:</b>				
Attributable to the owners of the parent.....	194.9	462.1	1,573.6	1,476.4
Non-controlling interests.....	1,839.2	1,618.8	1,829.2	1,725.0
<b>Total Equity.....</b>	<b>2,034.2</b>	<b>2,080.9</b>	<b>3,402.8</b>	<b>3,201.5</b>

### Cash Flow Statement Information

	For the three-month period ended March 31, 2021	2020	For the fiscal year ended December 31, 2020	2019	2018
	(stated in the constant currency of March 31, 2021)		(stated in the constant currency of December 31, 2020)		
	(unaudited)				
		(in millions of pesos except for percentages)			
Cash flow (used in) provided by operating activities.....	126.2	(1,609.1)	(1,354.6)	(2,580.8)	2,594.5
Cash flow used in investing activities.....	(182.1)	(679.0)	(903.6)	(1,899.4)	(2,027.1)
Cash flow provided by financing activities.....	(630.7)	1,371.9	2,042.5	4,565.8	1,947.7
Effect of inflation on cash and cash equivalents.....	(294.2)	(93.1)	(875.2)	(1,099.0)	(1,344.3)
Effect of foreign currency exchange differences and translation on cash and cash equivalents.....	15.9	(38.3)	10.3	38.0	(2.3)
Cash and cash equivalents as of the beginning of the period/year.....	3,903.2	5,123.8	4,536.2	5,511.7	4,343.2
Cash and cash equivalents as of the end of the period/year.....	2,938.4	4,076.1	3,455.6	4,536.2	5,511.7
<b>(Decrease) increase in cash and cash equivalents.....</b>	<b>(964.8)</b>	<b>(1,047.7)</b>	<b>(1,080.6)</b>	<b>(975.5)</b>	<b>1,168.5</b>



(Decrease) increase in cash and cash equivalents (%)					
.....	(24.7)%	(20.4)%	(23.8)%	(17.7)%	26.9%

## Other Financial Information

The following chart presents a reconciliation of our Net loss for the period / year to our Adjusted EBITDA:

	For the three-month period ended March 31,		For the fiscal year ended December 31,		
	2021	2020	2020	2019	2018
	<i>(stated in the constant currency of March 31, 2021)</i>		<i>(stated in the constant currency of December 31, 2020)</i>		
	<i>(unaudited)</i>		<i>(audited)</i>		
	<i>(in millions of pesos)</i>				
Net loss for the period / year.....	(25.0)	(1,193.8)	(3,803.0)	(2,687.9)	(7,647.4)
Financial income.....	(1,197.8)	(727.2)	(1,729.3)	(923.8)	(1,481.6)
Financial expenses .....	1,685.2	2,921.9	8,851.3	7,542.5	13,016.9
Income tax .....	297.0	450.0	180.4	1,360.2	1,924.5
Depreciation and amortization .....	1,350.8	1,501.1	5,054.9	5,562.3	4,600.1
Net loss / (gain) in associates and joint arrangements accounted for under the equity method .....	(49.3)	23.2	53.9	253.2	(220.2)
Goodwill impairment.....	0.0	0.0	0.0	0.0	18.1
<b>Adjusted EBITDA <sup>(1)</sup>.....</b>	<b>2,061.0</b>	<b>2,975.2</b>	<b>8,608.1</b>	<b>11,106.4</b>	<b>10,210.3</b>
Waste Management .....	1,350.7	1,860.8	6,825.3	6,326.3	5,610.2
Construction .....	289.0	491.3	568.4	3,529.3	3,536.7
Transportation .....	189.4	402.8	892.9	1,153.3	553.9
Water Supply Services .....	293.7	261.1	519.4	444.2	703.6
Other activities .....	12.6	(2.1)	18.4	(17.9)	48.1
Adjustments and eliminations .....	(74.5)	(38.8)	(216.2)	(328.8)	(242.2)

- (1) Adjusted EBITDA is calculated as net loss for the period / year plus/less income tax, plus goodwill impairment, less/plus net (gain)/loss in associates and joint arrangements accounted for under the equity method, plus financial expenses, less financial income, plus depreciations and amortizations. Adjusted EBITDA may also be measured as revenues from contracts with customers less cost of providing services, less administrative expenses, less selling expenses and other operating expenses, plus/less other operating income and expenses, net, plus depreciation and amortization. Adjusted EBITDA is not a financial measure recognized by IFRS and should not be interpreted as an alternative measure of operational results or cash generated by the operations. For further information, see “Presentation of Financial and Other

*Information—Presentation of Non-IFRS Information.*” This definition of Adjusted EBITDA differs from the definition of Consolidated Adjusted EBITDA as set out in “*Description of the New Notes.*”

The following chart presents other relevant financial information and ratios:

	<b>As of and for the three-month period ended March 31,</b>	<b>As of and for the fiscal year ended December 31,</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
	<i>(Stated in the constant currency of March 31, 2021)</i>	<i>(Stated in the constant currency of December 31, 2020)</i>		
	<i>(unaudited)</i>	<i>(audited)</i>		
		<i>(in millions of pesos, except for ratios)</i>		
Adjusted EBITDA.....	2,061.0	8,608.1	11,106.4	10,210.3
Interest expense <sup>(1)</sup> .....	1,077.7	4,278.8	3,522.3	2,722.1
Ratio of Adjusted EBITDA to interest expense.....	1.91	2.01	3.15	3.75
Ratio of total bank and financial debt to Adjusted EBITDA .....	20.69	4.54	3.22	3.21
Liquidity ratio <sup>(2)</sup> .....	1.12	1.16	1.08	1.13
Indebtedness ratio <sup>(3)</sup> .....	37.14	33.21	19.73	20.38
Solvency ratio <sup>(4)</sup> .....	0.03	0.03	0.05	0.05
Ratio of capital immobilization <sup>(5)</sup> ...	0.53	0.53	0.53	0.51
Profitability ratio <sup>(6)</sup> .....	(0.01)	(1.39)	(0.81)	(1.89)

(1) Interest expense is equal to the interest generated by our liabilities as presented on the applicable income statement.

(2) The liquidity ratio is calculated by dividing current assets by current liabilities.

(3) The indebtedness ratio is calculated by dividing total liabilities by equity.

(4) The solvency ratio is calculated by dividing equity by total liabilities.

(5) The ratio of capital immobilization is calculated by dividing non-current assets by total assets

(6) The profitability ratio is calculated by dividing net income (loss) by the sum of equity as of year-end and equity as of prior year-end divided by two.

## Material Changes

Other than as described in this Exchange Offer Memorandum, there have been no material changes in our economic or financial condition since March 31, 2021.

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

*The following discussion is based on, and should be read in conjunction with, our 2020 Audited Consolidated Financial Statements and related notes, our 2019 Audited Consolidated Financial Statements and related notes, and our Unaudited Condensed Interim Consolidated Financial Statements and related notes included elsewhere in this Exchange Offer Memorandum and with the financial information included under "Selected Financial Information." This section contains 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 "Risk Factors" and the matters set forth in this Exchange Offer Memorandum in general.*

*Our Audited Consolidated Financial Statements and our Unaudited Condensed Interim Consolidated Financial Statements were prepared in accordance with IFRS as issued by the IASB and under IAS 34, respectively.*

### Overview

We are a leading Argentine infrastructure manager and developer with over 110 years of experience. We are currently organized along four principal business segments: (i) Construction, (ii) Waste Management, (iii) Transportation and (iv) Water Supply Services. We also engage in other minor business operations, which we report under the Other Activities segment. We provide services to both the public and private sectors with a majority of our projects concentrated in the public sector.

For the three-month period ended March 31, 2021, our consolidated revenues from contracts with customers amounted to Ps.11,030.3 million (U.S.\$119.9 million) and our consolidated Adjusted EBITDA was Ps.2,061.0 million (U.S.\$22.4 million). For the fiscal year ended December 31, 2020, our consolidated revenues from contracts with customers amounted to Ps.42,623.4 million (U.S.\$506.5 million) and our consolidated Adjusted EBITDA was Ps.8,608.1 million (U.S.\$102.3 million). We derive a substantial portion of our consolidated revenues from contracts with customers from the operations of our Waste Management and Construction segments, which represented 52.8% and 32.3% of our consolidated revenues from contracts with customers, respectively, for the three-month period ended March 31, 2021 and 54.6% and 30.8% of our consolidated revenues from contracts with customers, respectively, for the fiscal year ended December 31, 2020.

### Waste Management Segment

Through Cliba, one of the Guarantors, and its subsidiaries, we operate in four broad waste management areas: (i) urban waste management; (ii) landfill operations; (iii) industrial services; and (iv) waste valorization. We are a major supplier of urban waste management services, providing services to several municipalities of Argentina, mainly the City of Buenos Aires (Zone 2), San Isidro, Santa Fe and Neuquén, covering an aggregate of approximately 1.7 million people as of March 31, 2021. The main services we provide in the urban waste management business include the collection and removal of residential and commercial waste and manual and mechanical street sweeping.

Through an UTE in which Tecsan participates, we operate the landfills located in the Norte III environmental complex in the Province of Buenos Aires ("Norte III"). We believe that Norte III is one of the largest landfills in South America (based on specialized publications which report waste disposal volumes), treating approximately 450,000 tons of waste on average per month during 2019 from the City of Buenos Aires and 27 districts of Greater Buenos Aires, whose 11.7 million inhabitants represent approximately 29% of the total population of Argentina. However, as a result of the contraction of economic activity and the health emergency arising from the COVID-19 pandemic, the amount of disposed waste decreased to approximately 386,000 tons per month on average for the twelve-month period ended March 31, 2021.

We estimate that, currently, we are the leading company in treatment and final disposal of waste in Argentina as we control about 53% of the landfill market, according to our estimates. Additionally, we are building a new waste final disposal center in the province of Jujuy. Through our indirect subsidiary Envairo S.A. ("Envairo"), we implement customized environmental solutions for regional and national companies and industries, providing services such as comprehensive waste management, collection and transportation of commercial and industrial non-hazardous waste of large generators in the Province of Buenos Aires and the City of Buenos Aires with a fleet specialized for such

activity and technical and civil cleaning, among others. Also, through Taym S.A. (“Taym”) we provide cleaning services in Uruguay.

Additionally, through our subsidiary CBA, we built and are currently operating an energy power plant, which operates with methane produced by the landfill (“biogas”) and has a nominal capacity of 11.8 MW. Finally, we are also in charge of the operation and maintenance of a plant for the mechanic and biological treatment of at least 310,000 tons of solid urban waste per year.

Our Waste Management segment generated Ps.5,819.3 million (U.S.\$63.3 million) and Ps.23,268.1 million (U.S.\$276.5 million) in revenues from contracts with customers for the three-month period ended March 31, 2021 and the fiscal year ended December 31, 2020, respectively. We had over 5,070 employees in this segment as of March 31, 2021.

### ***Construction Segment***

We are a major construction company in Argentina with over 110 years of experience in the construction industry. Through our subsidiary BRH, one of the Guarantors, and its subsidiaries, we provide a wide variety of construction services, including road and railway construction, underground transportation projects, port infrastructure and water-treatment related projects, industrial infrastructure and power lines, among others. In recent years, we have focused our commercial efforts on major public works, and our main clients include the Argentine government, the GCBA, certain provincial governments and their ministries, secretaries and other governmental offices, such as the National Road Authority (*Dirección Nacional de Vialidad*, “DNV”), the Railway Infrastructure Administration (*Administración de Infraestructura Ferroviaria*, “ADIF”), the Subway of Buenos Aires State Company (*Subterráneos de Buenos Aires Sociedad del Estado*, “SBASE”) and Autopistas Urbanas S.A, and ad-hoc operating units created to implement programs financed by international sources such as the World Bank and the Inter-American Development Bank, among others.

Our most significant completed projects include several tranches of the Córdoba-Rosario highway, and the Córdoba city beltway, the Western Access Expressway in Buenos Aires; the elevation of rail lines in the Gral. Mitre Railway and extensions of the subway Lines B, D and E in the City of Buenos Aires, port facilities in the Province of Santa Cruz; the Pichi Picún Leufú hydroelectric dam in the Province of Neuquén; international airports in Santiago, Chile and Asunción, Paraguay; corporate buildings for IBM and Telecom and the Sheraton and Hilton hotels in Buenos Aires; and the Antel Telecommunications Tower in Montevideo, Uruguay.

Currently, the most important projects in our portfolio include:

- water infrastructure projects, such as capacity increase works in the Salado River in the Province of Buenos Aires and the construction of the *Gran Tulum* water channel in the Province of San Juan;
- road works, such as the construction of the Villa María By-Pass Road in the Province de Córdoba, widening and repaving of National Roads No. 9 and No. 60 in the Provinces of Córdoba and Catamarca, repaving of National Road No. 76 that connects Argentina and Chile through the Pircas Negras International Border Crossing in the Province of La Rioja, and roadway duplication works in the Provincial Roads No. 11 and No. 56 in the Province of Buenos Aires; and
- railway works such as the installation of railway signaling systems in General Mitre and Sarmiento suburban rail lines.

As of the date of this Exchange Offer Memorandum, most of the works that were suspended due to government budget restrictions or that had come to a halt when the preventive and mandatory social isolation was declared have gradually restarted. For further information on our projects, see “*Business—Construction Segment*.”

Haug, our indirect wholly owned subsidiary in Peru, is engaged in (i) engineering, construction and assembly of processing plants and production facilities for the mining, oil & gas, energy and manufacturing industries; (ii) metal-mechanical manufactures such as storage tanks, pipelines and other metallic structures; and (iii) maintenance services

for facilities and equipment in these industries. Haug is a leader in the metal-mechanical manufactures for structural use in Peru (based on revenues for 2018 according to a ranking published in “Peru: The Top 10,000 Companies 2020”). Through Benito Roggio Paraguay, we have been developing construction projects in Paraguay since 1974. Through our participation in Sehos S.A. (“Sehos”), we provide civil maintenance services to hospitals, public buildings and private industrial plants, as well as general architectural services, in particular, railway infrastructure services such as the refurbishment and renovation of railway stations, rail level crossing renewals, elevation of train platforms, delimitation of operating areas, among others. Finally, through our branch in Brazil, we are paving a 112-km-long tranche of Federal Road BR163, between Campo Verde and Rurópolis, in the State of Pará in the north of Brazil.

Our Construction segment recorded Ps.3,568.2 million (U.S.\$38.8 million) and Ps.13,129.5 million (U.S.\$156.0 million) in revenues from contracts with customers for the three-month period ended March 31, 2021 and the fiscal year ended December 31, 2020, respectively. We had over 2,640 employees in this business segment as of March 31, 2021.

### ***Transportation Segment***

Through Benito Roggio Transporte S.A. (“BRt”) and its subsidiaries, we transported more than 353 million passengers in 2019, although as a result of restrictions on the movement of people and use of public transportation because of the COVID-19 pandemic, the number of passengers fell to approximately 82.5 million during 2020 and to approximately 16.8 million in the three-month period ended March 31, 2021. We manage the following businesses in this segment: passenger railway ground and underground transportation, industrial activities related to rolling railway stock, railway infrastructure works, as well as other related activities such as technical assistance to other railway operators.

Metrovías, a company in which BRt has a 90.66% equity interest, provides both aboveground and underground passenger railway transportation services within the Metropolitan Area of the City of Buenos Aires (“AMBA”). On April 5, 2013, Metrovías entered into the *Acuerdo de Operación y Mantenimiento* (the “AOM”) with SBASE, pursuant to which Metrovías was granted, on an exclusive basis, the maintenance and operation of the Subway (“SBA”) and Premetro Public Services of the City of Buenos Aires (“Premetro”). The Buenos Aires subway network comprises six lines which total 57 km of double rail with 90 stations. The Premetro is a light surface train with more than 7 km of track and has 18 stations.

The AOM is effective until the successful bidder of the national and international call for bids called by the GCBA for the new concession for the operation and maintenance of the SBA and Premetro effectively takes possession of the service. In connection therewith, the Company, through a consortium composed of Metrovías and BRt, was awarded the bid. As of the date of this Exchange Offer Memorandum, the Company is conducting the formal steps required in the tendering process prior to execution of the new concession contract and the start of operations. For further information regarding the new concession, please see “*Business—Transportation Segment—New Concession Contract - Subway and Premetro Network*”.

Additionally, we own the concession granted by the Argentine government to manage and operate, on an exclusive basis, the General Urquiza suburban railway (the “Urquiza Railway”). The Urquiza Railway, which links the City of Buenos Aires to the suburb of San Miguel in the Province of Buenos Aires, is 26 km long and has 23 stations. Although the term of the concession ended on December 31, 2017, the Argentine government granted Metrovías several consecutive 18-month extensions, the last of which will expire on September 30, 2021. Unless the Argentine Government provides for the termination of the concession at such date, such extension term is renewable for an additional 18-month period or until the new operator awarded in the bidding process for the new concession of the service takes possession. As of the date of this Exchange Offer Memorandum, the bidding process is in a preliminary phase and the Argentine government has not set any further timeline.

In addition, BRt also (i) holds a majority interest in Benito Roggio Ferroindustrial S.A. (“BRf”), which provides maintenance and repair services for railway rolling stock, (ii) holds a minority interest in the consortium in charge of the construction and operation of Line 18 of the San Pablo Metro, which will link San Pablo with San Bernardo del Campo with a monorail and (iii) holds a minority interest in Consortium VLT Carioca, holder of the concession for the installation, operation and maintenance of a light train (*veículo leve sobre trilhos*, or “VLT”) in the port and central area of Río de Janeiro, Brazil, to which it has also provided technical assistance services.

Our Transportation segment recorded Ps.467.2 million (U.S.\$5.1 million) and Ps.2,205.3 million (U.S.\$26.2 million) in revenues from contracts with customers for the three-month period ended March 31, 2021 and the fiscal year ended December 31, 2020, respectively. We had more than 6,420 employees in this segment as of March 31, 2021.

### ***Water Supply Services Segment***

We provide water supply services through Aguas Cordobesas S.A. (“ACSA”), a company controlled by BRH with a 71.98% ownership interest. ACSA has been involved in capturing, treating, preserving, distributing and selling water for residential, commercial and industrial use in the City of Córdoba since 1997. ACSA serves a population of approximately 1.36 million through two water treatment plants, 26 pressure raising stations and an over 4,700 km distribution network. Our concession to perform water supply services in the City of Córdoba expires in May 2027.

This segment generated revenues from contracts with customers of Ps.1,170.5 million (U.S.\$12.7 million) and Ps.3,997.0 million (U.S.\$47.5 million) during the three-month period ended March 31, 2021 and the fiscal year ended December 31, 2020, respectively. We had over 550 employees in the segment as of March 31, 2021.

### ***Other Activities Segment***

Through our indirect subsidiary Prominente S.A. (“Prominente”), we also provide software solutions and supporting technological services to companies and organizations of several sectors of the economy. Total revenues from contracts with customers and assets for this segment represented 0.9% and 0.8% of our total consolidated revenues from contracts with customers for the three-month period ended March 31, 2021 and the fiscal year ended December 31, 2020, respectively, and 1.5% of our total consolidated assets as of March 31, 2021. We had 171 employees in this segment as of March 31, 2021.

## **Main Factors That Affect Our Results Of Operations**

### ***Argentine Macro-Economic Situation***

We mainly operate in Argentina and our revenues and results of operations are greatly affected by economic conditions in Argentina. In particular, the general performance of the Argentine economy affects local demand for infrastructure and services in the areas in which we operate, and inflation and fluctuations in currency exchange rates affect our costs and our margins.

In the past few decades, the Argentine economy has been characterized by its volatility, alternating between periods of deep recession, political crisis, high inflation and significant devaluation of its currency, and other periods of economic growth.

After the unprecedented social, economic and political crisis experienced in December 2001, Argentina entered into a period of six years of economic growth in an environment of increasing local demand and exports driven by the industrial, construction and services sectors.

However, in the following years the Argentine economy maintained a cyclical behavior. After the negative impact caused by the global financial crisis in 2009, the Argentine economy exhibited a strong recovery in 2010 and 2011. Real GDP growth for those years was 10.1% and 6.0%, respectively. However, GDP contracted 1.0% in 2012, then growing 2.4% in 2013. In 2014, the economy experienced contraction of 2.5%. In the following years, the Argentine economy maintained its volatile behavior and GDP increased 2.7% in 2015, fell 2.1% in 2016 and grew again 2.8% in 2017. The reported values reflect the GDP review (2004 basis), carried out by the INDEC in June 2016, and subsequent updates.

In 2018, and after a positive first quarter, Argentina recorded three consecutive quarters of contraction of GDP, with a decrease of 2.6% compared to the previous year. During 2019, the decline in economic activity in Argentina continued, in light of volatility in the *peso* exchange rate and financial indicators which volatility grew after the primary elections that took place in August of that year. According to preliminary data provided by the INDEC, GDP contracted by 2.1% in 2019, mainly due to a 6.6% decrease in private sector consumption, a 1.0% decrease in

public sector consumption and 16.0% decrease in gross investment. In general terms, most of the economic sectors, including construction, were adversely affected by the general macroeconomic context, with the exception of the agricultural sector.

Argentina's GDP fell by 9.9% in 2020 as compared to 2019, demonstrating the severe effects of the COVID-19 pandemic and the strict social isolation measures imposed by the government to cope with the health emergency on the country's already battered economy. Since the outbreak of COVID-19, GDP fell 19.0% in the second quarter, 10.1% in the third quarter and 4.3% in the last quarter of 2020 as compared to the same periods in 2019. In this sense, the magnitude of the decline in the second quarter of 2020 is historical: statistical series starting in 1981 show no quarterly record with a greater drop, and the quarterly decrease in GDP exceeded the 16.3% collapse of the first quarter of 2002, during the severe political, economic and social crisis that broke out in Argentina at the end of 2001.

In 2020, imports of goods and services plummeted by 18.1%, exports fell by 17.7%, gross fixed capital formation contracted by 13.0%, private consumption decreased by 13.1% and public consumption decreased by 4.7%. Although declines were registered in almost all sectors of the economy, construction was one of the most affected sectors with a decrease of 22.6%.

Argentina's GDP increased 2.5% in the first quarter of 2021 as compared to first quarter of 2020, which had been affected by the economic activity standstill taking place since mid-March that year as a result of the ASPO and other measures aimed at preventing the spread of COVID-19. As a result of the foregoing, Argentina reversed eleven consecutive quarters without growth in GDP in year-over-year terms, a recession cycle that began in April 2018. See *"Risk Factors—Risks Related to Argentina—Macroeconomic conditions in Argentina and, to a lesser extent, other countries in Latin America, may have a material adverse effect on our financial condition and results of operations"* and *"Risk Factors—Risks Related to Argentina—The COVID-19 pandemic has and may continue to adversely affect the Argentine and global economies and, as a result, our financial conditions and results of operations."*

#### *Impact of COVID-19 on Our Operations*

The emergence and spread of COVID-19 towards the end of 2019 has generated various consequences on global business and economic activities. Given the magnitude of the spread of the COVID-19 virus, governments around the world implemented drastic measures to limit its spread, including, but not limited to, border shutdowns and travel bans to and from certain parts of the world for a period of time and, finally, mandatory social isolation together with the shutdown of non-essential commercial activities. On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic.

In Argentina, the government implemented a series of measures aimed at limiting the movement of people and provided for preventive and mandatory social isolation since March 20, 2020, allowing the circulation only of those people related to the provision and/or production of essential services and products. The ASPO was successively extended, with different levels of relaxation, according to the criteria adopted by the different provincial and municipal authorities, until November 9, 2020, where the DISPO was enforced with the aim of recovering a greater degree of normality in economic and social functioning, but maintaining constant monitoring of epidemiological evolution. However, given the increase in recorded COVID-19 cases since March 2021, on April 8, 2021, through Decree No. 235/2021, the Argentine government ordered general preventive measures, returning the implementation of a series of restrictions and focused provisions to contain contagions, in order to mitigate the spread of the COVID-19 virus and its health impact, and established certain parameters to define the existence of low, medium and high risk or epidemiological and health alarm in each district. These measures were successively extended and, in some cases, enhanced. As of the date of this Exchange Offer Memorandum, the general preventive measures are in force until August 6, by virtue of Decree No. 455/2021.

Social isolation measures have resulted in a significant slowdown in economic activity that may further adversely affect economic growth in 2020 and 2021. For more information see *"Risk Factors—Risks Related to Argentina—The Argentine economy could be negatively affected by external factors that have a global impact, such as the spread of COVID-19, the economic impact of the pandemic and the measures designed to address it, both on a local and an international level."* For that reason, the Argentine government adopted additional measures to mitigate the effects of the ongoing pandemic, such as price controls, prohibition of suspension of certain public services and prohibition of layoffs. These measures include, inter alia:



- *Emergency Family Income.* Through Decree No. 310/2020 dated March 24, 2020 (as amended and supplemented), the government established a monetary benefit of Ps.10,000 for unemployed, informal workers, certain categories of taxpayers (*monotributistas*) and workers in private homes whose families do not have other income, which has been paid in April, June, August and September 2020. Through Decree No. 261/2021 of April 20, 2021, the Argentine government ordered the granting of an extraordinary subsidy in the amount of Ps.15,000 to be paid only once to the people who received in the month of April 2021 Universal Child and Pregnancy Allowances for Social Protection (*Asignaciones Universales por Hijo y por Embarazo para Protección Social*), and to holders of Family Allowances (*Asignaciones Familiares*) corresponding to the Simplified Regime for Small Taxpayers (*Régimen Simplificado para Pequeños Contribuyentes*) who pay taxes in Categories A and B and are domiciled in the Metropolitan Area of Buenos Aires;
- *Freezing of mortgage loan payments and suspension of foreclosures.* Through the issuance of Decree No. 319/2020 dated March 29, 2020, the Argentine government ordered the freezing of mortgage payments on loans for single-family households and suspended certain judicial or extrajudicial foreclosures, statutes of limitations and expirations of foreclosure processes. These measures were extended by Decree No. 767/2020 through January 31, 2021;
- *Prohibition of dismissals and suspensions.* On March 31, 2020, through Decree No. 329/2020, the Argentine government prohibited employee dismissals without cause and suspensions due to lack or reduction of work activity and force majeure for sixty days since the Decree was published. Such prohibitions have been extended by Decree N°413/2021 through December 31, 2021, clarifying, among other things, that the prohibition will not be applicable to the construction sector;
- *Emergency Assistance Program for Work and Production Program (Programa de Asistencia de Emergencia al Trabajo y la Producción, or “ATP Program”).* On April 1, 2020, by Decree No. 332/2020 the Argentine government created the ATP Program for employers and workers affected by the COVID-19 pandemic, pursuant to which the employer may obtain one or more of the following benefits, among others: (i) postponement or reduction of up to 95% of the payment of employer contributions; (ii) a compensatory salary; and (iii) a comprehensive unemployment benefit system. Decree No. 376/2020 dated April 20, 2020 expanded the beneficiaries and the benefits included in Decree No. 332/2020, such as: (i) the inclusion of a zero rate credit for people adhering to the Simplified Regime for Small Taxpayers (*Régimen Simplificado para Pequeños Contribuyentes*) and for self-employed workers, with a subsidy of 100% of the total financial cost; (ii) expansion of the range of beneficiaries of the Compensatory Salary Assignment paid by the government to all workers employed in the private sector; (iii) the creation of the *Fondo de Garantía Argentino* to guarantee the zero rate credit mentioned above; and (iv) the creation of unemployment insurance between Ps.6,000 and Ps.10,000. Decree No. 621/2020 dated July 27, 2020 included another benefit for employers: Subsidized Rate Credits for Companies, under the conditions established by the Head of Cabinet of Ministers and the BCRA with the framework of their respective powers. Through Decree No. 823/2020 the ATP Program was extended until December 31, 2020.

The companies that have entered into the ATP Program are subject to certain restrictions, including on the distribution of dividends, the acquisition of securities in *pesos* for their subsequent and immediate sale in foreign currency or their transfer in custody abroad in the fiscal year in which the benefit of the program was requested, the repurchase of shares directly or indirectly, expenditures to subjects whose residence is in a non-cooperative jurisdiction or with low or no taxation, and the increase in the payment of fees to the members of the board of directors by more than five percent (5%), and during the twelve (12) or twenty four (24) months following the fiscal year in which the benefit was granted, depending on the number of employees and the scope of the benefit requested.

In relation to the above, according to information given by ByMA to its agents at the CNV’s request, Trading Agents and Settlement and Clearing Agents must request their customers to submit an affidavit signed by the holder expressing that in its capacity as employer, it is not a beneficiary of the supplementary salary established by the ATP Program pursuant to the terms and requirements set forth by Administrative Decision No. 50 DECAD-2020-817-APN-JGM of May 17, 2020, as amended, and that it is not limited by any legal or regulatory restriction to perform the above-mentioned operations and/or transfers. This request must be

made before fulfilling the instruction to acquire securities in *pesos* for their subsequent and immediate sale in foreign currency or their transfer to depositary entities abroad;

- *Productive Recovery Program II* (“*Programa de Recuperación Productiva II*” or “REPRO II Program”). Through Resolution No 938 of November 12, 2020, the Ministry of Labor, Employment and Social Security created the REPRO II Program which consists of an individual and fixed monetary sum to be paid to workers on account of the payment of the salaries in charge of the employers adhered to the aforementioned Program. The amount of assistance varies according to the sector in which the company carries out its activities: Non-critical affected persons: up to Ps.9,000; Critical: up to Ps.12,000 (for temporary provision will be Ps.22,000); Health sector: up to Ps.22,000.

Likewise to those who entered the ATP Program, companies that received benefits under the REPRO II Program will not be able to perform certain actions while the benefit is received (distribution of dividends, the acquisition of securities in *pesos* for their subsequent and immediate sale in currency foreign or their transfer in custody abroad, the repurchase of shares directly or indirectly, expenditures to subjects whose residence is in a non-cooperative jurisdiction or with low or no taxation) and up to 12 months after the month of termination of said perception. Also, those who received benefits under this program will not be able to carry out dismissals framed in prohibited modalities as of the entry into force of Decree No. 329/2020.

- *Program for the provincial financial emergency*. Through the issuance of Decree No. 352/2020 dated April 8, 2020, the government created the Provincial Financial Assistance Emergency Program (*Programa Para la Emergencia Financiera Provincial*), a program that provides financial assistance of up to Ps.120 billion to Argentine provinces through the allocation of resources from the National Treasury Contributions Fund and other sources to grant reduced rate loans for provincial development to help normalize provincial finances and covering the financial needs caused by the COVID-19 pandemic;
- *Fiscal Moratorium*. On August 26, 2020, pursuant to Law No. 27,562, the fiscal moratorium adopted under the Solidarity Law was extended and amended to alleviate the effects of the COVID-19 pandemic on tax, customs and social security debts due as of July 31, 2020, or for related infractions. By Decree No. 833/2020 dated October 30, 2020, the term was extended until November 30, 2020. General Resolutions No. 4816/2020 and No. 4910/2021 issued by the AFIP established the requirements and formalities that taxpayers and responsible individuals had to observe in order to adhere to the regime of regularization of tax, social security and customs obligations within the framework of the expansion established by Law No. 27,562, to Chapter 1 of Title IV of Law No. 27,541;
- *Freezing of lease prices*. A suspension of rent increases, an extension of lease contract expiration dates and a suspension of evictions due to non-payment of leases for certain properties was effective through March 31, 2021. As of the date of this Exchange Offer Memorandum, these measures have not been further extended;
- *Prohibition of suspension of certain public services*. The prohibition of the disconnection of electric energy, natural gas, running water, fixed telephony, mobile telephony, Internet and cable television services due to the nonpayment of up to six invoices was established for certain users, effective through December 31, 2020 and, the suspension of electric energy services for clients of Edenor S.A. and Edesur S.A was prohibited for the amounts owed for electric energy until February 28, 2021. As of the date of this Exchange Offer Memorandum, these measures have not been further extended;
- *Virtual meetings of shareholders and board of directors*. Resolution No. 11/2020 of the General Inspection of Justice (*Inspección General de Justicia* or “IGJ” per its acronym in Spanish) and Resolution No. 830/2020 of the CNV, allow companies under their supervision to hold virtual meetings of shareholders or board of directors during the entire period in which the free movement of people in general is prohibited, limited or restricted, as a result of the state of health emergency, even where their by-laws do not provide for it; and
- *Extraordinary solidarity contribution to help alleviate the effects of the pandemic*: On December 18, 2020, Law No. 27,605, creating the “Extraordinary solidarity contribution to help alleviate the effects of the

pandemic”, was published in the Official Gazette. This emergency contribution consists of a one-time, extraordinary tax levied on all the assets of individuals and undivided estates resident in Argentina and abroad, and all the assets of non-residents located in the country, in both cases, existing as of December 18, 2020, whenever they exceed Ps.200,000,000. The rate to be applied varies between 2% and 3.5% in the case of assets in the country, and between 3% and 5.25% in the case of assets located abroad, based on the taxable assets. It provides for the repatriation of at least 30% of foreign financial assets during the 60-day period following December 18, 2020, which assets must remain in the country up to December 31, 2021, so that only the tax rate on the country’s assets is levied instead of the tax rate on foreign assets. On April 16, 2021, the deadline for submitting and paying the extraordinary solidarity contribution expired. Several taxpayers chose not to pay this contribution and filed precautionary measures. Some courts have already issued a decision on such measures, using different criteria to resolve these cases. In this regard, in the case “*R.R.J. c/ EN-AFIP-DGI-LEY 27605 s/Proceso de Conocimiento*” a Federal Court of first instance (“*Juzgado 10 de Ira. Instancia en lo Contencioso Administrativo Federal*”) rejected the precautionary measure requested by a taxpayer who claimed that the extraordinary solidarity contribution was unconstitutional through a Declarative Action of Unconstitutionality. In contrast, the Federal Court of Villa María, Province of Córdoba decided, on May 11, 2021, to grant a precautionary measure requested by a taxpayer who alleged the unconstitutionality of the aforementioned contribution, in the case “*Blázquez, Aurora María c/ Estado Nacional s/ Acción Meramente Declarativa de Inconstitucionalidad*”.

The impact of COVID-19 on our business segments is described below:

Our Waste Management activities have been declared essential by the Argentine government, and we continue to provide uninterrupted service, although at the beginning of the ASPO, there were constraints on economic activities that affected the normal provision of services. In addition, we implemented internal procedures to preserve the health of our employees, their families, customers and suppliers. However, COVID-19 has had a negative impact on some economic and financial variables of our subsidiaries in this business segment, resulting in lower efficiencies in the management of operations, new costs associated with mitigating the effect of the COVID-19 pandemic, a slowdown in waste transport and disposal operations caused by the decline in economic activity and a delay by clients in the approval and payment of price adjustments in their contracts.

Our Transportation activities have also been deemed essential by the Argentine government and, for this reason, we must ensure continued service. In addition to the preventive measures adopted by the government to limit the spread of the pandemic, such as reduced schedules, closure of stations and limits to the number of passengers allowed on trains, Metrovías has implemented additional measures in order to provide safe transportation, including new protocols and greater frequency of disinfection, prioritizing contact surfaces and places that can be contagious, provision of alcohol gel for users in all stations, enabling a single access to each station to facilitate access control and service protocols for users with suspected cases, as well as strong user awareness campaigns. The restrictions imposed led to a decrease in passengers beginning in March 2020. The consequent fall in revenues from fares was, for the Buenos Aires Subway and Premetro operations, mostly offset by an increase in government contributions received in compensation for operating costs in order to balance Metrovías’ financial condition. On the other hand, the Argentine government has not compensated us for the decrease in revenues from fares in the Urquiza Railway. In both cases, the decrease in revenues was partially offset by a reduction in certain variable operating expenses. In addition, the level of activity of BRt and BRf was partially reduced and in certain opportunities, as part of the ATP Program, the Argentine government has paid a portion of the cost of wages and has allowed these companies to postpone the payment of certain social security contributions.

In addition, we, like other players in the construction industry in Argentina, and particularly public works contractors, have suffered a decline in our Construction activities, primarily as a consequence of budget constraints and the resulting decrease in investment in public works by the Argentine government and the different provincial states, which deepened due to COVID-19. Because of this situation, our construction subsidiaries are currently analyzing and monitoring their cost structure. Likewise, some of the Argentine subsidiaries, as BRH and Sehos and certain UTEs in which BRH participates in this segment, have also accessed the ATP Program, through which the government has paid a portion of salary costs and allowed the postponement of certain social security contributions. As of the date of this Exchange Offer Memorandum, most works that were halted when the ASPO was declared as well as others that were suspended due to government budget constraints, have restarted. As a result, COVID-19 has had a significant and negative impact on some economic and financial variables in this business segment, resulting in

lower levels of construction activity in general, lower efficiencies in the management of operations and new costs associated with mitigating the effect of the COVID-19 pandemic.

Our construction activities outside of Argentina have suffered an uneven effect from COVID-19. While there was almost no impact on our activities in Paraguay, the operations and financial condition of our Peruvian subsidiary Haug have been significantly and adversely affected by a lower level of activity, less efficiency in the management of our operations from implementing health and safety measures and new costs associated with mitigating the effect of the pandemic.

Our Water Supply activities have also been deemed essential, and we continue providing regular services, having implemented procedures necessary to guard the health of our workforce, suppliers and customers. Nevertheless, COVID-19 had a negative impact on some economic and financial variables in this segment, resulting in a delay in the approval of tariff adjustments, a general lengthening of payment terms, lower efficiencies in the management of operations and new costs associated with mitigating the effect of the COVID-19 pandemic. Finally, regarding our Other Activities segment, the level of activity of Prominente has also been adversely affected by the COVID-19 pandemic; as a result, Prominente has accessed the ATP Program.

The ultimate effect of the COVID-19 outbreak and its negative impact on the economies of the countries where we operate and on our business, financial situation and results of operations continues to be uncertain and cannot be reasonably foreseen.

### *Inflation*

Inflation affects both our income and our costs. It affects the cost of wages and salaries, third party services, professional fees, maintenance of equipment and infrastructure, among other things. In general, there are mechanisms to adjust our income in case of an increase in costs. For example, we may increase the rates we charge to the users of our services, adjust the price of the works we perform or the services we provide to a public client, or receive higher subsidies from the Argentine government. These adjustments do not usually occur automatically. Normally, there is a delay between the time of an increase in costs and the time at which our results reflect the corresponding adjustment. In such cases, our working capital requirements increase in order to guarantee the normal provision of our services during such delay.

According to the INDEC, the CPI increased 11.9% in the first ten months of 2015, when the INDEC interrupted the CPI report. Until then, private estimates, on average, referred to inflation rates substantially higher than those published by the INDEC. In April 2016, the CPI of the Province of San Luis and the City of Buenos Aires reported increases of 3.4% and 6.5%, respectively, in relation to the CPI of March 2016. In June 2016, the INDEC published the CPI for the first time since the state of administrative emergency was declared in the national statistics system, publishing an increase of 16.9% accumulated between May and December 2016. In 2017, the national CPI published by the INDEC increased 24.8%. In 2018 and 2019, inflation accelerated in large part due to the devaluation of the *peso*, and CPI increased by 47.6% and 53.8%, respectively. In 2020, the national CPI published by the INDEC increased 36.1%. The CPI showed a cumulative growth of 21.5% in the first five months of 2021 and 48.8% in the last twelve months.

In turn, the IPIM, an index that measures and tracks changes in the price of goods in the stages before the retail level, showed an annual increase of 18.8% in 2017, 73.5% in 2018, 58.5% in 2019 and 35.4% in 2020. The IPIM shows an accumulated growth of 25.8% in the first five months of 2021 period and 65.9% in the last twelve months.

For a more detailed description of how the effect of an increase in costs translates into price increases, see: “*Business—Construction Segment—Large Scale Construction—Revenues*,” “*Business—Waste Management Segment—Cost Increase*,” “*Business—Transportation Segment—Subway Network Operation and Maintenance Contract - Urquiza Railway Concession—Revenue derived and subsidies received from the Concession and from the Operation and Maintenance Agreement*,” and “*Business—Water Supply Services Segment—Revenues*.”

### *Peso Depreciation*

Since 84.0% of our bank and financial debt was denominated in U.S. dollars and other foreign currencies as of March 31, 2021, the depreciation of the *peso* affects our financial expenses, as the dollar-denominated indebtedness increases in *pesos*. On the other hand, we have certain assets, such as real estate, land or machinery and equipment whose market values are related to the evolution of the U.S. dollar, with the consequent impact in book value by application of the revaluation model set forth in IAS 16.

In addition, although in most of our operations we do not depend significantly on inputs whose prices are expressed in foreign currency, the depreciation of the *peso* has usually had a significant negative impact on the Argentine economy, which translates into high levels of inflation which, in turn, can affect the costs of our operations in general.

During 2016, the U.S. dollar *to peso* exchange rate increased 21.9%, closing at Ps.15.890 per U.S. dollar at the end of December 2016. During 2017, the U.S. dollar *to peso* exchange rate increased a further 17.4%, closing at Ps.18.649 per U.S. dollar at the end of December 2017. During 2018, the U.S. dollar *to peso exchange rate* increased again by 102.2%, closing at Ps.37.700 per U.S. dollar at the end of December 2018. During 2019, the U.S. dollar *to peso exchange rate* increased 58.9%, closing at Ps.59.890 per U.S. dollar at the end of December 2019. During 2020, the U.S. dollar *to peso exchange rate* increased 40.5%, closing at Ps.84.15 per U.S. dollar at the end of December 2020. As of March 31, 2021, the exchange rate was Ps.92.00 per U.S. dollar, representing a 9.3% increase for the first three months of the year.

### *Interest Rates for Indebtedness in Pesos*

Our financial costs are affected by fluctuations in the interest rates applicable to our *peso*-denominated debt, both in the short-term fixed interest rates applied to working capital lines and to the discount of receivables, as well as in the Badlar rate that generally applies, plus a margin, to our variable rate loans.

As of the second half of 2018, there was a significant increase in the interest rates applied to our *peso*-denominated debt as a consequence of both the monetary policy applied by the Argentine government and high inflation in Argentina, since interest rates include a premium to offset inflation. As of December 2019, the current administration has been promoting a lowering of interest rates that continues to the date of this Exchange Offer Memorandum.

The Badlar rate is an active benchmark rate in *pesos* of the Argentine economy that refers to an average of a sample of interest rates paid by private sector banks in Buenos Aires for 30-35 day deposits with principal amounts of more than Ps.1 million, as calculated and published daily by the BCRA, and which stood at 20.6% on nominal average annually in 2017, increasing to a 34.3% nominal annual average in 2018, mainly due to the impact of the last quarter of the year, in which the average reached 50.2% per year, and to an 48.9% nominal annual average in 2019. The Badlar rate averaged 29.9% per year during 2020 and 34.1% per year for the first three months of 2021.

Additionally, debt in local currency increases year after year in absolute terms mainly as a result of the increase, due to inflation, of the nominal value of the invoices for services and work certificates that we apply for obtaining financing to fund our working capital.

### *Information by Segments*

In our income statement we present both consolidated and segment results. We have five segments: Waste Management, Construction, Transportation, Water Supply Services and Other Activities.

### **Accounting Policies**

For an overview of the main accounting policies used in the preparation of the financial statements included in this Exchange Offer Memorandum, see note 2 to our 2020 Audited Consolidated Financial Statements.

### ***Critical accounting estimates***

In connection with the preparation of the financial statements included in this Exchange Offer Memorandum, we have relied on variables and estimates derived from our historical experience and various other factors that we deemed reasonable and relevant. Although we review these variables and estimates in the ordinary course of business, the portrayal of the financial condition and results of operations often requires our management to make judgments regarding the effects of matters that are inherently uncertain on the market value of our assets and liabilities. Actual results may differ from those estimated under different variables or conditions. In order to provide an understanding about how management forms its judgments about future events, including the variables underlying the estimates, and the sensitivity of those judgments to different variables and conditions, we describe below our most critical accounting estimates and judgments, which are disclosed in note 2.4 to our Unaudited Condensed Interim Consolidated Financial Statements and note 2.32 to our 2020 Audited Consolidated Financial Statements.

**Recoverable value of goodwill.** Periodically, the Company determines whether goodwill has been suffered any impairment loss, according to the accounting policy described in Note 2.7 to our 2020 Audited Consolidated Financial Statements. The recoverable amounts of the CGUs have been determined by calculating the value in use. These calculations require the use of estimates.

**Revenue recognition.** We use the percentage of completion method to account for the construction and service contracts at a fixed price. Use of this method requires estimating the costs to be incurred and the services to be provided to date, to determine the actual services provided and actual costs incurred as a proportion of the total services to be provided and total costs to be incurred for each of the contracts.

**Provision for lawsuits and contingencies.** The evaluation of contingent liabilities is made by the Company's Management and legal counsel based on the elements of judgment available at the time of preparing these consolidated financial statements. In estimating their amounts, among other characteristics, the likelihood of occurrence has been considered. If in evaluating the contingency there was a chance that losses could materialize and the amount could be estimated by reliable means, a liability would be accounted for under provisions for contingencies. If the potential loss is not likely or probable but the related amount cannot be estimated by reliable means, the nature of the contingent liability and the estimate of probability of occurrence are disclosed in the note to the consolidated financial statements.

**Revaluation of property, plant and equipment.** Property, plant and equipment of the Company classified under "Heavy machinery and equipment," "Heavy vehicles," "Buildings," "Land" and "Building improvements" captions, have been recorded at the value arising from the independent appraisal reports, which estimate a reasonable value of property through the identification of the fair value of the new units with similar features and considering the use and remaining useful life of those assets, as well as improvements therein, or through the use of valuation techniques based on location, existing buildings, condition and remaining useful life of the building, the possibility of access and benefits from potential improvements, among other factors.

**Going concern.** Our 2020 Audited Consolidated Financial Statements and our Unaudited Condensed Interim Consolidated Financial Statements were prepared on a going concern basis. The going concern assessment is based on the expectations of current and potential business and requires management to make critical judgments about the future performance of its operations.

### **Results of Operations for the three-month period ended March 31, 2021, compared to the three-month period ended March 31, 2020**

The following table sets forth the components of our consolidated statement of income for the three-month period ended March 31, 2021 and 2020, that derives from our Unaudited Condensed Interim Consolidated Financial Statements for the three-month period ended March 31, 2021 and its comparative information, which are included in, and form a part of, this Exchange Offer Memorandum:

<b>For the three-month period ended March 31,</b>		
<b>2021</b>	<b>2020</b>	<b>Variation (%)</b>
<i>(Stated in the constant currency as of March 31, 2021)</i>		
<i>(unaudited)</i>		
<i>(in millions of pesos, except for percentages)</i>		

Revenues from contracts with customers	11,030.3	14,693.4	(24.9)%
Cost of providing services	(8,271.6)	(10,625.7)	(22.2)%
<b>Gross Profit</b>	<b>2,758.7</b>	<b>4,067.6</b>	<b>(32.2)%</b>
Administrative expenses	(1,567.1)	(1,765.7)	(11.3)%
Selling expenses and other operating expenses	(587.5)	(883.4)	(33.5)%
Other operating income and expenses, net	106.0	55.5	90.9%
<b>Operating income</b>	<b>710.2</b>	<b>1,474.1</b>	<b>(51.8)%</b>
<b>Operating Margin</b>	<b>6.4%</b>	<b>10.0%</b>	
Financial income	1,197.8	727.2	64.7%
Financial expenses	(1,685.2)	(2,921.9)	(42.3)%
Net gain in associates and joint ventures accounted for under the equity method	49.3	(23.2)	(312.0)%
<b>Net loss before income tax</b>	<b>272.0</b>	<b>(743.8)</b>	<b>(136.6)%</b>
Income tax	(297.0)	(450.0)	(34.0)%
<b>Net loss for the period</b>	<b>(25.0)</b>	<b>(1,193.8)</b>	<b>(97.9)%</b>

#### *Revenues from contracts with customers*

Revenues from contracts with customers decreased by Ps.3,663.1 million, or 24.9%, to Ps.11,030.3 million for the three-month period ended March 31, 2021, from Ps.14,693.4 million in the same period during 2020. This decrease was primarily due to a decrease in revenues in the Construction segment of Ps.1,638.2 million, in the Transportation Segment of Ps.1,123.9 million, in the Waste Management segment of Ps.749.0 million and in the Water Supply Services segment of Ps.143.7 million. These decreases were partially offset by an increase in the Other Activities segment of Ps.4.1 million.

#### *Cost of providing services*

Cost of providing services decreased by Ps.2,354.1 million, or 22.2%, to Ps.8,271.6 million for the three-month period ended March 31, 2021, from Ps.10,625.7 million in the same period during 2020. This decrease was primarily due to a decrease in the cost of providing services in the Construction segment of Ps.1,483.7 million, in the Transportation segment of Ps.623.5 million, in the Waste Management segment of Ps.225.9 million and in the Other Activities segment of Ps.9.9 million; partially offset by an increase in the Water Supply Services segment of Ps.1.0 million.

#### *Administrative expenses*

Administrative expenses decreased by Ps.198.7 million, or 11.3%, to Ps.1,567.1 million for the three-month period ended March 31, 2021, from Ps.1,765.7 million in the same period during 2020. This decrease was due to a decrease in the administrative expenses of the Transportation segment of Ps.95.5 million, the Waste Management segment of Ps.80.0 million, the Construction segment of Ps.34.7 million, the Water Supply Services segment of Ps.10.9 million and the Other Activities segment of Ps.3.5 million.

#### *Selling expenses and other operating expenses*

Selling expenses and other operating expenses decreased by Ps.295.9 million, or 33.5%, to Ps.587.5 million for the three-month period ended March 31, 2021, from Ps.883.4 million in the same period during 2020. This decrease was primarily due to a decrease in the Transportation segment of Ps.192.4 million, in the Water Supply Services segment of Ps.117.8 million, and in the Other Activities segment of Ps.0.5 million, partially offset by an increase in the Construction segment of Ps.5.3 million.

#### *Other operating income and expenses, net*

Other net operating income and expenses increased by Ps.50.5 million, or 90.9%, to Ps.106.0 million for the three-month period ended March 31, 2021, from Ps.55.5 million in the same period during 2020. This increase was

primarily due to an increase in the Waste Management segment of Ps.19.6 million, in the Construction segment of Ps.13.6 million, in the Water Supply Services segment of Ps.16.8 million and in the Transportation segment of Ps.0.5 million.

#### *Financial income*

Financial income increased by Ps.470.6 million, or 64.7%, to Ps.1,197.8 million for the three-month period ended March 31, 2021, from Ps.727.2 million in the same period during 2020. This increase was primarily due to a Ps.928.6 million gain in foreign currency exchange differences generated by liabilities, since the Argentine Peso appreciated 3.2% in real terms in the three-month period ended March 31, 2021. This increase was partially offset by a Ps.156.4 million decrease in interest and other financial income generated by assets.

#### *Financial expenses*

Financial expenses decreased by Ps.1,236.6 million, or 42.3%, to Ps.1,685.2 million for the three-month period ended March 31, 2021, from Ps.2,921.9 million in the same period during 2020. This decrease was due primarily to a decrease of (i) Ps.1,067.6 million in other financial expenses, mainly attributable to fees and expenses in connection with the exchange of our Old Unsecured Notes that took place in January 2020, (ii) Ps.227.8 million in interest expense due to a reduction, in real terms, in the applicable interest rates, (iii) Ps.140.9 million in exchange difference as a result of the impact on our foreign currency-denominated liabilities of a lower depreciation, in real terms, of the *peso* in the three-month period ended March 31, 2021 as compared to the same period in 2020. These decreases were partially offset by a Ps.199.7 million increase in losses due to the effect of inflation in our net monetary position.

#### *Net gain in associates and joint ventures accounted for under the equity method*

Net gain in associates and joint ventures accounted for under the equity method increased by Ps.72.5 million, or 312.0%, to a Ps.49.3 million gain for the three-month period ended March 31, 2021, from a Ps.23.2 million loss in the same period during 2020. This increase was primarily due to the net income contributed by CV1 Concesionaria Vial S.A. (“CV1”) and Autovía del Mar S.A., as a result of the restart of their work.

#### *Income tax*

Income tax decreased by Ps.152.9 million, or 34.0%, to Ps.297.0 million for the three-month period ended March 31, 2021, from Ps.450.0 million in the same period during 2020. This decrease was primarily due to a decrease in the taxable income of Cliba, BRT, Haug and ACSA, partially offset by an increase in BRH and Metrovias, mainly due to an increase in their taxable income.

#### *Depreciation and amortization*

Depreciation and amortization is not a separate line item in our statement of income, but it is included in several of the other line items, including cost of providing services, administrative and selling expenses and other operating expenses, depending on the purpose for which the asset being depreciated is used. Depreciation and amortization expenses decreased by Ps.150.3 million, or 10.0%, to Ps.1,350.8 million for the three-month period ended March 31, 2021, from Ps.1,501.1 million in the same period during 2020. This decrease was primarily due to (i) the fact that certain assets, used mainly in our construction and waste management activities, did not record depreciation in the three-month period ended March 31, 2021, since they had been fully depreciated in 2020, and (ii) to a decrease in the depreciation of the works in the module currently in operation in Norte III, due to a decrease in the volume of disposed waste.

#### ***Results of Waste Management Segment***

The following table sets out the components of the consolidated statement of income for our Waste Management segment for the three-month periods ended March 31, 2021 and 2020:



	For the three-month period ended March 31,	
	2021	2020
	(stated in the constant currency of March 31, 2021)	
	(unaudited)	
	(in millions of pesos, except for percentages)	
Revenues from contracts with customers .....	5,819.3	6,568.3
Cost of providing services .....	(4,376.5)	(4,602.4)
Administrative expenses .....	(918.6)	(998.6)
Other operating income and expenses, net .....	24.5	4.9
<b>Operating income .....</b>	<b>548.7</b>	<b>972.2</b>
<b>Operating margin .....</b>	<b>9.4%</b>	<b>14.8%</b>

#### *Revenues from contracts with customers*

Revenues from contracts with customers in our Waste Management segment decreased by Ps.749.0 million, or 11.4%, to Ps.5,819.3 million for the three-month period ended March 31, 2021, from Ps.6,568.3 million for the same period during 2020. This decrease was primarily due to:

- a Ps.748.7 million decrease, or 25.1%, in the revenues of landfill operations, mainly resulting from (i) a decline in revenues from Norte III landfill operations, mainly due to a decrease in waste disposal as a result of the contraction of economic activity and the health emergency arising from the COVID-19 pandemic, a 6% price reduction effective March 2021, as requested by CEAMSE and accepted by us and an adjustment in certain price increases granted by CEAMSE to compensate for inflation, and (ii) the finalization of the contract for the operation of the Mar del Plata landfill in October 2020; and
- a Ps.103.5 million decrease, or 21.3%, in waste valorization, mainly as a result of (i) a decrease in Central Buen Ayre's energy generation; and (ii) a 6% cutback in the mechanical and biological treatment plant tariff, effective March 2021, as requested by CEAMSE and accepted by us, as well as to an adjustment in certain price increases granted by CEAMSE to compensate for inflation.

These decreases were partially offset by

- an increase of Ps.58.1 million, or 11.4%, in industrial services provided by Taym, mainly due to increased activity in Uruguay
- An increase of Ps.45.1 million, or 1.7%, in urban waste management services mainly in the Buenos Aires contract, because final calculations for certain price adjustments exceeded what had been estimated on a preliminary basis.

#### *Cost of providing services*

Cost of providing services in this segment primarily include salaries and social security contributions, depreciation and amortization, outsourced services and materials and spare parts. Cost of providing services in our Waste Management segment decreased by Ps.225.9 million, or 4.9%, to Ps.4,376.5 million for the three-month period ended March 31, 2021, from Ps.4,602.4 million for the same period during 2020. This decrease was primarily due to a decrease in landfill operations of Ps.313.3 million and in waste management services of Ps.28.6 million, partially offset by an increase in waste valorization of Ps.99.3 million and industrial services of Ps.16.6 million, primarily as a result of (i) a reduction in certain variable expenses, such as waste transportation from transfer stations to the landfills; (ii) a decrease in maintenance expenses, mainly attributable to less intensive use of equipment as a result of decreased activity; (iii) a reduction in social security contributions, mainly due to the possibility of paying a non-remunerative compensation equivalent to their regular compensation to employees exempted from attending their work place, as permitted by the mechanisms established by the Argentine Government to govern employment relationships within the context of the COVID-19 pandemic and the agreements with unions; (iv) a decrease in the depreciation of the works in the module currently in operation in Norte III due to the decrease in the volume of disposed waste; and (v) the finalization of the contract for the operation of the Mar del Plata landfill in October 2020. These decreases were

partially offset by an increase in the cost of providing services in waste valorization, because of higher expenses in maintenance and materials, and in industrial services, as a result of an increase in Taym's activity.

#### *Administrative expenses*

Administrative expenses primarily include salaries, wages and social security contributions, taxes, professional fees and expenses related to press and public outreach campaigns. Administrative expenses decreased by Ps.80.0 million, or 8.0%, to Ps.918.6 million for the three-month period ended March 31, 2021, from Ps.998.6 million for the same period during 2020. This decrease was primarily due to a decrease, in real terms, in tax expenditures, professional fees and salaries and social security contributions, primarily due to a decline in waste disposal activity as a result of the contraction of economic activity.

#### *Other operating income and expenses, net*

Other operating income in our Waste Management segment increased by Ps.19.6 million, or 397.9%, to Ps.24.5 million for the three-month period ended March 31, 2021, from Ps.4.9 million for the same period during 2020, primarily due to insurance proceeds and sales of fixed assets.

#### **Results of Construction Segment**

The following table sets forth the components of the consolidated statement of income for our Construction segment for the three-month periods ended March 31, 2021 and 2020:

	<b>For the three-month period ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
	<i>(stated in the constant currency of March 31, 2021)</i>	
	<i>(unaudited)</i>	
	<i>(in millions of pesos, except for percentages)</i>	
Revenues from contracts with customers .....	3,568.2	5,206.4
Cost of providing services.....	(3,038.5)	(4,522.2)
Administrative expenses.....	(333.6)	(368.3)
Selling expenses and other operating expenses .....	(259.8)	(254.5)
Other operating income and expenses, net .....	15.4	1.8
<b>Operating income .....</b>	<b>(48.3)</b>	<b>63.2</b>
<b>Operating margin .....</b>	<b>(1.4)%</b>	<b>1.2%</b>

#### *Revenues from contracts with customers*

Revenues from contracts with customers of our Construction segment decreased by Ps.1,638.2 million, or 31.5%, to Ps.3,568.2 million for the three-month period ended March 31, 2021, from Ps.5,206.4 million for the same period during 2020. This variation was primarily due to a decrease in revenues of:

- Haug of Ps.1,076.5 million, primarily due to the interruption of Haug's work as a result of the general slowdown in the construction and mining industry in Peru due to COVID-19;
- BRH of Ps.300.4 million due to the finalization of certain works in the first quarter of 2020 and the slowdown of activity in the construction industry in Argentina from decreased investment in public works by the Argentine government and the different provinces due to budget constraints; and
- Benito Roggio Paraguay of Ps.277.3 million mainly due to lower activity, since certain works are close to completion while other works were affected by adverse weather conditions.

These decreases were partially offset by an increase in revenues of Sehos of Ps.16.4 million due mainly to increased activity.

### *Cost of providing services*

Cost of providing services in this segment primarily include salaries and social security contributions, depreciation and amortization, subcontracts, materials and spare parts, and rentals. Cost of providing services of our Construction segment decreased by Ps.1,483.7 million, or 32.8%, to Ps.3,038.5 million for the three-month period ended March 31, 2021, from Ps.4,522.2 million for the same period during 2020. This decrease was primarily due to a decrease in the cost of providing services of (i) Haug of Ps.910.6 million, (ii) BRH of Ps.390.1 million and (iii) Benito Roggio Paraguay of Ps.201.9 million, principally due to the slowdown in construction activity in Peru, Argentina and Paraguay as mentioned above.

These decreases were partially offset by an increase in the cost of providing services of Sehos of Ps.18.9 million as a result of increased activity.

### *Administrative expenses*

Administrative expenses primarily include salaries and wages, social security contributions and professional fees. Administrative expenses in our Construction segment decreased by Ps.34.7 million, or 9.4%, to Ps.333.6 million for the three-month period ended March 31, 2021, from Ps.368.3 million for the same period during 2020. This decrease was primarily due to a reduction in real terms of professional fees, salary and social security contributions and depreciation of property, plant and equipment because of a lower level of activity.

### *Selling expenses and other operating expenses*

Selling expenses and other operating expenses of our Construction segment consist primarily of taxes and fees, salary costs, amortization of fixed assets, maintenance costs of equipment and facilities and professional fees. These expenses increased by Ps.5.3 million, or 2.1%, to Ps.259.8 million for the three-month period ended March 31, 2021, from Ps.254.5 million for the same period during 2020. This increase was primarily attributable to maintenance costs for tune-up of equipment in relation to the resumption of works, partially offset by a decrease in turnover tax and salary and social security contributions because of a lower level of activity.

### *Other operating income and expenses, net*

Other operating income and expenses, net in the Construction segment increased by Ps.13.6 million, or 760.7%, to Ps.15.4 million for the three-month period ended March 31, 2021, from Ps.1.8 million for the same period during 2020. This increase was primarily due to sales of fixed assets.

## ***Results of the Transportation Segment***

The following table sets forth the components of the statement of income for our Transportation segment for the three-month periods ended March 31, 2021 and 2020:

	<b>For the three-month period ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
	<i>(stated in the constant currency of March 31, 2021)</i>	
	<i>(unaudited)</i>	
	<i>(in millions of pesos, except for percentages)</i>	
Revenues from contracts with customers .....	467.2	1,591.1
Cost of providing services.....	(208.5)	(832.1)
Administrative expenses.....	(66.2)	(161.7)
Selling expenses and other operating expenses .....	(8.6)	(201.0)
Other operating income and expenses, net .....	(0.2)	(0.7)
<b>Operating income</b> .....	<b>183.6</b>	<b>395.6</b>
<b>Operating margin</b> .....	<b>39.3%</b>	<b>24.9%</b>

### *Revenues from contracts with customers*

Revenues from contracts with customers of our Transportation segment decreased by Ps.1,123.9 million, or 70.6%, to Ps.467.2 million for the three-month period ended March 31, 2021, from Ps.1,591.1 million for the same period during 2020. This increase was primarily due to a decrease in real terms in Metrovías' revenues and the works performed by BRT in the subway network.

The decrease in revenues in real terms for transportation services performed by Metrovías is primarily due to the combined effect of a 72.4% decrease in the ridership in the three-month period ended March 31, 2021 as compared to the same period in 2020, mainly attributable to restrictions imposed to limit the spread of COVID-19 and the subsequent enforcement of a mandatory preventive social isolation by the Argentine government beginning on March 20, 2020, and a 20% decrease, in real terms, of the subway fare, which rose 13.9% in nominal terms (to Ps.21.6 on average in three-month period ended March 31, 2021 from Ps.19.0 on average in the same period in 2020) whereas the annual inflation rate recorded was 42.6%.

The resulting decrease in revenues was partially offset by an increase in the subsidies received by Metrovías in compensation for cost increases in the Buenos Aires Subway and Premetro operations. On the other hand, the decrease in revenues from fares in the Urquiza Railway has not been compensated by the Argentine government. Subsidies are deducted from cost of providing services and administrative and selling expenses, instead of being recorded as revenues. For further information see “*Business—Transportation Segment—Subway Network Operation and Maintenance Contract—Urquiza Railway Concession.*”

### *Cost of providing services*

Cost of providing services in this segment primarily include salaries and social security contributions, electrical energy, maintenance of infrastructure and rolling stock, outsourced services and insurance, partially offset by subsidies received, which are not recorded as revenues from contracts with customers, but rather as a reduction of cost of providing services. Cost of providing services in our Transportation segment decreased by Ps.623.5 million, or 74.9%, to Ps.208.5 million for the three-month period ended March 31, 2021, from Ps.832.1 million for the same period during 2020. This decrease was primarily due to an increase in subsidies received from SBASE as compensation for cost increases and a decrease in certain direct operating expenses, such as energy, salaries and social contributions and materials, since the Subway and the Urquiza Railway run on a reduced schedule.

### *Administrative expenses*

Administrative expenses include primarily salaries, expenses related to collection services, computer services and software and professional fees, partially offset by subsidies received. Administrative expenses in our Transportation segment decreased by Ps.95.5 million, or 59.0%, to Ps.66.2 million for the three-month period ended March 31, 2021, from Ps.161.7 million for the same period during 2020. This decrease was primarily due to a reduction in the costs of collection services, salaries and social contributions and professional fees due to a lower level of activity.

### *Selling expenses and other operating expenses*

Selling expenses and other operating expenses consist mainly of salaries and social security contributions, tax expenditures, insurance and fees paid for using SUBE (*Sistema Único de Boleto Electrónico* or single electronic ticket system, “SUBE” per its acronym in Spanish), a smart plastic card issued by the government that contains credit to be used to travel in different transportation systems, including subways and trains, offset by the subsidies received. These expenses decreased by Ps.192.4 million, or 95.7%, to Ps.8.6 million for the three-month period ended March 31, 2021, from Ps.201.0 million for the same period during 2020. This decrease was primarily due to a decrease in real terms in labor costs, turnover tax and fees paid for using SUBE due to a lower level of activity.

### *Other income and expenses, net*

Other net expenses in the Transportation segment decreased by Ps.0.5 million, or 72.7%, to Ps.0.2 million for the three-month period ended March 31, 2021, from Ps.0.7 million for the same period during 2020.

## Results of Water Supply Services Segment

The following table sets forth the components of the consolidated statement of income for our Water Supply Services segment for the three-month periods ended March 31, 2021 and 2020:

	<i>For the three-month period ended March 31,</i>	
	<b>2021</b>	<b>2020</b>
	<i>(stated in the constant currency of March 31, 2021)</i>	
	<i>(unaudited)</i>	
	<i>(in millions of pesos, except for percentages)</i>	
Revenues from contracts with customers .....	1,170.5	1,314.3
Cost of providing services.....	(640.9)	(639.9)
Administrative expenses.....	(197.4)	(208.3)
Selling expenses and other operating expenses .....	(302.9)	(420.7)
Other operating income and expenses, net .....	66.3	49.5
<b>Operating income</b> .....	<b>95.6</b>	<b>94.9</b>
<b>Operating margin</b> .....	<b>8.2%</b>	<b>7.2%</b>

### *Revenues from contracts with customers*

Revenues from contracts with customers of our Water Supply Services segment decreased by Ps.143.7 million, or 10.9%, to Ps.1,170.5 million for the three-month period ended March 31, 2021, from Ps.1,314.3 million for the same period during 2020. This decrease was primarily due to the fact that the two tariff increases granted by the concession grantor in the last twelve months (24.1% as of January and 8.7% as of March 2021) did not offset the inflation recorded during this period, and reflected in the figures for the three-month period ended March 31, 2020 presented in constant *pesos* for comparative purposes.

### *Cost of providing services*

Cost of providing services of our Water Supply Services segment increased by Ps.1.0 million, or 0.1%, to Ps.640.9 million for the three-month period ended March 31, 2021, from Ps.639.9 million for the same period during 2020. This change was primarily due to a decrease in labor costs in real terms, and in concession fees, due to the decrease of revenues in real terms, partially offset by an increase in maintenance expenses and amortization of intangible assets.

### *Administrative expenses*

Administrative expenses include salaries, professional fees and outsourcing costs. The administrative expenses of our Water Supply Services segment decreased by Ps.10.9 million, or 5.2%, to Ps.197.4 million for the three-month period ended March 31, 2021, from Ps.208.3 million for the same period during 2020. This decrease was primarily due to a decrease in labor costs, in real terms, and professional fees.

### *Selling expenses and other operating expenses*

Selling expenses and other operating expenses include mainly labor costs and outsourcing, provision for contingencies in connection with damaged property, salaries and social security contributions. Selling expenses and other operating expenses of our Water Supply Services segment decreased by Ps.117.8 million, or 28.0%, to Ps.302.9 million for the three-month period ended March 31, 2021, from Ps.420.7 million for the same period during 2020, primarily due to a decrease in provisions for contingencies related to damaged property, service disconnection or reconnection expenses, cadastral surveys and cash in transit.

### *Other operating income and expenses, net*

Other operating income of our Water Supply Services segment increased by Ps.16.8 million, or 33.8%, to Ps.66.3. million for the three-month period ended March 31, 2021, from Ps.49.5 million for the same period during

2020. This increase was primarily due to a higher recovery of expenses incurred by ACSA for the collection, administration and development of works related to the Tariff Charge.

### ***Results of Other Activities Segment***

The following table sets forth the components of the statement of income for our Other Activities segment for the three-month periods ended March 31, 2021 and 2020:

	<b>For the three-month period ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
	<i>(stated in the constant currency of March 31, 2021)</i>	
	<i>(unaudited)</i>	
	<i>(in millions of pesos, except for percentages)</i>	
Revenues from contracts with customers.....	102.9	98.8
Cost of providing services .....	(78.6)	(88.5)
Administrative expenses.....	(15.5)	(19.0)
Selling expenses and other operating expenses.....	(3.6)	(4.1)
Other operating income and expenses, net.....	0.0	(0.0)
<b>Operating income .....</b>	<b>5.1</b>	<b>(12.8)</b>
<b>Operating margin.....</b>	<b>5.0%</b>	<b>(13.0)%</b>

#### ***Revenues from contracts with customers***

Our Other Activities Segment includes the provision of software solutions and supporting technological services to companies and organizations of several sectors of the economy.

Revenues from contracts with customers of our Other Activities segment increased by Ps.4.1 million, or 4.1%, to Ps.102.9 million for the three-month period ended March 31, 2021, from Ps.98.8 million for the same period during 2020. This increase was primarily due to the increase, in real terms, in revenues from contracts with customers of Prominente.

#### ***Cost of providing services***

Cost of providing services of our Other Activities segment decreased by Ps.9.9 million, or 11.1%, to Ps.78.6 million for the three-month period ended March 31, 2021, from Ps.88.5 million for the same period during 2020. This decrease was primarily due to a decrease in labor costs, in real terms, and in depreciation of property, plant and equipment.

#### ***Administrative expenses***

Administrative expenses of our Other Activities segment decreased by Ps.3.5 million, or 18.5%, to Ps.15.5 million for the three-month period ended March 31, 2021, from Ps.19.0 million for the same period during 2020. This decrease was primarily due to a decrease in right-of-way expenses and in labor costs, in real terms.

#### ***Selling expenses and other operating expenses***

Selling expenses and other operating expenses of our Other Activities segment decreased by Ps.0.5 million, or 11.6%, to Ps.3.6 million for the three-month period ended March 31, 2021, from Ps.4.1 million for the same period during 2020, primarily due to a decrease in security and surveillance expenses.

### **Results of Operations for the fiscal year ended December 31, 2020 compared to the fiscal year ended December 31, 2019**

The following table sets forth the components of the statement of income for the years ended December 31, 2020 and 2019, that derives from our 2020 Audited Consolidated Financial Statements, which are included in, and form a part of, this Exchange Offer Memorandum:

<b>For the fiscal year ended December 31,</b>			
	<b>2020</b>	<b>2019</b>	<b>Variation (%)</b>
<i>(Stated in the constant currency as of December 31, 2020)</i>			
<i>(in millions of pesos, except for percentages)</i>			
Revenues from contracts with customers	42,623.4	65,897.9	(35.3)%
Cost of providing services	(30,515.1)	(48,464.6)	(37.0)%
<b>Gross Profit</b>	<b>12,108.2</b>	<b>17,433.2</b>	<b>(30.5)%</b>
Administrative expenses	(6,141.4)	(7,807.0)	(21.3)%
Selling expenses and other operating expenses	(2,747.9)	(4,387.8)	(37.4)%
Other operating income and expenses, net	334.2	305.8	9.3%
<b>Operating income</b>	<b>3,553.2</b>	<b>5,544.2</b>	<b>(35.9)%</b>
<b>Operating Margin</b>	<b>8.3%</b>	<b>8.4%</b>	
Financial income	1,729.3	923.8	87.2%
Financial expenses	(8,851.3)	(7,542.5)	17.4%
Net (loss) / gain in associates and joint ventures accounted for under the equity method	(53.9)	(253.2)	(78.7)%
<b>Net loss before income tax</b>	<b>(3,622.6)</b>	<b>(1,327.7)</b>	<b>172.8%</b>
Income tax	(180.4)	(1,360.2)	(86.7)%
<b>Net loss for the period</b>	<b>(3,803.0)</b>	<b>(2,687.9)</b>	<b>41.5%</b>

#### *Revenues from contracts with customers*

Revenues from contracts with customers decreased by Ps.23,274.5 million, or 35.3%, to Ps.42,623.4 million for the year ended December 31, 2020, from Ps.65,897.9 million during 2019. This decrease was primarily due to a decrease in revenues in the Construction segment of Ps.14,516.0 million, in the Transportation Segment of Ps.7,130.1 million, in the Waste Management segment of Ps.1,359.9 million, in the Water Supply Services segment of Ps.243.6 million and in the Other Activities segment of Ps.77.3 million.

#### *Cost of providing services*

Cost of providing services decreased by Ps.17,949.5 million, or 37.0%, to Ps.30,515.1 million for year ended December 31, 2020, from Ps.48,464.6 million during 2019. This decrease was due to a decrease in the cost of providing services in the Construction segment of Ps.11,352.8 million, in the Transportation segment of Ps.4,799.4 million, in the Waste Management segment of Ps.1,648.7 million, in the Water Supply Services segment of Ps.82.7 million, and in the Other Activities segment of Ps.107.4 million.

#### *Administrative expenses*

Administrative expenses decreased by Ps.1,665.6 million, or 21.3%, to Ps.6,141.4 million for the year ended December 31, 2020, from Ps.7,807.0 million during 2019. This decrease was due to a decrease in the administrative expenses of the Transportation segment of Ps.673.8 million, the Construction segment of Ps.484.6 million, the Waste Management segment of Ps.366.4 million, the Water Supply Services segment of Ps.32.8 million and the Other Activities segment of Ps.11.2 million.

#### *Selling expenses and other operating expenses*

Selling expenses and other operating expenses increased by Ps.1,639.9 million, or 37.4%, to Ps.2,747.9 million for the year ended December 31, 2020, from Ps.4,387.8 million during 2019. This decrease was primarily due to a decrease in selling expenses and other operating expenses in the Transportation segment of Ps.1,412.7 million, in the Construction segment of Ps.137.0 million, in the Water Supply Services segment of Ps.80.3 million and in the Other Activities segment of Ps.4.5 million.

#### *Other operating income and expenses, net*

Other net operating income and expenses increased by Ps.28.5 million, or 9.3%, to Ps.334.2 million for the year ended December 31, 2020, from Ps.305.8 million during 2019. This increase was primarily due to an increase in

other operating income and expenses, net in the Waste Management segment of Ps.67.2 million and in the Water Supply Services segment of Ps.29.1 million; partially offset by a decrease in the Construction segment of Ps.67.0 million, and in the Transportation segment of Ps.0.1 million.

#### *Financial income*

Financial income increased by Ps.805.5 million, or 87.2%, to Ps.1,729.3 million for the year ended December 31, 2020, from Ps.923.8 million during 2019. This increase was primarily due to a Ps.470.9 million increase in interest income generated by assets, mainly due to the recognition of interest accrued on delayed payments of our receivables for Norte III, and a Ps.57.1 million increase in exchange difference primarily generated by assets in our Peruvian subsidiaries.

#### *Financial expenses*

Financial expenses increased by Ps.1,308.8 million, or 17.4%, to Ps.8,851.3 million for the year ended December 31, 2020, as compared to Ps.7,542.5 million during 2019. This increase was due primarily to an (i) a Ps.756.6 million increase in interest expense mainly due to an increase in our *peso*-denominated indebtedness in nominal terms because of inflation, an increase in the outstanding principal amount of the Old Secured Notes due to the exercise of the PIK option thereunder and the issuance of U.S.\$27 million aggregate principal amount of BRCC Notes, partially offset by the repayment of U.S.\$17.6 million aggregate principal amount of Series 4 Notes at maturity in October 2019 as well as reduction in the applicable interest rates during 2020, and (ii) a Ps.734.6 million increase in other financial expenses, mainly attributable to fees and expenses in connection with the exchange of our Old Unsecured Notes that took place in January 2020.

#### *Net gain in associates and joint ventures accounted for under the equity method*

Net gain in associates and joint ventures accounted for under the equity method decreased by Ps.199.3 million, or 78.7%, to a Ps.53.9 million loss for year ended December 31, 2020, from a Ps.253.2 million loss during 2019. This decrease was primarily due to a decrease in net loss contributed by CV1 in 2019 as a result of the expiration of its concession contract.

#### *Income tax*

Income tax decreased by Ps.1,179.8 million, or 86.7%, to Ps.180.4 million for the year ended December 31, 2020, from Ps.1,360.2 million during 2019. This decrease was primarily due to a decrease in taxable income of BRH, Haug and Metrovías and a decline in Cliba, mainly due to tax adjustments. These decreases partially offset by an increase in ACSA, since it had recorded a tax recovery in 2019 due to the application of new tax rules that allowed for the revaluation of several assets.

#### *Depreciation and amortization*

Depreciation and amortization is not a separate line item in our statement of income, but it is included in several of the other line items, including cost of providing services, administrative and selling expenses and other operating expenses, depending on the purpose for which the asset being depreciated is used. Depreciation and amortization expenses decreased by Ps.507.4 million, or 9.1%, to Ps.5,054.9 million for the year ended December 31, 2020, from Ps.5,562.3 million during 2019. This decrease was primarily due to (i) the fact that certain assets, used mainly in our construction and waste management activities, did not record depreciation in the year ended December 31, 2020, since they had been fully depreciated in 2019, and (ii) to a decrease in the depreciation of the works in the module currently in operation in Norte III, due to the decrease in the volume of disposed waste.

#### ***Results of Waste Management Segment***

The following table sets out the components of the consolidated statement of income for our Waste Management segment for the fiscal year ended December 31, 2020 and 2019:



<b>For the fiscal year ended December 31,</b>		
	<b>2020</b>	<b>2019</b>
	<i>(stated in the constant currency of December 31, 2020)</i>	
	<i>(in millions of pesos, except for percentages)</i>	
Revenues from contracts with customers .....	23,268.1	24,628.0
Cost of providing services .....	(15,738.7)	(17,387.3)
Administrative expenses .....	(3,549.8)	(3,916.2)
Other operating income and expenses, net .....	29.4	(37.8)
<b>Operating income .....</b>	<b>4,009.0</b>	<b>3,286.7</b>
<b>Operating margin .....</b>	<b>17.2%</b>	<b>13.3%</b>

### *Revenues from contracts with customers*

Revenues from contracts with customers in our Waste Management segment decreased by Ps.1,359.9 million, or 5.5%, to Ps.23,268.1 million for the year ended December 31, 2020, from Ps.24,628.0 million during 2019. This decrease was primarily due to:

- a Ps.1,527.3 million decrease in the revenues of landfill operations, mainly resulting from (x) a temporary stop in capacity increase works in one of the leachate treatment plants in Norte III landfill that had generated revenues in 2019, (y) a decline in revenues from Norte III landfill operations in real terms, mainly due to a decrease in waste disposal as a result of the contraction of economic activity and the health emergency arising from the COVID-19 pandemic, and (z) the finalization of the contract for the operation of the Neuquén landfill in November 2019; and
- a decrease in waste valorization of Ps.137.8 million, mainly as a result of a decrease in waste processed in the mechanical and biological treatment plant.

These decreases were partially offset by an increase in (i) urban waste management services of Ps.242.3 million attributable mainly to the Buenos Aires contract, and (ii) an increase of Ps.62.9 million in industrial services provided by Envairo and Taym.

### *Cost of providing services*

Cost of providing services in this segment primarily include salaries and social security contributions, depreciation and amortization, outsourced services and materials and spare parts. Cost of providing services in our Waste Management segment decreased by Ps.1,648.7 million, or 9.5%, to Ps.15,738.7 million for year ended December 31, 2020, from Ps.17,387.3 million during 2019. This decrease was primarily due to a decrease in landfill operations of Ps.1,292.5 million, waste management services of Ps.152.7 million; waste valorization of Ps.186.6 million and industrial services of Ps.16.8 million, primarily as a result of (i) a reduction in certain variable expenses, such as waste transportation from transfer stations to the landfills due to a decline in waste disposal as a result of the contraction of economic activity and the health emergency arising from the COVID-19 pandemic; (ii) a decrease in maintenance expenses mainly attributable to less intensive use of equipment as a result of decreased activity; (iii) a reduction in social security contributions, mainly due to the possibility of paying a non-remunerative compensation equivalent to their regular compensation to employees exempted from attending their work place, as permitted by the mechanisms established by the Argentine Government to govern employment relationships within the context of the COVID-19 pandemic and the agreements with unions; and (iv) the temporary stop in capacity increase works in one of the leachate treatment plants in Norte III landfill performed in 2019 and the finalization of the contract for the operation of the Neuquén landfill in November 2019.

### *Administrative expenses*

Administrative expenses primarily include salaries, wages and social security contributions, taxes, professional fees and expenses related to press and public outreach campaigns. Administrative expenses decreased by Ps.366.4 million, or 9.4%, to Ps.3,549.8 million for the year ended December 31, 2020, from Ps.3,916.2 million 2019. This decrease was primarily due to a decrease, in real terms, in salaries and social security contributions, tax

expenditures and professional fees, primarily due to the effect on the restatement in constant *pesos* of the inflation rate exceeding the increase in such expenses, as well as a decline in waste disposal activity as a result of the contraction of economic activity and the health emergency arising from the COVID-19 pandemic.

#### *Other operating income and expenses, net*

Other net operating expenses in our Waste Management segment increased by Ps.67.2 million, or 177.9%, to a Ps.29.4 million gain for the year ended December 31, 2020, mainly due to sales of fixed assets, from a Ps.37.8 million loss during 2019, primarily due to the impairment of certain fixed assets.

### **Results of Construction Segment**

The following table sets forth the components of the consolidated statement of income for our Construction segment for the fiscal year ended December 31, 2020 and 2019:

	<b>For the fiscal year ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
	<i>(stated in the constant currency of December 31, 2020)</i>	
	<i>(in millions of pesos, except for percentages)</i>	
Revenues from contracts with customers .....	13,129.5	27,645.4
Cost of providing services .....	(11,614.3)	(22,967.1)
Administrative expenses .....	(1,400.3)	(1,884.8)
Selling expenses and other operating expenses .....	(1,212.0)	(1,349.0)
Other operating income and expenses, net .....	122.9	189.9
<b>Operating income .....</b>	<b>(974.2)</b>	<b>1,634.4</b>
<b>Operating margin .....</b>	<b>(7.4)%</b>	<b>5.9%</b>

#### *Revenues from contracts with customers*

Revenues from contracts with customers of our Construction segment decreased by Ps.14,516.0 million, or 52.5%, to Ps.13,129.5 million for the year ended December 31, 2020, from Ps.27,645.4 million during 2019. This decrease was primarily due to a decrease in revenues of:

- BRH of Ps.10,133.1 million due to the completion of certain works performed in 2019, the suspension of projects due to COVID-19 and continued slowdown of activity in the construction industry in Argentina from decreased investment in public works by the Argentine government and the different provincial states due to budget constraints;
- Haug of Ps.5,200.1 million, primarily due to the interruption of Haug's works in the context of the general slowdown in the activity of the construction and mining industry in Peru mainly due to COVID-19; and
- Sehos of Ps.57.3 million mainly due to the impact of COVID-19 on its civil maintenance and general architectural services activities.

These decreases were partially offset by an increase in revenues of Benito Roggio Paraguay of Ps.880.7 million due mainly to increased activity in the two main works in progress as well as the start of new projects.

#### *Cost of providing services*

Cost of providing services in this segment primarily include salaries and social security contributions, depreciation and amortization, subcontracts, materials and spare parts, and rentals. Cost of providing services of our Construction segment decreased by Ps.11,352.8 million, or 49.4%, to Ps.11,614.3 million for the year ended December 31, 2020, from Ps.22,967.1 million during 2019. This decrease was primarily due to a decrease in the cost of providing services of (i) BRH of Ps.8,028.8 million, (ii) Haug of Ps.4,187.4 million and (iii) Sehos of Ps.41.5 million, principally due to the slowdown in construction activity in Argentina and Peru as mentioned above.

These decreases were partially offset by an increase in the cost of providing services of Benito Roggio Paraguay of Ps.905.0 million as a result of increased activity.

#### *Administrative expenses*

Administrative expenses primarily include salaries and wages, social security contributions and professional fees. Administrative expenses in our Construction segment decreased by Ps.484.6 million, or 25.7%, to Ps.1,400.3 million for the year ended December 31, 2020, from Ps.1,884.8 million during 2019. This decrease was primarily due to a reduction in real terms of professional fees, salary and social security contributions and depreciation of property, plant and equipment because of a lower level of activity.

#### *Selling expenses and other operating expenses*

Selling expenses and other operating expenses of our Construction segment consist primarily of taxes and fees, salary costs, amortization of fixed assets, maintenance costs of equipment and facilities and professional fees. These expenses decreased by Ps.137.0 million, or 10.2%, to Ps.1,212.0 million for the year ended December 31, 2020, from Ps.1,349.0 million during 2019. This decrease was primarily due to a decrease in turnover tax, outsourcing and maintenance expense because of a lower level of activity, partially offset by an increase in depreciation of property, plant and equipment.

#### *Other operating income and expenses, net*

Other operating income and expenses, net in the Construction segment decreased by Ps.67.0 million, or 35.3%, to Ps.122.9 million for the year ended December 31, 2020, from Ps.189.9 million during 2019. This decrease was primarily due to a recovery of certain expenses by Benito Roggio Panamá in 2019 as a result of the completion of works under execution, partially offset by sales of fixed assets in BRH in 2020.

### **Results of the Transportation Segment**

The following table sets forth the components of the statement of income for our Transportation segment for the fiscal year ended December 31, 2020 and 2019:

	<b>For the fiscal year ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
	<i>(stated in the constant currency of December 31, 2020)</i>	
	<i>(in millions of pesos, except for percentages)</i>	
Revenues from contracts with customers .....	2,205.3	9,335.5
Cost of providing services .....	(893.8)	(5,693.2)
Administrative expenses .....	(315.4)	(989.3)
Selling expenses and other operating expenses .....	(122.0)	(1,534.7)
Other operating income and expenses, net .....	(1.7)	(1.6)
<b>Operating income .....</b>	<b>872.3</b>	<b>1,116.6</b>
<b>Operating margin .....</b>	<b>39.6%</b>	<b>12.0%</b>

#### *Revenues from contracts with customers*

Revenues from contracts with customers of our Transportation segment decreased by Ps.7,130.1 million, or 76.4%, to Ps.2,205.3 million for the year ended December 31, 2020, from Ps.9,335.5 million during 2019. This decrease was primarily due to a decrease in real terms in Metrovías' revenues and the works performed by BRT in the subway network.

The decrease in revenues in real terms for transportation services performed by Metrovías is primarily due to the combined effect of a 77% decrease in the ridership in the year ended December 31, 2020 compared to 2019, mainly attributable to restrictions imposed to limit the spread of COVID-19 and the subsequent enforcement of a mandatory preventive social isolation by the Argentine government beginning on March 20, 2020, and a 22% decrease, in real terms, of the subway fare, which rose 5.7% in nominal terms (to Ps.19.2 on average in the year ended December 31, 2020 from Ps.18.2 on average in 2019) whereas the annual inflation rate recorded was 36.1%.

The resulting decrease in revenues was partially offset by an increase in the subsidies received by Metrovías in compensation for cost increases in the Buenos Aires Subway and Premetro operations. On the other hand, the decrease in revenues from fares in the Urquiza Railway has not been compensated by the Argentine government. Subsidies are deducted from cost of providing services and administrative and selling expenses, instead of being recorded as revenues. For further information see “*Business—Transportation Segment—Subway Network Operation and Maintenance Contract—Urquiza Railway Concession.*”

#### *Cost of providing services*

Cost of providing services in this segment primarily include salaries and social security contributions, electrical energy, maintenance of infrastructure and rolling stock, outsourced services and insurance, partially offset by subsidies received, which are not recorded as revenues from contracts with customers, but rather as a reduction of cost of providing services. Cost of providing services in our Transportation segment decreased by Ps.4,799.4 million, or 84.3%, to Ps.893.8 million for the year ended December 31, 2020, from Ps.5,693.2 million during 2019. This decrease was primarily due to an increase in subsidies received from SBASE as compensation for cost increases and a decrease in certain direct operating expenses, such as energy, salaries and social contributions, maintenance of the stations that were closed to prevent the spread of COVID-19 and maintenance of railcars, due to reduced services.

#### *Administrative expenses*

Administrative expenses include primarily salaries, expenses related to collection services, computer services and software and professional fees, partially offset by subsidies received. Administrative expenses in our Transportation segment decreased by Ps.673.8 million, or 68.1%, to Ps.315.4 million for the year ended December 31, 2020, from Ps.989.3 million during 2019. This decrease was primarily due to an increase in subsidies paid by SBASE and a reduction in the costs of collection services, tax expenditures, computer services and software, salaries and social contributions due to a lower level of activity.

#### *Selling expenses and other operating expenses*

Selling expenses and other operating expenses consist mainly of salaries and social security contributions, tax expenditures, insurance and fees paid for using SUBE (*Sistema Único de Boleto Electrónico* or single electronic ticket system, “SUBE” per its acronym in Spanish), a smart plastic card issued by the government that contains credit to be used to travel in different transportation systems, including subways and trains, offset by the subsidies received. These expenses decreased by Ps.1,412.7 million, or 92.1%, to Ps.122.0 million for the year ended December 31, 2020, from Ps.1,534.7 million during 2019. This decrease was primarily due to the increase in subsidies paid by SBASE and a decrease in real terms in labor costs, turnover tax and fees paid for using SUBE due to a lower level of activity.

#### *Other income and expenses, net*

Other net expenses in the Transportation segment increased by Ps.0.1 million, or 7.9%, to Ps.1.7 million for the year ended December 31, 2020, from Ps.1.6 million during 2019.

### ***Results of Water Supply Services Segment***

The following table sets forth the components of the consolidated statement of income for our Water Supply Services segment for the fiscal year ended December 31, 2020 and 2019:

	<b>For the fiscal year ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
	<i>(stated in the constant currency of December 31, 2020)</i>	
	<i>(in millions of pesos, except for percentages)</i>	
Revenues from contracts with customers .....	3,997.0	4,240.7
Cost of providing services.....	(2,209.2)	(2,291.9)
Administrative expenses .....	(735.0)	(767.8)
Selling expenses and other operating expenses .....	(1,353.5)	(1,433.8)
Other operating income and expenses, net .....	183.7	154.6

	For the fiscal year ended December 31,	
	2020	2019
	<i>(stated in the constant currency of December 31, 2020)</i>	
	<i>(in millions of pesos, except for percentages)</i>	
Operating income.....	(117.0)	(98.2)
Operating margin.....	(2.9)%	(2.3)%

#### *Revenues from contracts with customers*

Revenues from contracts with customers of our Water Supply Services segment decreased by Ps.243.6 million, or 5.7%, to Ps.3,997.0 million for the year ended December 31, 2020, from Ps.4,240.7 million during 2019. This decrease was primarily due to the fact that rate increases granted by the concession grantor in 2020 did not offset the inflation recorded during this year, and reflected in the December 2019 figures presented in constant *pesos* for comparative purposes.

Only one tariff increase was approved in 2020 (14.1% effective as of January 2020) to compensate for cost increases between April and August 2019.

#### *Cost of providing services*

Cost of providing services of our Water Supply Services segment decreased by Ps.82.7 million, or 3.6%, to Ps.2,209.2 million for the year ended December 31, 2020, from Ps.2,291.9 million during 2019. This decrease was primarily due to a decrease in labor costs in real terms, including because of decreases in overtime pay and outsourced services due to isolation measures, water treatment chemicals, due to an improvement in the quality of raw water as compared to 2019 and fuels, partially offset by an increase in maintenance expenses.

#### *Administrative expenses*

Administrative expenses include salaries, professional fees and outsourcing costs. The administrative expenses of our Water Supply Services segment decreased by Ps.32.8 million, or 4.3%, to Ps.735.0 million for the year ended December 31, 2020, from Ps.767.8 million during 2019. This decrease was primarily due to a decrease in labor costs, in real terms, and professional fees.

#### *Selling expenses and other operating expenses*

Selling expenses and other operating expenses include mainly labor costs and outsourcing, provision for contingencies in connection with damaged property, salaries and social security contributions. Selling expenses and other operating expenses of our Water Supply Services segment decreased by Ps.80.3 million, or 5.6%, to Ps.1,353.5 million for the year ended December 31, 2020, from Ps.1,433.8 million during 2019. This decrease was primarily due to a decrease in certain expenses derived from the isolation measures, such as service disconnection or reconnection due to the prohibition of suspension of certain public services established by the Argentine government, cash in transit, cadastral surveys and materials, as well as in labor costs, in real terms, partially offset by an increase in provisions for contingencies related to damaged property.

#### *Other operating income and expenses, net*

Other operating income and expenses, net of our Water Supply Services segment increased by Ps.29.1 million, or 18.8%, to Ps.183.7 million for the year ended December 31, 2020, from Ps.154.6 million during 2019. This increase was primarily due to a higher recovery of expenses incurred by ACSA for the collection, administration and development of works related to the Tariff Charge.

#### ***Results of Other Activities Segment***

The following table sets forth the components of the statement of income for our Other Activities segment for the fiscal year ended December 31, 2020 and 2019:

	For the fiscal year ended December 31,	
	2020	2019
	(stated in the constant currency of December 31, 2020)	
	(in millions of pesos, except for percentages)	
Revenues from contracts with customers.....	339.0	416.3
Cost of providing services .....	(283.7)	(391.1)
Administrative expenses.....	(62.0)	(73.3)
Selling expenses and other operating expenses.....	(13.5)	(18.0)
Other operating income and expenses, net.....	0.0	0.0
<b>Operating income .....</b>	<b>(20.2)</b>	<b>(66.0)</b>
<b>Operating margin .....</b>	<b>(6.0)%</b>	<b>(15.9)%</b>

#### *Revenues from contracts with customers*

Revenues from contracts with customers of our Other Activities segment decreased by Ps.77.3 million, or 18.6%, to Ps.339.0 million for the year ended December 31, 2020, from Ps.416.3 million during 2019. This decrease was primarily due to the decrease, in real terms, in revenues from contracts with customers of Prominente.

#### *Cost of providing services*

Cost of providing services of our Other Activities segment decreased by Ps.107.4 million, or 27.5%, to Ps.283.7 million for the year ended December 31, 2020, from Ps.391.1 million during 2019. This decrease was primarily due to a decrease in labor costs, in real terms, and in materials.

#### *Administrative expenses*

Administrative expenses of our Other Activities segment decreased by Ps.11.2 million, or 15.3%, to Ps.62.0 million for the year ended December 31, 2020, from Ps.73.3 million during 2019. This decrease was primarily due to a decrease in labor costs, in real terms, and in depreciation of Property, plant and equipment.

#### *Selling expenses and other operating expenses*

Selling expenses and other operating expenses of our Other Activities segment decreased by Ps.4.5 million, or 24.8%, to Ps.13.5 million for the year ended December 31, 2020, from Ps.18.0 million during 2019. This decrease was primarily due to a decrease in labor costs, in real terms, and in security and surveillance expenses.

### **Results of Operations for the fiscal year ended December 31, 2019 compared to the fiscal year ended December 31, 2018**

The following table sets forth the components of the statement of income for the years ended December 31, 2019 and 2018, that derives from the comparative information presented in our 2020 Audited Consolidated Financial Statements and our 2019 Audited Consolidated Financial Statements, respectively, which are included in, and form a part of, this Exchange Offer Memorandum. Although our 2019 Audited Consolidated Financial Statements are stated in the constant currency of December 31, 2019, the financial information included in this Exchange Offer Memorandum arising therefrom has been restated in the constant currency of December 31, 2020:

	For the year ended December 31,		
	2019	2018	Variation (%)
	(Stated in the constant currency as of December 31, 2020)		
	(in millions of pesos, except for percentages)		
Revenues from contracts with customers	65,897.9	65,990.4	(0.1)%
Cost of providing services	(48,464.6)	(47,485.8)	2.1%
<b>Gross Profit</b>	<b>17,433.2</b>	<b>18,504.6</b>	<b>(5.8)%</b>
Administrative expenses	(7,807.0)	(8,042.5)	(2.9)%
Selling expenses and other operating expenses	(4,387.8)	(5,001.0)	(12.3)%
Other operating income and expenses, net	305.8	149.2	105.0%
<b>Operating income</b>	<b>5,544.2</b>	<b>5,610.3</b>	<b>(1.2)%</b>

<b>Operating Margin</b>	<b>8.4%</b>	<b>8.5%</b>	
Financial income	923.8	1,481.6	(37.6)%
Financial expenses	(7,542.5)	(13,016.9)	(42.1)%
Net (loss) / gain in associates and joint arrangements accounted for under the equity method	(253.2)	220.2	(215.0)%
Goodwill impairment	-	(18.1)	(100.0)%
<b>Net loss before income tax</b>	<b>(1,327.7)</b>	<b>(5,722.9)</b>	<b>(76.8)%</b>
Income tax	(1,360.2)	(1,924.5)	(29.3)%
<b>Net loss for the year</b>	<b>(2,687.9)</b>	<b>(7,647.4)</b>	<b>(64.9)%</b>

#### *Revenues from contracts with customers*

Revenues from contracts with customers decreased by Ps.92.5 million, or 0.1%, to Ps.65,897.9 million for the year ended December 31, 2019, from Ps.65,990.4 million during 2018. This decrease was primarily due to a decrease in revenues in the Construction segment of Ps.1,613.4 million, in the Waste Management segment of Ps.170.9 million and in the Other Activities segment of Ps.83.7 million, partially offset by an increase in revenues in the Transportation Segment of Ps.1,591.1 million and in the Water Supply Services segment of Ps.48.5 million.

#### *Cost of providing services*

Cost of providing services increased by Ps.978.8 million, or 2.1%, to Ps.48,464.6 million for the year ended December 31, 2019, from Ps.47,485.8 million during 2018. This variation was due to an increase in the cost of providing services in the Transportation segment of Ps.833.8 million, in the Water Supply Services segment of Ps.488.7 million, in the Construction segment of Ps.115.9 million and the Other Activities segment of Ps.30.9 million, partially offset by a decrease in the cost of providing services of the Waste Management segment of Ps.619.9 million.

#### *Administrative expenses*

Administrative expenses decreased by Ps.235.5 million, or 2.9%, to Ps.7,807.0 million for the year ended December 31, 2019, from Ps.8,042.5 million during 2018. This decrease was due to a decrease in administrative expenses in the Waste Management segment of Ps.115.0 million, in the Transportation segment of Ps.72.0 million, in the Construction segment of Ps.66.4 million, in the Water Supply Services segment of Ps.66.4 million and in the Other Activities segment of Ps.6.7 million.

#### *Selling expenses and other operating expenses*

Selling expenses and other operating expenses decreased by Ps.613.1 million, or 12.3%, to Ps.4,387.8 million for the year ended December 31, 2019, from Ps.5,001.0 million during 2018. This decrease was primarily due to a decrease in the Construction segment of Ps.611.0 million, in the Water Supply Services segment of Ps.17.0 million and in the Other Activities segment of Ps.15.8 million, partially offset by an increase in the Transportation segment of Ps.27.9 million.

#### *Other operating income, net*

Other net operating income, net increased by Ps.156.6 million, or 105.0%, to Ps.305.8 million for the year ended December 31, 2019, from Ps.149.2 million during 2018. This increase was due mainly to an increase in the Construction segment of Ps.189.1 million, in the Water Supply Services segment of Ps.53.7 million and in the Transportation segment of Ps.1.1 million, partially offset by a decrease in the Waste Management segment of Ps.87.9 million.

#### *Financial income*

Financial income decreased by Ps.557.8 million, or 37.6%, to Ps.923.8 million for the year ended December 31, 2019, from Ps.1,481.6 million during 2018. This decrease was primarily due to a Ps.902.5 million decrease in exchange difference as a result of the impact on our foreign currency-denominated assets of a lower depreciation, in

real terms, of the *peso* in the year ended December 31, 2019 as compared to 2018, partially offset by a Ps.460.4 million increase in interest income generated by assets, mainly due to an increase in the applicable interest rates.

#### *Financial expense*

Financial expenses decreased by Ps.5,474.4 million, or 42.1%, to Ps.7,542.5 million for the year ended December 31, 2019, compared to Ps.13,016.9 million during 2018. This decrease was due primarily to a decrease of Ps.6,850.7 million in exchange difference as a result of the impact on our foreign currency-denominated liabilities of a lower depreciation, in real terms, of the *peso* in the year ended December 31, 2019 compared to 2018. The decrease was partially offset by a Ps.1,009.7 million increase in losses due to the effect of inflation in our net monetary position, as well as a Ps.800.1 million increase in interest expense, mainly due to an increase in our *peso*-denominated indebtedness in nominal terms as well as in the applicable interest rates.

#### *Share of net profit of associates and joint ventures accounted for under the equity method*

Share of net profit of associates and joint ventures accounted for under the equity method decreased by Ps.473.4 million, or 215.0%, to a loss of Ps.253.2 million for the year ended December 31, 2019, from a gain of Ps.220.2 million during 2018. This decrease was primarily due to a net loss recorded by CV1, as a result of the expiration of the CV1 concession contract in July 2018.

#### *Goodwill impairment*

Goodwill impairment was Ps.18.1 million for the year ended December 31, 2018, while during 2019 no goodwill impairment was recorded, since goodwill had been fully impaired as of December 31, 2018.

#### *Income tax*

Income tax decreased by Ps.564.3 million, or 29.3%, to Ps.1,360.2 million for the year ended December 31, 2019, from Ps.1,924.5 million during 2018. This decrease was primarily due to a decrease of income tax in ACSA, mainly due to the application of new tax rules that allowed for the revaluation of several assets that generated a recovery in previously accrued taxes, and BRH. The decrease was partially offset by an increase in income tax in Metrovías.

#### *Depreciation and amortization*

Depreciation and amortization is not a separate line item in our statement of income, but it is included in several of the other line items, including cost of providing services, administrative and selling expenses and other operating expenses, depending on the purpose for which the asset being depreciated is used. Depreciation and amortization expenses increased by Ps.962.2 million, or 20.9%, to Ps.5,562.3 million for the year ended December 31, 2019, from Ps.4,600.1 million during 2018. This increase was primarily due to an increase in the book value of Property, Plant and Equipment after the application of the revaluation method, which is disclosed in notes 2.5 and 10(c) to our 2020 Audited Consolidated Financial Statements.

#### ***Results of the Waste Management Segment***

The following table sets forth the components of the statement of income for our Waste Management segment for the years ended December 31, 2019 and 2018:

	<b>For the year ended December 31,</b>	
	<b>2019</b>	<b>2018</b>
<i>(stated in the constant currency of December 31, 2020)</i>		
<i>(in millions of pesos, except for percentages)</i>		
Revenues from contracts with customers .....	24,628.0	24,798.9
Cost of providing services .....	(17,387.3)	(18,007.2)
Administrative expenses .....	(3,916.2)	(4,031.2)



For the year ended December 31,		
	2019	2018
<i>(stated in the constant currency of December 31, 2020)</i>		
<i>(in millions of pesos, except for percentages)</i>		
Other operating income and expenses, net.....	(37.8)	50.1
<b>Operating income.....</b>	<b>3,286.7</b>	<b>2,810.6</b>
<b>Operating margin.....</b>	<b>13.3%</b>	<b>11.3%</b>

#### *Revenues from contracts with customers*

Revenues from contracts with customers in our Waste Management segment decreased by Ps.170.9 million, or 0.7% in real terms, to Ps.24,628.0 million for the year ended December 31, 2019, from Ps.24,798.9 million during 2018. This decrease was primarily due to: (i) a decrease in (x) urban waste management services of Ps.1,284.3 million attributable mainly to the expiration of the contract of Metro Ambiental S.A. for the cleaning and eradication of landfills in the Matanza-Riachuelo basin, (y) revenues in our contracts in Buenos Aires due to the fact that the price adjustment mechanisms did not cover the whole increase in costs since they are triggered when the evolution of the relevant price index exceeds 7%, and (z) revenues from San Isidro, due to the reduction of certain additional services; and (ii) a decrease of Ps.146.7 million in industrial services provided by Taym as a result of lower activity. These decreases were partially offset by a Ps.1,228.1 million increase in the revenues of landfill operations, generated mainly by the activities in the Norte III landfill, and an increase in waste valorization of Ps.32.0 million, mainly as a result of an increase in revenues from contracts with customers from the Central Buen Ayre energy generation plant.

#### *Cost of providing services*

Cost of providing services in our Waste Management Segment primarily includes salaries and social security contributions, depreciation of property, plant and equipment, outsourced services and materials and spare parts. Cost of providing services in our Waste Management segment decreased by Ps.619.9 million, or 3.4%, to Ps.17,387.3 million for the year ended December 31, 2019, from Ps.18,007.2 million in 2018. This decrease was primarily due to a decrease in: (i) waste management services of Ps.562.3 million; (ii) waste valorization of Ps.65.5 million; and (iii) landfill operations of Ps.16.9 million. These decreases were partially offset by an increase in the costs of industrial services of Ps.24.8 million.

#### *Administrative expenses*

Administrative expenses primarily include salaries, wages and social security contributions, taxes, professional fees and expenses related to press and public outreach campaigns. Administrative expenses decreased by Ps.115.0 million, or 2.9%, to Ps.3,916.2 million for the year ended December 31, 2019, from Ps.4,031.2 million for 2018. This decrease was primarily due to a decrease, in real terms, in salaries and social security contributions and in tax expenditures. This decrease was partially offset by an increase in professional fees.

#### *Other operating income and expenses, net*

Other net operating income and expenses, net in our Waste Management segment decreased by Ps.87.9 million, or 175.5%, to expenses of Ps.37.8 million for the year ended December 31, 2019, from income of Ps.50.1 million during 2018. This decrease was primarily due to a loss of value due to the impairment of certain fixed assets recorded in the year ended December 31, 2019.

#### **Results of Construction Segment**

The following table sets forth the components of the statement of income for our Construction segment for the fiscal years ended December 31, 2019 and 2018:

	For the year ended December 31,	
	2019	2018
(stated in the constant currency of December 31, 2020)		
(in millions of pesos, except for ratios)		
Revenues from contracts with customers .....	27,645.4	29,258.9
Cost of providing services .....	(22,967.1)	(22,851.2)
Administrative expenses .....	(1,884.8)	(1,951.2)
Selling expenses and other operating expenses....	(1,349.0)	(1,960.0)
Other operating income and expenses, net.....	189.9	0.8
<b>Operating income.....</b>	<b>1,634.4</b>	<b>2,497.2</b>
<b>Operating margin.....</b>	<b>5.9%</b>	<b>8.5%</b>

#### *Revenues from contracts with customers*

Revenues from contracts with customers of our Construction segment decreased, in real terms, by Ps.1,613.4 million, or 5.5%, to Ps.27,645.4 million for the year ended December 31, 2019, from Ps.29,258.9 million in 2018. This decrease was primarily due to (i) a decrease in revenues of BRH of Ps.7,093.7 million due to a slowdown in the construction industry in Argentina and the completion of certain works performed in 2018, including the construction of a tranche of the Córdoba city beltway, the rehabilitation of the Los Molinos water channel in the Province de Córdoba, the contract for road repair and maintenance No. 303, comprising National Roads No. 38 and No. 74 in the Province of La Rioja and the elevation of rail line in the Gral. Mitre Railway, in the city of Buenos Aires; and (ii) a Ps.184.6 million decrease in revenues of Sehos mainly due to lower activity. These decreases were partially offset by (x) an increase in revenues from contracts with customers of Haug of Ps.4,327.1 million, as a consequence of increased activity in Peru, as well as the depreciation of the *peso* against the Peruvian Sol, which increased revenues in terms of *pesos*; (y) a Ps.755.8 million increase in revenues of Benito Roggio Panama S.A., that had recorded negative revenues in 2018, as a result of the completion of works under execution; and (z) an increase in revenues of Benito Roggio Paraguay of Ps.582.1 million due mainly to the consolidation of the revenues of certain joint ventures in which this subsidiary participates that were previously accounted for under the equity method.

#### *Cost of providing services*

Cost of providing services in our Construction segment consists primarily of salaries and social security contributions, subcontracts, materials and spare parts, rentals and depreciation of property, plant and equipment. Cost of providing services of our Construction segment increased by Ps.115.9 million, or 0.5%, to Ps.22,967.1 million for the year ended December 31, 2019, from Ps.22,851.2 million in 2018. This increase was primarily due to an increase in the cost of providing services of Haug of Ps.3,970.3 million due to increased activity and Benito Roggio Paraguay of Ps.658.6 million, mainly as a result of the consolidation of the revenues of certain joint ventures, partially offset by a decrease in the costs of BRH of Ps.4,330.1 million and Sehos of Ps.183.0 million, principally due to a slowdown in the construction industry in Argentina.

#### *Administrative expenses*

Administrative expenses primarily include salaries and wages, social security contributions and professional fees. Administrative expenses in our Construction segment decreased by Ps.66.4 million, or 3.4%, to Ps.1,884.8 million for the year ended December 31, 2019, from Ps.1,951.2 million in 2018. This decrease was primarily due to a reduction in real terms of salary and social security contributions and subcontracts, partially offset by an increase in professional fees.

#### *Selling expenses and other operating expenses*

Selling expenses and other operating expenses of our Construction segment consist primarily of taxes and fees, salary costs, depreciation of property, plant and equipment, maintenance costs of equipment and facilities and subcontracts. These expenses decreased by Ps.611.0 million, or 31.2%, to Ps.1,349.0 million for the year ended December 31, 2019, from Ps.1,960.0 million in 2018. This decrease was primarily due to a decrease in turnover tax, rentals and outsourcing, partially offset by an increase in depreciation of property, plant and equipment.

### *Other operating income and expenses, net*

Other operating income and expenses, net in the Construction segment increased by Ps.189.1 million, to Ps.189.9 million for the year ended December 31, 2019, from Ps.0.8 million in 2018. This change was primarily due to the recovery of certain expenses in Panama as a result of the completion of works under execution.

### ***Results of the Transportation Segment***

The following table sets forth the components of the statement of income for our Transportation segment for the years ended December 31, 2019 and 2018:

	<b>For the year ended December 31,</b>	
	<b>2019</b>	<b>2018</b>
<i>(stated in the constant currency of December 31, 2020)</i>		
<i>(in millions of pesos, except for percentages)</i>		
Revenues from contracts with customers.....	9,335.5	7,744.4
Cost of providing services .....	(5,693.2)	(4,859.5)
Administrative expenses .....	(989.3)	(1,061.3)
Selling expenses and other operating expenses....	(1,534.7)	(1,506.8)
Other operating income and expenses, net.....	(1.6)	(2.7)
<b>Operating income .....</b>	<b>1,116.6</b>	<b>314.1</b>
<b>Operating margin.....</b>	<b>12.0%</b>	<b>4.1%</b>

### *Revenues from contracts with customers*

Revenues from contracts with customers of our Transportation segment increased by Ps.1,591.1 million, or 20.5%, to Ps.9,335.5 million for the year ended December 31, 2019, from Ps.7,744.4 million in 2018. This increase was primarily due to an increase in real terms in Metrovías' income and the works performed by BRT in the subway network.

The increment in Metrovías' income for transportation services, despite a 4.0% decrease in passengers year-over-year, is mainly attributable to increases in subway fares, that averaged Ps.18.20 in 2019 compared with Ps.7.50 in 2018.

The resulting increase in revenues was partially offset by a reduction in the subsidies received by Metrovías in compensation for cost increases. Subsidies are deducted from cost of providing services, administrative and selling expenses, instead of being recorded as revenues. For further information see “*Business—Transportation Segment—Subway Network Operation and Maintenance Contract—Urquiza Railway Concession.*”

### *Cost of providing services*

Cost of providing services in this segment primarily include salaries and social security contributions, electrical energy, maintenance of infrastructure and rolling stock, outsourced services and insurance, partially offset by subsidies received. Cost of providing services in our Transportation segment increased by Ps.833.8 million, or 17.2%, to Ps.5,693.2 million for the year ended December 31, 2019, from Ps.4,859.5 million in 2018. This increase was primarily due to (i) an increase in outsourced services in connection with the works performed by BRT in the subway network, (ii) the acquisition of materials, and (iii) a reduction, in real terms, of subsidies received from SBASE resulting from the increase in subway fares experienced in 2019. These increases were partially offset by a decrease in real terms in labor costs and rolling stock maintenance costs.

### *Administrative expenses*

Administrative expenses include primarily salaries, expenses related to collection services, computer services and software, and professional fees, partially offset by subsidies received. Administrative expenses in our

Transportation segment decreased by Ps.72.0 million, or 6.8%, to Ps.989.3 million for the year ended December 31, 2019, from Ps.1,061.3 million in 2018. This decrease was primarily due to a reduction in tax expenditures and depreciation of property, plant and equipment, partially offset by a reduction in subsidies paid by SBASE, as a consequence of the increase in subway fares in 2019, and an increase in the costs of collection services and professional fees.

#### *Selling expenses and other operating expenses*

Selling expenses and other operating expenses consist mainly of salaries and social security contributions, tax expenditures, insurance and fees paid for using the SUBE card, offset by the subsidies received. These expenses increased by Ps.27.9 million, or 1.9%, to Ps.1,534.7 million in the year ended December 31, 2019, from Ps.1,506.8 million in 2018. This increase was due mainly to the reduction in subsidies paid by SBASE as a consequence of the increase in fares during 2019, partially offset by a decrease in real terms in labor costs.

#### *Other operating income and expenses, net*

Other operating expenses, net in the Transportation segment decreased by Ps.1.1 million, or 40.3%, to Ps.1.6 million for the year ended December 31, 2019, from Ps.2.7 million in 2018.

### **Results of Water Supply Services Segment**

The following table sets forth the components of the statement of income for our Water Supply Services segment for the years ended December 31, 2019 and 2018:

	<b>For the year ended December 31,</b>	
	<b>2019</b>	<b>2018</b>
	<i>(stated in the constant currency of December 31, 2020)</i>	
	<i>(in millions of pesos, except for percentages)</i>	
Revenues from contracts with customers.....	4,240.7	4,192.1
Cost of providing services .....	(2,291.9)	(1,803.2)
Administrative expenses .....	(767.8)	(834.2)
Selling expenses and other operating expenses....	(1,433.8)	(1,450.8)
Other operating income and expenses, net.....	154.6	100.9
<b>Operating income.....</b>	<b>(98.2)</b>	<b>204.9</b>
<b>Operating margin.....</b>	<b>(2.3)%</b>	<b>4.9%</b>

#### *Revenues from contracts with customers*

Revenues from contracts with customers of our Water Supply Services segment increased by Ps.48.5 million, or 1.2%, to Ps.4,240.7 million for the year ended December 31, 2019, from Ps.4,192.1 million in 2018. This increase is primarily due to an additional 10.58% tariff increase, effective as of January 2019, that was approved by ACSA's concession grantor in accordance with the provisions of the concession contract. This tariff adjustment mechanism is to reflect the impact on ACSA's cost structure of the concession fee and the royalty payments for raw water provision and transport (which had been put on hold since January 2006 but the concession grantor reinstated as of January 2019). This increase was partially offset by the fact that ordinary rate increases granted by the concession grantor in 2019 did not offset the inflation recorded during this period, and reflected in the December 2018 figures presented in constant *pesos* for comparative purposes.

#### *Cost of providing services*

Cost of providing services of our Water Supply Services segment increased by Ps.488.7 million, or 27.1%, to Ps.2,291.9 million for the year ended December 31, 2019, from Ps.1,803.2 million in 2018. This increase was primarily due to the accrual of certain concession fees that had been suspended in 2006 and the concession grantor

decided to reinstate as of January 2019 and, in compensation of which, the concession grantor approved an additional tariff increase in accordance with the provisions of the concession contract.

#### *Administrative expenses*

Administrative expenses include salaries, professional fees, amortization of intangibles assets and outsourcing costs. The administrative expenses of our Water Supply Services segment decreased by Ps.66.4 million, or 8.0%, to Ps.767.8 million for the year ended December 31, 2019, from Ps.834.2 million in 2018. This decrease was primarily due to a decrease in professional fees and maintenance costs.

#### *Selling and other operating expenses*

Selling expenses and other operating expenses include mainly outsourcing, provision for contingencies in connection with damaged property, salaries and social security contributions. Selling expenses and other operating expenses of our Water Supply Services segment decreased by Ps.17.0 million, or 1.2%, to Ps.1,433.8 million for the year ended December 31, 2019, from Ps.1,450.8 million in 2018. This decrease was primarily due to a decrease in provisions for contingencies related to damaged property, partially offset by an increase in outsourcing costs in connection with a cadastral survey conducted in 2019.

#### *Other operating income and expenses, net*

Other operating income and expenses, net of our Water Supply Services segment increased by Ps.53.7 million, or 53.2%, to Ps.154.6 million for the year ended December 31, 2019, from Ps.100.9 million during 2018. This increase was primarily due to a higher recovery of expenses incurred by ACSA for the collection, administration and development of works related to the Tariff Charge.

### **Results of Other Activities Segment**

The following table sets forth the components of the statement of income for our Other Activities segment for the fiscal years ended December 31, 2019 and 2018:

	<b>For the year ended December 31,</b>	
	<b>2019</b>	<b>2018</b>
	<i>(stated in the constant currency of December 31, 2020)</i>	
	<i>(in millions of pesos, except for percentages)</i>	
Revenues from contracts with customers.....	416.3	500.0
Cost of providing services .....	(391.1)	(360.2)
Administrative expenses .....	(73.3)	(80.0)
Selling expenses and other operating expenses....	(18.0)	(33.8)
Other operating income and expenses, net.....	0.0	0.0
<b>Operating income</b> .....	<b>(66.0)</b>	<b>26.0</b>
<b>Operating margin</b> .....	<b>(15.9)%</b>	<b>5.2%</b>

#### *Revenues from contracts with customers*

Revenues from contracts with customers of our Other Activities segment decreased by Ps.83.7 million, or 16.7%, to Ps.416.3 million for the year ended December 31, 2019, from Ps.500.0 million during 2018. This decrease was primarily due to the decrease, in real terms, in the revenues from contracts with customers of Prominente.

#### *Cost of providing services*

Cost of providing services of our Other Activities segment increased by Ps.30.9 million, or 8.6%, to Ps.391.1 million for the year ended December 31, 2019, from Ps.360.2 million for the same period in 2018. This increase was primarily due to (i) an increase in the depreciation of property, plant and equipment, (ii) the reclassification of tax

expenses from “*Selling expenses and other operating expenses*” and “*Administrative expenses*,” and (iii) an increase of labor costs in real terms.

#### *Administrative expenses*

Administrative expenses of our Other Activities segment decreased by Ps.6.7 million, or 8.4%, to Ps.73.3 million for the year ended December 31, 2019, from Ps.80.0 million in 2018. This decrease was primarily due to the reclassification of tax expenses to “*Cost of providing services*” and a decrease in rental expenditures, partially offset by an increase in depreciation of property, plant and equipment.

#### *Selling expenses and other operating expenses*

Selling expenses and other operating expenses of our Other Activities segment decreased by Ps.15.8 million, or 46.8%, to Ps.18.0 million for the year ended December 31, 2019, from Ps.33.8 million in 2018. This decrease was primarily due to the reclassification of tax expenses to “*Cost of providing services*.”

### **Capital Expenditures**

The table below describes our capital expenditures for the given periods (not including investments in subsidiaries):

	<b>For the three-month period ended March 31, 2021</b>	<b>For the fiscal year ended December 31,</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
	<i>(stated in the constant currency of March 31, 2021)</i>	<i>(stated in the constant currency of December 31, 2020)</i>		
	<i>(unaudited)</i>	<i>(audited)</i>		
		<i>(in millions of pesos)</i>		
Waste Management .....	117.7	472.5	2,040.2	1,687.3
Construction .....	67.0	382.3	1,145.1	829.1
Transportation .....	1.4	1.9	6.0	93.3
Water Supply Services .....	63.3	423.9	510.3	410.3
Other Activities .....	1.9	2.2	27.6	19.8
Other and adjustments .....	0.0	0.5	0.5	0.6
<b>Total.....</b>	<b>251.3</b>	<b>1,283.3</b>	<b>3,729.7</b>	<b>3,040.3</b>

The nature and timing of our capital expenditures varies throughout our different business segments.

In our Waste Management segment, capital expenditures are directly associated with the terms of our service contracts. For urban waste management, these expenditures are limited to the purchase and maintenance of equipment, such as trucks, compacting boxes, dredges and sweepers, and preparing and equipping our operating facilities. Most of these expenditures occur at the start of the contractual relationship, when we purchase a new fleet of trucks and other equipment. Similarly, for landfill operations, capital expenditures generally occur either at the beginning of the contractual relationship or throughout the useful life of the landfill, as existing responsive capacity is completed, and mainly consist of investments on landfill infrastructure and purchases of heavy machinery for the handling of urban solid waste. Capital expenditures for industrial services are also generally the highest at the beginning of the contractual relationship and are associated with equipment for waste transportation or machinery specifically used for cleaning. Finally, our capital expenditures related to waste valorization services, also occur at the beginning of the contractual relationship and mainly consist of infrastructure expenses and installation of equipment to carry out the activities. For the three-month period ended March 31, 2021, capital expenditures in our Waste Management segment were Ps.117.7 million. For the fiscal years ended December 31, 2020, 2019 and 2018, capital expenditures in our Waste Management segment were Ps.472.5 million, Ps.2,040.2 million and Ps.1,687.3 million, respectively.

Capital expenditures related to the construction business are directly linked to the opportunity and nature of the awarded projects. In general, the funds are allocated to the purchase of construction equipment or, in the case of long-term contracts, to the start-up of operations. The vast majority of these investments are made at the beginning of the project, when we purchase special equipment for the work. For the three-month period ended March 31, 2021, investment in capital goods in our Construction segment were Ps.67.0 million. For the fiscal years ended December 31, 2020, 2019 and 2018, investment in capital goods in our Construction segment amounted to Ps.382.3 million, Ps.1,145.1 million and Ps.829.1 million, respectively.

At the date of this Exchange Offer Memorandum, we do not have any contractual obligation under the AOM or the Urquiza Railway concession contract to make significant capital expenditures in our Transportation segment other than through the management of investment projects of the grantor of the concession. For the three-month period ended March 31, 2021, capital expenditures in our Transportation segment were Ps.1.4 million. For the fiscal years ended December 31, 2020, 2019 and 2018, capital expenditures in our Transportation segment were Ps.1.9 million, Ps.6.0 million and Ps.93.3 million, respectively.

Capital expenditures in our Water Supply Services segment include both preventive and remedial repairs and maintenance relating to the water network infrastructure financed with ACSA's revenues and capital expenditures financed with the Tariff Charge (see "*Business—Water Supply Services Segment—The Concession*"). For the three-month period ended March 31, 2021, capital expenditures in our Water Supply Services segment were Ps.63.3 million. For the fiscal years ended December 31, 2020, 2019 and 2018, capital expenditures in our Water Supply Services segment were Ps.423.9 million, Ps.510.3 million and Ps.410.3 million, respectively.

For the three-month period ended March 31, 2021, capital expenditures in our Other Activities segment were Ps.1.9 million. For the fiscal years ended December 31, 2020, 2019 and 2018, capital expenditures in our Other Activities segment were Ps.2.2 million, Ps.27.6 million and Ps.19.8 million, respectively.

## **Liquidity and Capital Resources**

Our capital requirements are primarily for the following purposes: capital expenditures, working capital, and investments in UTEs and consortia for the development of construction works. Our borrowing requirements are not seasonal, as they take place throughout the year without any particular arrangement. We also have various authorized overdraft lines in different banking institutions which cover our short-term working capital needs. For further information on our indebtedness, see "*Other Company Indebtedness*" in this Exchange Offer Memorandum.

Clisa has been conducting its business in an environment characterized by a prolonged and significant decrease in the economic activity, high inflation, high interest rates, currency depreciation, foreign exchange restrictions, complicated access to the foreign financial markets, strengthening of fiscal disparities and decrease in its financing sources, aggravated by the fact that the Argentine government, at federal, provincial and municipal levels, is the most significant client of Clisa. During the last year, the referred situation has deepened as a consequence of the COVID-19 pandemic. The sum of these factors has severely affected the Company's activity levels and its economic and financial performance. As a result, through the Exchange Offer described herein, we are taking a proactive approach to preserve our liquidity and our financial position, in order to guarantee the performance of our services in a challenging economic, financing and health context, maintaining quality and safety standards and prioritizing our sustainability until the variables affecting our business have normalized. See "*Risk Factors—Risks Related to Argentina*" and "*—Risk Related to Our Business.*"

## **Dividends**

We have no specific dividend policy and may decide in the future to pay dividends according to applicable law or based on several factors as may exist at the relevant time. The decision to distribute dividends corresponds exclusively to the Shareholders' Meeting, based on the Board of Directors' recommendation. Our dividends distribution will depend, among other things, on the results of its operations, investment requirements, possibilities and costs of financing of investment projects, discharge of obligations, existing legal and contractual restrictions, future prospects and any other factor as our Board of Directors may deem material.

We have not paid dividends to our shareholders in the fiscal years ended December 31, 2020, 2019 and 2018.

## Sources of Funds

Our main sources of funds derive principally from our operating results, capital markets transactions and bank and financial loans. As of March 31, 2021, our working capital was sufficient to meet current requirements.

## Cash Flows

The table below sets forth our cash flows from operating, investing and financing activities for the periods / fiscal years indicated:

	For the three-month period ended March 31,		For the fiscal year ended December 31,		
	2021	2020	2020	2019	2018
	<i>(stated in the constant currency of March 31, 2021)</i>		<i>(stated in the constant currency of December 31, 2020)</i>		
	<i>(unaudited)</i>		<i>(in millions of pesos except for percentages)</i>		
Cash flow (used in) provided by operating activities	126.2	(1,609.1)	(1,354.6)	(2,580.8)	2,594.5
Cash flow used in investing activities	(182.1)	(679.0)	(903.6)	(1,899.4)	(2,027.1)
Cash flow provided by financing activities	(630.7)	1,371.9	2,042.5	4,565.8	1,947.7
Effect of inflation on cash and cash equivalents	(294.2)	(93.1)	(875.2)	(1,099.0)	(1,344.3)
Effect of foreign currency exchange differences and translation on cash and cash equivalents	15.9	(38.3)	10.3	38.0	(2.3)
Cash and cash equivalents as of the beginning of the period/year	3,903.2	5,123.8	4,536.2	5,511.7	4,343.2
Cash and cash equivalents as of the end of the period/year	2,938.4	4,076.1	3,455.6	4,536.2	5,511.7
<b>(Decrease) increase in cash and cash equivalents</b>	<b>(964.8)</b>	<b>(1,047.7)</b>	<b>(1,080.6)</b>	<b>(975.5)</b>	<b>1,168.5</b>
<b>(Decrease) increase in cash and cash equivalents (%)</b>	<b>(24.7)%</b>	<b>(20.4)%</b>	<b>(23.8)%</b>	<b>(17.7)%</b>	<b>26.9%</b>

## Operating activities

Net cash generated by operating activities totaled Ps.126.2 million for the three-month period ended March 31, 2021, an increase of Ps.1,735.3 million, or 107.8% as compared to Ps.1,609.1 million used in operating activities in the same period in 2020. This increase in net cash was primarily due to a decrease in paid interest, mainly attributable to the exercise of the option to pay in kind the interest on the Old Secured Notes payable on January 20, 2021, as well as a decrease in funds used in other investments. The increase in net cash was partially offset by a decrease in allowances and provisions for contingencies.

Net cash used in operating activities totaled Ps.1,354.6 million for the fiscal year ended December 31, 2020, a decrease of Ps.1,226.2 million, or 47.5% as compared to net cash used in operating activities of Ps.2,580.8 million in 2019. This decrease in use of cash in operating activities was primarily due to a decrease in operating credits, in inventories and in paid interest and income tax, partially offset by a decrease in operating income that generates cash and an increase in operating liabilities.

Net cash used in operating activities totaled Ps.2,580.8 million for the fiscal year ended December 31, 2019, a decrease of Ps.5,175.3 million, or 199.5%, as compared to Ps.2,594.5 million provided by operating activities in 2018. This decrease in the generation of cash was mainly due to an increase in operating credits, a decrease in



operating liabilities and an increase in paid interest, partially offset by an increase in operating income that generates cash.

#### *Investing activities*

Net cash used in investing activities totaled Ps.182.1 million for the three-month period ended March 31, 2021, a decrease of Ps.496.9 million, or 73.2% as compared to Ps.679.0 million used in the same period in 2020. This decrease was primarily due to a decrease in funds used in investments in property, plant and equipment and intangible assets.

Net cash applied towards investing activities totaled Ps.903.6 million for the fiscal year ended December 31, 2020, a decrease of Ps.995.8 million, or 52.4%, as compared to Ps.1,899.4 million applied in 2019. This decrease in the use of cash was due primarily to a decrease in funds used in investments in property, plant and equipment and an increase in proceeds from sales of equipment.

Net cash applied towards investing activities totaled Ps.1,899.4 million for the fiscal year ended December 31, 2019, a decrease of Ps.127.8 million, or 6.3%, as compared to Ps.2,027.1 million applied during 2018. This decrease was primarily due to a decrease in funds used in investments in Property, Plant and Equipment, partially offset by a decrease in funds from other investments.

#### *Financing activities*

Cash used in financing activities totaled Ps.630.7 million for the three-month period ended March 31, 2021, a decrease of Ps.2,002.5 million, or 146.0% as compared to Ps.1,371.9 million generated in the same period in 2020. This decrease was primarily due to a decrease in funds generated by corporate bonds, since the issuance of the second tranche of the BRCC Notes had occurred in January 2020, and to a higher net cancellation of bank and financial loans.

Cash generated by financing activities totaled Ps.2,042.5 million for the fiscal year ended December 31, 2020, a decrease of Ps.2,523.2 million, or 55.3%, as compared to Ps.4,565.8 million generated in 2019. This decrease was due primarily to a decrease in funds generated by bank and financial loans and transactions entered in order to finance our working capital guaranteed with collection rights related to invoices, progress certificates and deferred payment checks, as described in “*Other Company Indebtedness*,” partially offset by the proceeds generated by the issuance of the second tranche of the BRCC Notes.

Cash generated by financing activities totaled Ps.4,565.8 million for the fiscal year ended December 31, 2019, an increase of Ps.2,618.0 million, or 134.4%, compared to Ps.1,947.7 million in 2018. This increase was primarily due to an increase in bank and financial loans, mainly in transactions entered in order to finance our working capital guaranteed with collection rights related to invoices, progress certificates and deferred payment checks as described in “*Other Company Indebtedness*,” and other liabilities.

#### *Indebtedness*

We have indebtedness both at the level of Clisa and at the level of many of our subsidiaries. As of March 31, 2021, our indebtedness totaled Ps.42,635.5 million (U.S.\$463.4 million). Likewise, we have granted guarantees and collateral to ensure the performance of obligations under concession contracts or procurements, and security interests to secure the performance of obligations under certain of our debt instruments. For a description of our other guarantees and security interests, see note 21.(a) to our Unaudited Condensed Interim Consolidated Financial Statements attached to this Exchange Offer Memorandum.

Our total encumbered and restricted assets were Ps.20,224.8 million as of March 31, 2021. See also note 22 to our Unaudited Condensed Interim Consolidated Financial Statements and “*Risks Factors—Risks Related to the New Notes—We and our subsidiaries, including the Guarantors, may incur additional indebtedness ranking equal or senior to the New Notes, which could adversely affect our financial health and our ability to satisfy our outstanding debt obligations.*” For further information on indebtedness, see “*Other Company Indebtedness.*”

#### **Contractual Obligations**

Set forth below is a summary of our contractual obligations relating to indebtedness as of March 31, 2021. The figures are stated in millions of *pesos* and only include accrued interest as of March 31, 2021.

	Maturity					Total
	Less than 1 year	1 - 2 years	2 - 3 years	3 - 4 years	More than 4 years	
Loans.....	2,749.6	361.4	157.4	7.9	-	3,276.3
Leases.....	103.4	31.0	15.0	5.7	1.2	156.3
Overdraft.....	134.0	-	-	-	-	134.0
Corporate Bonds.....	1,849.3	1,895.2	29,021.1	-	-	32,765.6
Other bank and financial debts.....	0.3	-	-	-	-	0.3
Self-liquidating debts.....	5,816.3	417.2	69.5	-	-	6,303.1
<b>Total.....</b>	<b>10,653.0</b>	<b>2,704.8</b>	<b>29,263.0</b>	<b>13.6</b>	<b>1.2</b>	<b>42,635.5</b>

Our contracts and concessions primarily include contractual obligations that are operational in nature and are therefore not precise, the most significant terms of which are described in “*Business*.” Additionally, (i) under the contract with CEAMSE for the construction and operation of the “Norte IIID” module, a UTE between BRH and Tecsán (“UTE Norte III”) must continue the construction of the necessary infrastructure for the module. As of March 31, 2021 we estimate that the remaining amount to carry out these works is approximately U.S.\$13.2 million, which will be disbursed according to the rate of waste disposal until the capacity is exhausted throughout the remaining useful life of the landfill; and (ii) ACSA must finance certain investments related to preventive and corrective maintenance and repair works, but only those necessary for the provision of the service at the contractually agreed quality levels and in accordance with the level of assets of the concession as of December 31, 2005 plus the meters installed in 2006 and 2007. This represents an annual amount of approximately Ps.292.8 million for the year ended December 31, 2021. This amount is adjusted annually in line with tariff increases authorized by the concession grantor.

### Qualitative Disclosures about Financial Risk

We are exposed to a variety of risks in the ordinary course of our business: market risk (including the effects of fluctuations in exchange and interest rates), credit risk and liquidity risk.

#### *Foreign exchange rates*

Foreign exchange risks refer to the possibility that we could have losses due to fluctuations in foreign exchange rates. In most of our operations we do not significantly depend on inputs that have prices denominated in foreign currencies. However, the depreciation of the *peso* usually has a negative impact on the Argentine economy, resulting in high levels of inflation, which in turn could affect the costs of our operations. Moreover, because most of our indebtedness is denominated in U.S. dollars and other foreign currencies, a significant depreciation of the *peso* could cause a material financial loss. We regularly evaluate the benefits of hedging instruments to protect against exchange rate fluctuations. As of the date of this Exchange Offer Memorandum, there are no hedging agreements in force. We estimate that, if the rest of the factors remain constant, a 10% depreciation/appreciation of the *peso* against the U.S. dollar at March 31, 2021 would increase/decrease our consolidated loss before taxes by Ps.3,347.8 million, due to impact on indebtedness denominated in U.S. dollars. This estimate does not take into consideration any hedging arrangement.

#### *Credit risk*

Our cash and cash equivalents and accounts receivable exposes us to credit risks. We have established as a general treasury policy that the placement of these financial assets is limited to financial institutions with high credit quality. The credit risk to accounts receivable in each business segment where our clients are governmental entities,

whether state, national, provincial or municipal, is affected by the activity level of these entities and their compliance with payments, which may be subject to expansion or contraction of public spending. We have expertise as to their intricate administrative procedures and we regularly analyze public budgets to assess the entity's capability to pay for our services. In our Water Supply services, our revenues are spread among a large client base, which helps us to minimize the credit risk.

#### *Interest rate risk*

Interest rate risk arises from the possibility that we could incur losses as a result of interest rate fluctuations. Variable rate loans expose us to the risk of an increase in financial costs due to interest, while fixed rate loans expose us to a variation in their fair value. Our general policy is to maintain an adequate balance between fixed and variable rate instruments, which can be modified considering long-term market conditions. As of March 31, 2021, nearly 8.6% of our outstanding indebtedness was subject to variable interest rates, whereas nearly 91.4% of such indebtedness had fixed rates of interest. The majority of our variable interest rate debt is denominated in *pesos* and loaned from local Argentine banks, while the majority of our fixed interest rate debt is related to the Old Notes, which are denominated in U.S. dollars. We do not have any instrument in force to hedge the risk of variations in interest rates, but we regularly re-evaluate the benefits of these hedges. We estimate that, if the rest of the factors remains constant, a one percentage point increase/decrease in the interest rate during the three-month period ended March 31, 2021 would increase/decrease our consolidated loss before taxes by Ps.9.2 million, due to impact on bank and financial indebtedness subject to variable interest rates.

#### *Liquidity risk*

Liquidity risk is the risk of cash shortage and the risk that we would be unable to honor our debts. We attempt to align the maturity of our debts with our cash generation to avoid any discrepancy in timing and to avoid the need for higher leverage. For example, in our Waste Management and Construction segments, in which we regularly use receivables as collateral to short-term loans, the term of the loans is set so that it exceeds the usual delay in collection of receivables. We also have various authorized overdraft lines in different banking institutions to cover our short-term financial needs.

#### **Off-Balance Sheet Arrangements**

As of the date of this Exchange Offer Memorandum, we did not have any off-balance sheet arrangements.

## DESCRIPTION OF THE EXCHANGE OFFER AND CONSENT SOLICITATION AND APE SOLICITATION

The Issuer is offering to Eligible Holders the opportunity to exchange, upon the terms and subject to the conditions set forth in this Exchange Offer Memorandum, its outstanding Old Notes listed in the below table for its New Notes described below.

CUSIP/ISIN	Coupon of Old Notes	Maturity Date of Old Notes	Aggregate Principal Amount Outstanding	Title of New Notes to be Issued	Exchange Price <sup>(1)</sup>	Early Participation Consideration <sup>(2)</sup>
<i>Old Unsecured Notes:</i>						
20445P AE5/US20445PAE51 (Rule 144A) .....	9.5%	7/20/2023	U.S.\$29,960,000	Step-Up Senior Secured Notes due 2027	U.S.\$1,010	U.S.\$13.50
P3063X AF5/USP3063XAF52 (Reg. S) .....						
<i>Old Secured Notes:</i>						
20445P AG0/US20445PAG00 (Rule 144A) .....	9.5%	7/20/2023	U.S.\$302,261,086	Step-Up Senior Secured Notes due 2027	U.S.\$1,010	U.S.\$13.50
P3063X AH1/USP3063XAH19 (Reg. S) .....						

(1) Per U.S.\$1,000 of Old Notes. Payable in principal amount of New Notes. U.S.\$10 amount per U.S.\$1,000 principal amount corresponds to the partial capitalization of accrued and unpaid interest under the existing Old Notes at the Exchange Date.

(2) Per U.S.\$1,000 of Old Notes. Payable in cash, corresponding to the partial payment of unpaid accrued interest under the Old Notes on the Exchange Date.

The Issuer is also soliciting consents to the proposed amendments with respect to the Old Notes Indentures. The proposed amendments will modify or eliminate certain provisions under the Old Notes Indentures including certain restrictive covenants and events of default, as well as the release of the Old Share Pledge securing the Old Secured Notes and the release of the Existing Guarantees. See “*Annex A—Proposed amendments to the Old Notes Indentures.*”

The Issuer also requests the Holders of Old Notes to grant powers and provide instructions to the Information, Exchange and Tabulation Agent so that the latter, on their behalf, may, *inter alia*: (i) enter into Clisa’s APE; (ii) make any Permitted Amendment to the terms and conditions of Clisa’s APE as may be necessary by virtue of a resolution of the Court; (iii) appear and vote in favor of the ratification to execute Clisa’s APE at one or more APE Meetings called for such purposes (even by order of the Court); (iv) perform any other act as may be necessary under the agreement documenting Clisa’s APE; and (v) enter into the Local Trust, in its capacity as settlor, and deliver the Old Notes of the Participating Holders to the Local Trustee, in order for the latter to exercise fiduciary ownership over them in accordance with the provisions of the Local Trust.

The Holders may find the text of the APE Offer that, if accepted as described below, will document Clisa’s APE as Annex B to this Exchange Offer Memorandum. Copies of the different Annexes of Clisa’s APE should be requested to the Information, Exchange and Tabulation Agent or, outside Argentina, to the Dealer Manager, or in Argentina, to the Argentine Dealer Manager, at the addresses listed on the back cover page of this Exchange Offer Memorandum.

We will conduct the Exchange Offer and Consent Solicitation and APE Solicitation in accordance with the applicable requirements of the Securities Act and the Securities Exchange Act of 1934, as amended, or the “Exchange Act,” the rules and regulations of the SEC thereunder, the Capital Markets Law, the Negotiable Obligations Law, the Bankruptcy Law and the CNV Regulations. The Exchange Offer and Consent Solicitation and APE Solicitation are being solicited only from (a) Holders who are QIBs or (b) Holders outside the United States who are persons other than U.S. Persons (as defined in Regulation S under the Securities Act) and who are also non-U.S. qualified offerees. Holders who are eligible to participate in the Exchange Offer and Consent Solicitation and APE Solicitation pursuant to at least one of the foregoing conditions are referred to herein as “Eligible Holders.”

**Only Eligible Holders are authorized to receive or review this Exchange Offer Memorandum or to participate in the Exchange Offer and Consent Solicitation and APE Solicitation.**

**Any Eligible Holder who tenders Old Notes for New Notes in the Exchange Offer must also deliver its consent to the proposed amendments to the Old Notes Indenture governing its notes under the Consent Solicitation and deliver the powers and instructions under the APE Solicitation. Eligible Holders may not deliver consents in the Consent Solicitation or powers and instructions under the APE Solicitation without tendering their Old Notes in the Exchange Offer.**

**The proposed amendments to the Old Secured Notes Indenture will require the consent by the Holders of a majority of the outstanding aggregate principal amount of the Old Secured Notes, except that the consent of Holders of at least 75% in aggregate principal amount of outstanding Old Secured Notes is required for the amendment consisting of (i) the release of the Old Share Pledge and (ii) the release of the Guarantees of the Old Secured Notes, in all cases in accordance with DTC's ATOP procedures.**

**The proposed amendments to the Old Unsecured Notes Indenture will require the consent by the Holders of a majority of the aggregate principal amount of outstanding Old Unsecured Notes, except that the consent by the Holders of at least 75% in aggregate principal amount of outstanding Old Unsecured Notes is required for the amendment consisting of the release of the Guarantees of the Old Unsecured Notes. Such proposed amendments to the Old Unsecured Notes Indenture will require the affirmative vote of the Eligible Holders holding the majority described, at the Holders' Meeting. The proposed amendments to the Old Unsecured Notes Indenture will be approved at the Holders' Meeting to be held at the offices of the Issuer at Av. Leandro N. Alem 1050, 9th floor, C1001AAS, City of Buenos Aires, Argentina on the dates and time to be established for first and second call through legal announcements that Clisa will publish in due course, provided a majority is reached as set out under the Old Unsecured Notes Indenture provided, however, that if the regulations imposing mandatory isolation and/or restrictions on the free movement of people in the City of Buenos Aires are in force on such dates, then the Holders' Meeting will be held virtually on the dates and time published in the notice of Holders' Meeting in accordance with the provisions of Resolution No. 830/2020 of the CNV also applicable to the Holders' Meeting. If Quorum at the Holders' Meeting is not obtained within fifteen (15) minutes after the time stipulated for the first call has elapsed, the Holders' Meeting must meet on the date set for the second call. Any Holders' Meeting may be adjourned on one occasion to a date within the following 30 days. Only Holders who have given a valid notice of their intention to attend the original Holders' Meeting will be allowed to participate in the second meeting.**

#### **Amount of New Notes to be Issued; Exchange Date**

Eligible Holders who validly tender Old Notes and grant their consents to the proposed amendments under the Consent Solicitation and grant powers and instructions under the APE Solicitation prior to the Expiration Date will be eligible to receive the Exchange Price. Only Eligible Holders who validly tender their Old Notes and, in the case of the Old Secured Notes, grant their consents to the proposed amendments under the Consent Solicitation and grant powers and instructions under the APE Solicitation prior to the Early Participation Date (and do not validly withdraw their tenders or revoke their consents or powers) will also be eligible to receive the Early Participation Consideration. Such payment will account for a partial payment of accrued and unpaid interest under the Old Notes as of the Exchange Date. Eligible Holders who participate in the Exchange Offer by validly tendering their Old Notes and granting their consents under the Consent Solicitation and grant powers and instructions under the APE Solicitation prior to the Early Participation Date will receive no payment under the Old Notes other than the Early Participation Consideration, thus irrevocably waiving, upon delivering their Old Notes, any right to claim from any of the Issuer, BRH and Cliba, payment of any other amounts, including the right to be paid the remaining balance of accrued and unpaid interest on such Old Notes as of the Exchange Date. Eligible Holders who participate in the Exchange Offer by validly tendering their Old Notes and granting their consents under the Consent Solicitation and grant powers and instructions under the APE Solicitation after the Early Participation Date but prior to the Expiration Date, will receive no amount accrued under the Old Notes as of the Exchange Date, thus irrevocably waiving, upon delivering their Old Notes, any right to claim from any of the Issuer, BRH and Cliba, payment of any other amounts, including the right to be paid accrued and unpaid interest on such Old Notes as of the Exchange Date.

Upon the terms and subject to the conditions set forth herein, we are offering to exchange, for each U.S.\$1,000 principal amount of Old Notes accepted for exchange, U.S.\$1,010 in principal amount of our New Notes (the "Exchange Price"). In addition, Eligible Holders who validly tender their Old Notes and grant their consents and powers prior to the Early Participation Date and do not validly withdraw their tenders or revoke their consents and

powers will receive U.S.\$13.50 for each U.S.\$1,000 principal amount of Old Notes, to be paid in cash on the Exchange Date; and

We will issue up to U.S.\$ 335,543,297 in aggregate principal amount of New Notes in the Exchange Offer and Consent Solicitation and APE Solicitation. The New Notes will be issued on the Exchange Date and, if applicable, on the Delivery Date. The authorization of the CNV for the public offering of the New Notes includes the authorization for the issuance and public offering of the New Notes that the Issuer must issue, on the Delivery Date, for the sole purpose of carrying out the exchange of the Old Notes of the Non-Participating Holders after the resolution approving Clisa's APE is passed. The Issuer will announce the issuance of the New Notes or, failing that, the fact that the judicial resolution rejecting the approval of Clisa's APE is definitive, as a "*Hecho Relevante*" (relevant fact). The New Notes will be unconditionally and irrevocably guaranteed by each of the Guarantors, and will be secured by a first priority pledge over common stock shares of Tecsan, representing 100.0% of all of the outstanding capital stock of Tecsan, governed by the laws of Argentina and over common shares of CBA, representing 100.0% of all of the issued and outstanding capital stock of CBA, governed by the laws of Argentina.

Upon the terms and subject to the satisfaction or waiver of the conditions to the Exchange Offer and Consent Solicitation, we will accept for exchange and exchange Old Notes if the Minimum Conditions are met. See "*Conditions to the Exchange Offer and Consent Solicitation*." The Acceptance Date is expected to be on or promptly following the Expiration Date. The Exchange Date is expected to be promptly after the Acceptance Date.

### **Consent Solicitation**

In connection with the proposed amendments to the Old Notes Indentures, the Issuer, BRH and Cliba and the trustee of each Old Notes Indentures will amend such Old Notes Indentures through a supplemental indenture.

If the proposed amendments to the Old Secured Notes Indenture become operative, certain provisions, including certain restrictive covenants and events of default will be modified or eliminated, and the Old Share Pledge and the Guarantees of the Old Secured Notes will be released, waived and terminated. See "Proposed Amendments to the Old Notes Indentures" and "Annex A—Proposed amendments to the Old Notes Indentures." Any corresponding provisions reflected in the Old Secured Notes shall also be amended in conformity with the proposed amendments to the Old Secured Notes Indenture. As a result of the proposed amendments if they become operative, only a failure to comply with the terms of the Old Secured Notes Indenture as modified by the supplemental indenture would be a default or an event of default under the Old Secured Notes Indenture.

If the proposed amendments to the Old Unsecured Notes Indenture become operative, certain provisions, including certain covenants and events of default will be modified or eliminated, and the Guarantees of the Old Unsecured Notes will be released, waived and terminated. See "Proposed amendments to the Old Notes Indentures" and "Annex A—Proposed amendments to the Old Notes Indentures." Any corresponding provisions reflected in the Old Unsecured Notes shall also be amended in conformity with the proposed amendments to the Old Unsecured Notes Indenture. As a result of the proposed amendments if they become operative, only a failure to comply with the terms of the Old Unsecured Notes Indenture as modified by the supplemental indenture would be a default or an event of default under the Old Unsecured Notes Indenture.

Except as set forth in this Exchange Offer Memorandum, the Old Notes Indentures will not be supplemented or amended, and all other provisions of the Old Notes Indentures will remain in full force and effect.

### **Implementation of proposed amendments to the Old Notes Indentures**

In order to amend the Old Secured Notes Indentures as contemplated by the proposed amendments, consents of Holders of at least a majority in aggregate principal amount of the Old Secured Notes outstanding are required for amendments not relating to the release of guarantees of or collateral securing the Old Secured Notes, and consents of Holders of at least 75% in aggregate principal amount of outstanding Old Secured Notes are required for the amendment consisting of the release of the Old Share Pledge and the release of the Guarantees of the Old Secured Notes.

In order to amend the Old Unsecured Notes Indenture as contemplated by the proposed amendments, consents of Holders of at least a majority in aggregate principal amount of the Old Unsecured Notes outstanding are required for amendments not relating to the release of guarantees, and consents of Holders of at least 75% in aggregate principal amount of outstanding Old Unsecured Notes are required for the amendment that would release the Guarantees of the Old Unsecured Notes.

We will comply with the requirements established in the Negotiable Obligations Law and any other applicable Argentine regulations relating to the Holders' consent to the proposed amendments to the Old Notes Indentures.

In connection with the proposed amendments, the Issuer, BRH, Cliba and the trustee to each Old Notes Indenture will enter into a supplement to such Old Notes Indenture, as described in "*Annex A—Proposed Amendments to the Old Notes Indentures*."

### **Expiration Date; Early Participation Date; Extensions; Amendments; Termination**

For purposes of the Exchange Offer and Consent Solicitation and APE Solicitation, the Expiration Date will be 9:00 a.m., New York City time, on August 12, 2021, subject to our right to extend that time and date in our absolute discretion, in which case the Expiration Date means the latest time and date to which the Exchange Offer and Consent Solicitation and APE Solicitation is extended.

For purposes of the Exchange Offer and Consent Solicitation and APE Solicitation, the Early Participation Date will be 9:00 a.m., New York City time, on July 28, 2021, unless extended by us.

We reserve the right, in our absolute discretion, by giving oral or written notice to the Information, Exchange and Tabulation Agent, to:

- extend the Exchange Offer and Consent Solicitation and APE Solicitation;
- terminate the Exchange Offer and Consent Solicitation and APE Solicitation if a condition to our obligation to exchange Old Notes for New Notes is not satisfied or, where permissible, waived on or prior to the Expiration Date; and
- amend the Exchange Offer and Consent Solicitation and APE Solicitation (other than the Minimum Conditions).

If the Exchange Offer and Consent Solicitation and APE Solicitation is amended in a manner that we determine constitutes a material change, we will extend the Exchange Offer and Consent Solicitation and APE Solicitation for a period of five (5) to ten (10) business days, depending upon the significance of the amendment and the manner of disclosure to the Holders, if the Exchange Offer and Consent Solicitation and APE Solicitation would otherwise have expired during that five (5) to ten (10) business day period. Any change in the consideration offered to Holders pursuant to the Exchange Offer and Consent Solicitation and APE Solicitation will be paid to all Holders whose Old Notes and consents and powers have been previously tendered and not validly withdrawn.

We will promptly notify you of any extension, amendment or termination of the Exchange Offer and Consent Solicitation and APE Solicitation. We will notify you of any extension of the Early Participation Date or the Expiration Date no later than 9:00 a.m., New York City time, on the first business day after the previously scheduled Early Participation Date or Expiration Date, as applicable. We have no other obligation to publish, advertise or otherwise communicate any information about any extension, amendment or termination, except as may be required by Irish or Argentine regulation. Pursuant to Argentine law, any such notification will be provided through the AIF.

### **Exchange Date**

We will deliver the New Notes to Participating Holders on the Exchange Date, which is expected to be promptly after the Acceptance Date. We will not be obligated to deliver New Notes unless the Exchange Offer and Consent Solicitation is consummated.

If, pursuant to this Exchange Offer Memorandum, upon the fulfillment of the Minimum Conditions, Clisa and the Participating Holders do not enter into Clisa's APE, Participating Holders having validly submitted Old Notes in the Exchange Offer and Consent Solicitation and APE Solicitation that represent at least 98% of the aggregate principal amount of outstanding Old Notes, on the Exchange Date, Clisa will require the trustee under the Old Notes Indentures to cancel the Old Notes validly delivered in exchange and accepted by Clisa.

In the event Old Notes validly tendered in the Exchange Offer and Consent Solicitation and APE Solicitation represent less than 98% of the aggregate principal amount of outstanding Old Notes, please see "*APE Solicitation*".

### **Delivery Date**

If, pursuant to this Exchange Offer Memorandum, Clisa and the Participating Holders enter into Clisa's APE, the Old Notes of the Participating Holders shall be transferred by the Information, Exchange and Tabulation Agent to the Local Trustee, in order for the latter to exercise fiduciary ownership over them in accordance with the provisions of the Local Trust, keeping such Old Notes in its possession until it is required to deliver them to the trustee of the Old Notes Indentures for cancellation, which shall occur on the Delivery Date after the Issuer has notified the trustee that the court approval of Clisa's APE has become final, or on the date on which the Issuer notifies the trustee that such court approval has been denied on a final basis or at any other time as resolved by the Company in its sole discretion as long as such cancellation shall not prejudice the APE's proceeding or the Court approval.

### **Conditions to the Exchange Offer and Consent Solicitation and APE Solicitation**

The Exchange Offer and Consent Solicitation and APE Solicitation is subject to certain conditions, which we may assert or waive in full or in part, and to the Minimum Conditions (which we may not waive). Solicitations will automatically cease to have effect if the Minimum Conditions have not been met by the Expiration Date. We may also extend the Exchange Offer and Consent Solicitation and APE Solicitation from time to time until the conditions are satisfied or waived, if according to the provisions of this Exchange Offer Memorandum such conditions could be waived. Although we have no present plans or arrangements to do so, we reserve the right to amend, at any time, the terms and conditions of the Exchange Offer and Consent Solicitation and APE Solicitation, subject to regulatory approvals, if any. We will give you notice of any amendments if required by applicable law.

Notwithstanding any other provisions of the Exchange Offer and Consent Solicitation and APE Solicitation, or any extension of the Exchange Offer and Consent Solicitation and APE Solicitation, we will not be required to issue New Notes, and we may terminate the Exchange Offer and Consent Solicitation and APE Solicitation or, at our option, modify, extend or otherwise amend the Exchange Offer and Consent Solicitation and APE Solicitation (other than the Minimum Conditions), if any of the following events occur or exist on or prior to the Expiration Date:

- (1) any action or event shall have occurred or been threatened, or action shall have been taken, or any statute, rule, regulation, judgment, order, stay, decree or injunction shall have been promulgated, enacted, entered, enforced or deemed to be applicable to the Exchange Offer and Consent Solicitation and APE Solicitation, the exchange of Old Notes for New Notes under the Exchange Offer, consents to the proposed amendments to the Old Notes Indentures, the granting of powers or the instructions, or Clisa's APE, by or before any court or governmental regulatory or administrative agency, authority or tribunal, including, without limitation, foreign exchange or taxing authorities, that either:
  - (a) challenges the making of the Exchange Offer and Consent Solicitation and APE Solicitation, the exchange of Old Notes for New Notes under the Exchange Offer, consents to the proposed amendments to the Old Notes Indentures, the powers, the instructions, or Clisa's APE, might, directly or indirectly, prohibit, prevent, restrict or delay consummation of, or might otherwise adversely affect in any material manner, the Exchange Offer and Consent Solicitation and APE Solicitation, the exchange of Old Notes for New Notes under the Exchange Offer or the consents to the proposed amendments to the Old Notes Indentures, the granting of powers or the instructions, or Clisa's APE; or
  - (b) in our reasonable judgment, could materially adversely affect our business, condition (financial or otherwise), income, operations, properties, assets, liabilities or prospects or materially impair the contemplated benefits to us of the Exchange Offer and Consent Solicitation and APE



Solicitation, the exchange of Old Notes for New Notes under the Exchange Offer or the consents to the proposed amendments to the Old Notes Indentures, the powers, the instructions, or Clisa's APE;

- (2) there shall have occurred (a) any general suspension of or limitation on listing and/or trading in securities in the United States or Argentine securities market, whether or not mandatory; (b) a material impairment in the general trading market for debt securities; (c) a declaration of a banking moratorium or any suspension of payments in respect of banks by federal or state authorities in the United States or Argentina, whether or not mandatory; (d) a commencement of a war, armed hostilities, a terrorist act or other national or international calamity directly or indirectly relating to the United States or Argentina; (e) any limitation, whether or not mandatory, by any governmental authority on, or other event having a reasonable likelihood of affecting, the extension of credit by banks or other lending institutions in the United States or Argentina; (f) any material adverse change in the securities or financial markets in the United States or Argentina generally; or (g) in the case of any of the foregoing existing at the time of the commencement of the Exchange Offer and Consent Solicitation and APE Solicitation, a material acceleration or worsening thereof; or
- (3) the trustee with respect to the Old Notes Indentures shall have objected in any respect to, or taken any action that could, in our reasonable judgment, adversely affect the consummation of the Exchange Offer and Consent Solicitation and APE Solicitation and/or Clisa's APE, the exchange of Old Notes for New Notes under the Exchange Offer or the consents to the proposed amendments to the Old Notes Indentures, the powers, the instructions, or Clisa's APE, or the trustee shall have taken any action that challenges the validity or effectiveness of the procedures used by us in making the Exchange Offer and Consent Solicitation and APE Solicitation, the exchange of Old Notes for New Notes under the Exchange Offer or the consents to the proposed amendments to the Old Notes Indentures, the powers, the instructions, or Clisa's APE.

The foregoing conditions are for our sole benefit and may be waived by us, in whole or in part, at our absolute discretion. Any determination made by us concerning an event, development or circumstance described or referred to above will be conclusive and binding. Our failure at any time to exercise any of our rights will not be deemed a waiver of any other right, and each right will be deemed an ongoing right which may be asserted at any time and from time to time.

If any of the foregoing conditions are not satisfied, we may, at any time on or prior to the Expiration Date:

- terminate the Exchange Offer and Consent Solicitation and APE Solicitation and return all tendered Old Notes to the respective tendering Holders; modify, extend or amend in any manner the Exchange Offer and Consent Solicitation and APE Solicitation and retain all tendered Old Notes until the Expiration Date, as extended, subject, however, to the withdrawal rights of Holders; or
- waive the unsatisfied conditions with respect to the Exchange Offer and Consent Solicitation and APE Solicitation which could be waived according to the provisions of this Exchange Offer Memorandum and accept all Old Notes tendered and not previously validly withdrawn.

Pursuant to the Restructuring Support Agreement and subject to the terms and conditions set forth therein, Consenting Noteholders who collectively held, as of the effective date thereof, approximately 72.9% of the aggregate principal amount of Old Secured Notes outstanding and approximately 66.3% of the aggregate principal amount of Old Notes outstanding, agreed to the principal terms of the Restructuring (as defined therein) including the tender of consents in the Consent Solicitation. See "*Important Information—Restructuring Support Agreement.*"

#### **APE Solicitation**

If, on the Expiration Date, the Old Notes validly submitted in the Exchange Offer represent *less than* 98% of the aggregate principal amount of outstanding Old Notes, but the Minimum Conditions are fulfilled, Clisa will: (i) on the Exchange Date: (a) send to the Information, Exchange and Tabulation Agent the APE Offer, which acceptance by the Information, Exchange and Tabulation Agent on behalf of the Participating Holders, on the basis of the powers granted and instructions provided under the APE Solicitation, will imply the execution of Clisa's APE pursuant to the provisions of Title II, Chapter VII of the LCQ, whereby such Participant Holders will accept the restructuring of the debt represented by the Old Notes and the extinction and novation of the Existing Guarantees and the Old Share Pledge

receiving the Exchange Price, and, if applicable, the Early Participation Consideration; and (b) hold one or more APE Meetings of the Old Notes to discuss the ratification to execute Clisa's APE, at which the Information, Exchange and Tabulation Agent will vote on behalf of the Participating Holders; and (ii) as soon as possible after the Exchange Date, but in any case within five judicial business days in the City of Buenos Aires, Argentina, file Clisa's APE with the Court, in compliance with all other requirements set forth in the LCQ, for purposes of seeking court approval under the terms of Section 76 of the LCQ.

For the purposes stated above, the Issuer also requests the Holders of Old Notes pursuant to this Exchange Offer Memorandum to grant powers and instructions to the Information, Exchange and Tabulation Agent so that the latter, on their behalf, may:

- (i) enter into Clisa's APE;
- (ii) make amendments to the terms and conditions of the agreement documenting Clisa's APE and any other contract or related document for the following purposes (the "Permitted Amendments"):
  - (a) add commitments of the Issuer under the agreement documenting Clisa's APE or under any other contract or related document or under the New Notes, or waive any right or power of the Issuer under such contracts or documents or under the New Notes, in each case, for the benefit of all Participating Holders; and/or
  - (b) correct any ambiguity or revise or supplement any term of Clisa's APE or of any other contract or related document, that could contain errors or be contrary to any other term of such contracts or documents, provided that such correction, revision, or supplement apply evenly to all Holders and does not substantially and adversely affect the rights and obligations of the Participating Holders; and/or
  - (c) make any correction, supplement, amendment, or reform to Clisa's APE or to the terms of any other contract or related document, that may be required by CNV, any market where the Old Notes are listed or traded or by the Court -whether in the course of the process of Clisa's APE or in the resolution approving Clisa's APE- and/or the Issuer, provided that such correction, supplement, amendment, or reform apply evenly to all Holders and does not substantially and adversely affect the rights, interests, or obligations of any Participating Holder.
- (iii) appear and vote in favor of the ratification to execute Clisa's APE at one or more APE Meetings called for such purposes by the Issuer or the trustee under the Old Notes Indentures or by the Court;
- (iv) execute, pursuant to the provisions of Clisa's APE, any other act that the Holders of the Old Notes may be required to perform, including execution of any documentation required for the performance of Clisa's APE; and
- (v) enter into the Local Trust, in its capacity as trustee, delivering the Old Notes of the Participating Holders to the Local Trustee so that the latter may exercise fiduciary ownership over those notes in accordance with the provisions stated in the Local Trust.

Such powers and instructions shall be granted by the Holders who submit their Old Notes through the procedures under the "ATOP" program as explained further below in this Exchange Offer Memorandum.

Likewise, DTC participants must sign and execute a letter under which they will grant the powers and instructions to the Information, Exchange and Tabulation Agent required pursuant to the APE Solicitation, which must be duly notarized and apostilled or legalized before an Argentine consulate (the "Instruction Letter"); and deliver the Instruction Letter to the Information, Exchange and Tabulation Agent prior to the Expiration Date or the Early Participation Date, as the case may be.

The Information, Exchange and Tabulation Agent, the Dealer Manager and the Argentine Dealer Manager will deliver the sample of the Instruction Letter to all Eligible Holders that request it to the addresses indicated in the

final page of this Exchange Offer Memorandum. The Dealer Manager and the Argentine Dealer Manager also will respond to any inquiries from Eligible Holders outside Argentina and in Argentina, respectively, regarding the granting, notarization, apostille or legalization of the Instruction Letter.

Notwithstanding the foregoing, the granting of the Instruction Letter, its notarization, apostille or legalization, as well as its delivery to the Information, Exchange and Tabulation Agent runs exclusively on account and risk of each Holder. It is recommended that, once notarized and apostilled or legalized, the Instruction Letter is sent to the Information, Exchange and Tabulation Agent through a service by certified or insured mail.

If you do not provide the Information, Exchange and Tabulation Agent with an Instruction Letter in the Expiration Date or the Early Participation Date, as the case may be, even if you complied with DTC's procedures, your submission will be considered incomplete. The Issuer reserves the right to reject any presentation made through DTC as well as the Old Notes presented in the Exchange Offer whose Holder has not also presented an Instruction Letter within the term and in the manner described in this Exchange Offer Memorandum.

The chapter "*Description of the APE*" in this section provides a description of the terms and conditions of the APE Offer which acceptance by the Information, Exchange and Tabulation Agent on behalf of the Participating Holders, will document, as appropriate, Clisa's APE. This description is not exhaustive or comprehensive. For a comprehensive description of the contents of APE Offer, see Annex B to this Exchange Offer Memorandum.

If on the Expiration Date, the Old Notes validly submitted in the Exchange Offer represent *less than* 98% of the aggregate principal amount of outstanding Old Notes but the Minimum Conditions are met, Clisa's APE shall be the agreement by which Clisa will restructure the financial debt represented by the Old Notes, the Existing Guarantees and the Old Share Pledge, and which shall be binding on Clisa and all Participating Holders, i.e., on all the Holders of Old Notes who had participated in the APE Solicitation.

Under Clisa's APE, Participating Holders shall consent to the restructuring of the debt represented by the Old Notes and the novation and extinction of the Existing Guarantees and the Old Share Pledge pursuant to the provisions of Title II, Chapter VII of the LCQ, agreeing to settle their mutual obligations and rights under the Old Notes and the Existing Guarantees and the Old Share Pledge by Clisa's delivering and such Holders' receiving the Exchange Price, which shall take place on the Exchange Date, whereupon the Old Notes of such Holders will be exchanged for the New Notes.

Pursuant to Section 76 of the LCQ, if the Court approves Clisa's APE, it will be binding on 100% of the holders of the Old Notes, even on the holders who have not submitted their holdings in the Exchange Offer or granted their consents under the Consent Solicitation or their powers under the APE Solicitation. To seek court approval of Clisa's APE, the Holders of Old Notes representing at least 66.67% of the aggregate outstanding principal amount and interest accrued and unpaid through the Cut-off Date must have given their consent thereto. Once this requirement has been met, provided that all other legal requirements set by Chapter VII, Title II of the LCQ have also been met, and no objections have been raised or, if raised, they have been resolved in favor of the filing party, the Court shall approve Clisa's APE.

If Clisa's APE is executed, on the Exchange Date, one or more APE Meetings are planned to be held to ratify the execution of Clisa's APE. At such meetings, the Participating Holders will be represented by the Information, Exchange and Tabulation Agent, who shall act on their behalf based on the powers and instructions granted by such Holders upon participating in the APE Solicitation.

Once Clisa's APE has been ratified by the APE Meeting or APE Meetings, Clisa shall file Clisa's APE with the Court for court approval purposes under the terms of Section 76 of the LCQ.

After filing Clisa's APE before the Court, Clisa will use its best efforts to obtain its judicial approval in the terms of Section 76 of the LCQ, not being able to withdraw from said request until its approval or until the rejection of the aforementioned judicial approval has been finalized.

Except in the event indicated in the following paragraph, Clisa expects, as soon as possible within thirty (30) days of the date on which the court approval to the APE becomes final, except for any delays not attributable to Clisa,

to pay the Exchange Price to the Non-Participating Holders by issuing and delivering New Notes to such Holders in exchange for the Old Notes held by them.

Notwithstanding the foregoing, Clisa may at any time file Clisa's APE with a United States court for purposes of its recognition pursuant to the provisions of Chapter 15 of the United States Bankruptcy Code. In such case, Clisa expects, once Clisa's APE has been approved by the court and as soon as possible within thirty (30) days of recognition of Clisa's APE under applicable U.S. law, except for any delays not attributable to Clisa, to pay the Exchange Price to the Non-Participating Holders in the manner indicated above.

The New Notes that the Issuer must issue on the Delivery Date will be issued pursuant to a supplemental indenture and will have the same terms and conditions of the New Notes issued on the Issue Date with the exception that the Non-Participating Holder who receives them will only accrue interest (in cash and, where applicable, also in kind) corresponding to the interest period in progress at the time of the Delivery Date and subsequent interest periods.

The receipt of New Notes will be construed as the outright and irrevocable acceptance of the terms of Clisa's APE by the Non-Participating Holders, thus irrevocably waiving any claim against any of the Issuer, BRH and Cliba to seek collection of any other amounts, including, the right to collect accrued and unpaid interest under the Old Notes held by them as of the Delivery Date.

On the Delivery Date, Clisa shall require the trustee under the Old Notes Indentures to cancel the Old Notes of the Non-Participating Holders. On the same date and in compliance with the Local Trust, the Local Trustee shall deliver the Old Notes held by it to such trustee for the same purposes.

Clisa cannot ensure the approval of Clisa's APE by the Court or its recognition under U.S. law by a U.S. court. In the absence of a court approval of Clisa's APE, Clisa's APE shall have no novation effect on Non-Participating Holders. On the other hand, the lack of recognition under U.S. law of Clisa's APE approved by the Court may hinder restructuring of the financial debt represented by the Old Notes, which is the subject matter of Clisa's APE. For a description of the possible implications arising from the lack of court approval or recognition of Clisa's APE under U.S. law, see "*Risk Factors - Risks related to the APE Solicitation*" in this Exchange Offer Memorandum.

The court approval of Clisa's APE shall cause the novation and extinction of the Existing Guarantees.

### **Purchases of Old Notes by Us**

We reserve the right, in our absolute discretion, to purchase or make offers to purchase any Old Notes that remain outstanding subsequent to the Expiration Date and, to the extent permitted by applicable law, to purchase Old Notes in the open market, in privately negotiated transactions or otherwise. The terms of any such purchases or offers could differ from the terms of the Exchange Offer and Consent Solicitation and APE Solicitation. Any purchase or offer to purchase will not be made except in accordance with applicable law.

### **Certain Consequences to Holders of Old Notes Not Tendering in the Exchange Offer, Consent Solicitation and the APE Solicitation**

Consummation of the Exchange Offer and Consent Solicitation and APE Solicitation may have adverse consequences to Holders who elect not to tender their Old Notes in the Exchange Offer and Consent Solicitation and APE Solicitation. In particular, the trading market for Old Notes that are not exchanged could become more limited than the existing trading market for the Old Notes and could cease to exist altogether due to the reduction in the amount of the Old Notes outstanding upon consummation of the Exchange Offer. A more limited trading market might adversely affect the liquidity, market price and price volatility of the Old Notes. In addition, we cannot assure you that ratings on the Old Notes will be maintained. See "*Risk Factors—Risks Related to the Exchange Offer and Consent Solicitation and APE Solicitation*."

## Effect of Tender

Any tender of Old Notes and delivery of consents and granting of powers and instructions by a Holder, and our subsequent acceptance of that tender, will constitute a binding agreement between that Holder and us upon the terms and subject to the conditions of the Exchange Offer and Consent Solicitation and APE Solicitation described in this Exchange Offer Memorandum. The acceptance of the Exchange Offer and Consent Solicitation and APE Solicitation by a tendering Holder of Old Notes will constitute the agreement by that Holder to deliver good and marketable title to the tendered Old Notes, free and clear of any and all liens, restrictions, charges, pledges, security interests, encumbrances or rights of any kind of third parties.

## Representations, Warranties and Covenants of Eligible Holders

Upon the agreement to the representations and warranties set forth below and the terms set forth in “*Transfer Restrictions*” pursuant to an agent’s message (as defined below under “—*Book-Entry Delivery Procedures for Tendering Old Notes Held with DTC*”) a Holder, or the beneficial holder of Old Notes on behalf of which the Holder has tendered and participated, will, subject to that Holder’s ability to withdraw its tender, and subject to the terms and conditions of the Exchange Offer and Consent Solicitation and APE Solicitation generally, be deemed, among other things, to:

- (1) irrevocably sell, assign and transfer to or upon our order or the order of our nominee all right, title and interest in and to, and any and all claims in respect of or arising or having arisen as a result of the Holder’s status as a Holder of, all Old Notes tendered thereby, such that thereafter the Eligible Holder shall have no contractual or other rights or claims in law or equity against us or any fiduciary, trustee or other person connected with the Old Notes arising under, from or in connection with those Old Notes;
- (2) waive any and all rights with respect to the Old Notes tendered thereby, including, without limitation, any existing or past defaults and their consequences in respect of those Old Notes; and
- (3) release and discharge Clisa, BRH, Cliba and Tecsan and the trustee for the Old Notes from any and all claims that the Holder may have, now or in the future, arising out of or related to the Old Notes tendered thereby and/or with their guarantees, including, without limitation, any claims that the Holder is entitled to receive additional principal or interest payments with respect to the Old Notes tendered thereby, or to participate in any redemption or defeasance of the Old Notes tendered thereby.

In addition, each Holder will be deemed to represent, warrant and agree that:

- (1) it has received a copy of this Exchange Offer Memorandum and acknowledges that such Holder has had access to such financial and other information in relation to the Exchange Offer, the Consent Solicitation, the APE Solicitation and Clisa’s APE and in connection with the Consent Solicitation, the APE Solicitation and Clisa’s APE; accepting that Clisa may deliver this Exchange Offer Memorandum and any amendment electronically without the need of delivering a printed copy of this Exchange Offer Memorandum and any amendments;
- (2) it is the beneficial owner of, or a duly authorized representative of one or more beneficial owners of, the Old Notes tendered, and has full power and authority to present the Old Notes to the Exchange Offer, grant the consents required under the Consent Solicitation, grant the powers and instructions required under the APE Solicitation, grant the Instruction Letter and, where appropriate, celebrate Clisa’s APE assuming all the obligations provided therein and bringing all the waivers of rights and actions there established, make any Permitted Amendment, appear, deliberate and vote affirmatively for the ratification of Clisa’s APE in any APE Meeting and constitute the Local Trust as settlor;
- (3) the Old Notes being tendered were owned as of the date of tender in the Exchange Offer, free and clear of any liens, charges, claims, encumbrances, interests and restrictions of any kind, and we will acquire good, indefeasible and unencumbered title to those Old Notes, free and clear of all liens, charges, claims, encumbrances, interests and restrictions of any kind, when we accept the same;

(4) the terms and conditions of the Exchange Offer, the Consent Solicitation and the APE Request will be considered incorporated into, and shall form part of, the Instruction Letter, which will be read and interpreted accordingly;

(5) it will not sell, pledge, hypothecate or otherwise encumber or transfer any Old Notes tendered, and any purported sale, pledge, hypothecation or other encumbrance or transfer will be void and of no effect;

(6) acknowledges that upon receipt of the Exchange Price and, where appropriate, the Early Participation Consideration, all sums that for any reason (including principal and interest) are due or could be due under the Old Notes shall be deemed paid and cancelled;

(7) it designates the Information, Exchange and Tabulation Agent as its legal agent and attorney-in-fact (in full knowledge such said agent also acts as agent for Clisa) with respect to all Old Notes tendered in the Exchange Offer and the Consent Solicitation and the APE Solicitation, with full substitution powers, for said agent to execute on their behalf, any action specified in this Exchange Offer Memorandum and/or the Instruction Letter; granting power of attorney in legal form and instructions to the Information, Exchange and Tabulation Agent so that the latter, acting on its behalf, *inter alia*: (i) enter into Clisa's APE; (ii) make any Permitted Amendments to the terms and conditions of Clisa's APE that could be necessary by virtue of the provisions of a resolution of the Court; (iii) appear and vote in favor of the ratification of the celebration of Clisa's APE in one or more APE Meetings summoned for such purposes (even by order of the Court); (iv) perform any other act that is necessary according to the provisions of the agreement implementing Clisa's APE; and (v) celebrate, as settlor, the Local Trust, delivering the Old Notes of Participating Holders to the Local Trustee in order for the latter to exercise fiduciary ownership over them in accordance with the provisions of the Local Trust; and will not revoke the powers granted to the Information, Exchange and Tabulation Agent by virtue of the APE Solicitation nor will it object the validity of said powers in any way;

(8) it irrevocably waives the rights that it may have based on Argentine law to object to the validity of the operations contemplated in the APE Solicitation and Clisa's APE, including the right to initiate a revocation action in relation to any payment that Clisa may have made in relation to the APE Solicitation or Clisa's APE;

(9) it is, or, in the event that it is acting on behalf of a beneficial owner of the Old Notes tendered, it has received a written certification from that beneficial owner, dated as of a specific date on or since the close of that beneficial owner's most recent fiscal year, in order to certify that that beneficial owner is, either (a) a QIB and is acquiring New Notes for its own account or for a discretionary account or accounts on behalf of one or more QIBs, as to which it has been instructed and has the authority to make the representations, warranties and covenants set forth in "*Representations, Warranties and Covenants of Holders*" and the terms set forth in "*Transfer Restrictions*," or (b) (i) not a "U.S. person," as defined under Regulation S under the Securities Act or not acquiring for the account or benefit of one or more U.S. persons (other than as a distributor) and is acquiring New Notes in an offshore transaction in accordance with Regulation S under the Securities Act and (ii) a non-U.S. qualified offeree;

(10) in evaluating the Exchange Offer and Consent Solicitation and APE Solicitation and in making its decision whether to participate in the Exchange Offer and Consent Solicitation and APE Solicitation by tendering its Old Notes and consent and powers and instructions, it has made its own independent appraisal of the matters referred to in this Exchange Offer Memorandum and in any related communications and it is not relying on any statement, representation or warranty, express or implied, made to it by us, the Information, Exchange and Tabulation Agent or the Dealer Managers, other than those contained in this Exchange Offer Memorandum, as amended or supplemented through the Expiration Date;

(11) it releases and exempts the Issuer, the members of its Board of Directors, Audit Committee and Supervisory Commission, its shareholders, employees, attorneys, representatives, affiliates and subsidiaries, of each and every one of the claims that the Holder may have, in the present or in the future, that arise or are related to the Old Notes offered by such Holder, including, by way of example, any action of liability or any claim in respect of which the Holder was entitled to receive additional payments of principal or interest with respect to the Old Notes offered by it, except as expressly contemplated in this Exchange Offer Memorandum, or to participate



in any redemption or termination of the Old Notes presented by it, considering however that this release shall not limit the right to receive the Exchange Price and, as applicable, the Early Participation Consideration;

(12) by tendering its Old Notes such Holder undertakes to execute any further documents and give any further assurances that may be required in connection with any of the foregoing, in each case on and subject to the terms and conditions described or referred to in this Exchange Offer Memorandum;

(13) the tendering of its Old Notes shall, subject to a Holder's ability to withdraw its tender prior to the Withdrawal Date, and subject to the terms and conditions of the Exchange Offer and Consent Solicitation and APE Solicitation, constitute the irrevocable appointment of the Information, Exchange and Tabulation Agent as its attorney and agent and an irrevocable instruction to that attorney and agent to: (i) complete and execute all or any forms of transfer and other documents at the discretion of that attorney and agent in relation to the Old Notes tendered thereby in favor of us and/or the delivery of consents under the Consent Solicitation and/or the granting of powers and instructions under the APE Solicitation, or any other person or persons as we may direct and to deliver those forms of transfer and other documents in the attorney's and agent's discretion and the certificates and other documents of title relating to the registration of Old Notes and to execute all other documents and to do all other acts and things as may be in the opinion of that attorney or agent necessary or expedient for the purpose of, or in connection with, the acceptance of the Exchange Offer and Consent Solicitation and APE Solicitation, and to vest in us or our nominees those Old Notes, the required consents under the Consent Solicitation and the required powers and instructions under the APE Solicitation; and (ii) carry out all procedural acts, including petitions, submission of briefs, filing of notifications, filing of remedies and appeals, and any other act that is necessary or conducive to the judicial approval of Clisa's APE; sign requests for certificates, transfer instructions before custodial agents, collective deposit agents, including Caja de Valores S.A., DTC, Clearstream or any other, and grant receipt of the delivery of the New Notes; and perform all the acts that are necessary or convenient for the purposes of the appointment.

(14) (a) either (i) no portion of the Old Notes constitutes assets of any Benefit Plan Investor or any Non ERISA Plan, or (ii) the acquisition and holding of the New Notes (or any interest therein), throughout the period that it holds such New Notes (or any interest therein), and the disposition of the New Notes (or any interest therein) will not constitute or result in (1) a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code, (2) a breach of fiduciary duty under ERISA or (3) a similar violation under any applicable Similar Law, and (b) it will notify us immediately if, at any time, it is no longer able to make the representations contained in clause (a) above;

(15) by its investment in the New Notes if it is a Benefit Plan Investor:

(a) none of the Transaction Parties has provided any investment recommendation or investment advice to the Benefit Plan Investor or any Plan Fiduciary, on which either the Benefit Plan Investor or Plan Fiduciary has relied in connection with the decision to invest in the New Notes;

(b) the Transaction Parties are not otherwise acting as a "fiduciary," as that term is defined in Section 3(21) of ERISA or Section 4975(e)(3) of the Code, to the Benefit Plan Investor or Plan Fiduciary in connection with the Benefit Plan Investor's investment in the New Notes; and

(c) the Plan Fiduciary is exercising its own independent judgment in evaluating the transaction;

(16) the New Notes are being offered in transactions not involving any public offering in the United States within the meaning of the Securities Act, that the New Notes or its guarantees or Clisa's APE have not been registered under the Securities Act or any securities laws of any jurisdiction other than Argentina and that for so long as the New Notes are "restricted securities" for purposes of the Securities Act:

(a) the New Notes may be offered, resold, pledged or otherwise transferred only (i) to the Issuer or any of its subsidiaries, (ii) in an offshore transaction in accordance with Rule 903 or 904 of Regulation S under the Securities Act, (iii) pursuant to an exemption from registration under the

Securities Act, (if applicable), and (iv) pursuant to an effective registration statement under the Securities Act and in each of such cases in accordance with any applicable securities laws of any state of the United States or any other applicable jurisdiction, and

(b) the Holder will, and each subsequent Holder is required to, notify any subsequent purchaser from it of the resale restrictions set forth in (a) above;

(17) it has such knowledge and experience in financial and business matters, that it is capable of evaluating the merits and risks of purchasing the New Notes and that such Holder and any accounts for which it is acting are each able to bear the economic risks of its or their investment;

(18) it is not acquiring the New Notes with a view towards any distribution thereof in a transaction that would violate the Securities Act or the securities laws of any state of the United States or any other applicable jurisdiction; provided that the disposition of its property and the property of any accounts for which such Holder is acting as fiduciary will remain at all times within its control;

(19) it understands that the certificates evidencing the restricted notes will, unless otherwise agreed by us, bear a legend substantially to the following effect:

**“THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY U.S. STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF THE ISSUER THAT THIS NOTE OR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1) TO THE ISSUER, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT (“RULE 144A”), TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A) IN ACCORDANCE WITH RULE 144A, (3) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT, (4) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, AND IN EACH OF SUCH CASES IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER APPLICABLE JURISDICTION. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES THAT IT WILL NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.**

**EACH PURCHASER AND TRANSFEREE OF THIS NOTE (OR ANY INTEREST HEREIN) WILL BE DEEMED BY ITS ACQUISITION AND HOLDING OF THIS NOTE TO HAVE REPRESENTED, WARRANTED AND AGREED THAT EITHER (A) IT IS NOT (AND FOR SO LONG AS IT HOLDS A NOTE OR INTEREST THEREIN WILL NOT BE), AND IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS ANY NOTE OR INTEREST THEREIN WILL NOT BE ACTING ON BEHALF OF) (1) AN “EMPLOYEE BENEFIT PLAN” WITHIN THE MEANING OF SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“ERISA”), THAT IS SUBJECT TO TITLE I OF ERISA, (2) A “PLAN” WITHIN THE MEANING OF SECTION 4975(e)(1) OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “CODE”), THAT IS SUBJECT TO SECTION 4975 OF THE CODE, (3) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED TO INCLUDE UNDER THE U.S. DEPARTMENT OF LABOR REGULATION AT 29 C.F.R. § 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA, OR OTHERWISE FOR PURPOSES OF TITLE I OF ERISA OR SECTION 4975 OF THE CODE, “PLAN ASSETS” BY REASON OF SUCH EMPLOYEE BENEFIT PLAN’S OR PLAN’S INVESTMENT IN THE ENTITY (EACH OF (1)-(3), A “BENEFIT PLAN INVESTOR”) OR (4) A GOVERNMENTAL PLAN, CHURCH PLAN OR FOREIGN OR OTHER PLAN WHICH IS SUBJECT TO ANY U.S. FEDERAL, STATE, LOCAL OR NON-U.S. LAW THAT CONTAINS ONE OR MORE PROVISIONS THAT ARE SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF TITLE I OF ERISA OR SECTION 4975 OF THE CODE (“SIMILAR LAW”) OR**



**(B) ITS ACQUISITION, HOLDING AND DISPOSITION OF SUCH NOTE (OR ANY INTEREST THEREIN) WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (OR IN THE CASE OF A GOVERNMENTAL PLAN, CHURCH PLAN OR FOREIGN OR OTHER EMPLOYEE BENEFIT PLAN, A VIOLATION OF ANY SIMILAR LAW).**

**MOREOVER, EACH PURCHASER AND TRANSFEREE OF THIS NOTE, IF IT IS A BENEFIT PLAN INVESTOR, WILL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED THAT (X) NONE OF THE ISSUER, THE GUARANTORS, THE DEALER MANAGERS, THE INFORMATION, EXCHANGE AND TABULATION AGENT, THE TRUSTEE, THE REGISTRAR OR THEIR RESPECTIVE AFFILIATES (“TRANSACTION PARTIES”) HAS PROVIDED ANY INVESTMENT RECOMMENDATION OR INVESTMENT ADVICE TO THE BENEFIT PLAN INVESTOR, OR ANY FIDUCIARY OR OTHER PERSON INVESTING ON BEHALF OF THE BENEFIT PLAN INVESTOR OR WHO OTHERWISE HAS DISCRETION OR CONTROL OVER THE INVESTMENT AND MANAGEMENT OF “PLAN ASSETS” (A “PLAN FIDUCIARY”), ON WHICH EITHER THE BENEFIT PLAN INVESTOR OR PLAN FIDUCIARY HAS RELIED IN CONNECTION WITH THE DECISION TO INVEST IN THE NEW NOTES, (Y) THE TRANSACTION PARTIES ARE NOT OTHERWISE ACTING AS A “FIDUCIARY,” AS THAT TERM IS DEFINED IN SECTION 3(21) OF ERISA OR SECTION 4975(E)(3) OF THE CODE, TO THE BENEFIT PLAN INVESTOR OR PLAN FIDUCIARY IN CONNECTION WITH THE BENEFIT PLAN INVESTOR’S INVESTMENT IN THE NEW NOTES AND (Z) THE PLAN FIDUCIARY IS EXERCISING ITS OWN INDEPENDENT JUDGMENT IN EVALUATING THE TRANSACTION.**

**THIS LEGEND MAY BE REMOVED SOLELY AT THE DIRECTION OF THE ISSUER.”**

(20) it acknowledges that the Issuer, the Information, Exchange and Tabulation Agent, the trustee, the Dealer Manager and the Argentine Dealer Manager and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of the foregoing acknowledgements, representations and agreements deemed to have been made by it are no longer accurate it will promptly notify the Dealer Manager or the Argentine Dealer Manager, as the case may be. If such Holder is acquiring the New Notes as a fiduciary or agent for one or more investor accounts, such Holder represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account;

(21) it understands that no representation is made as to the availability of the exemption from registration provided by Rule 144 under the Securities Act for the resale of the New Notes;

(22) it agrees that it will give to each person to whom it transfers the New Notes notice of any restrictions on transfer of such New Notes;

(23) it acknowledges that prior to any proposed transfer of New Notes (other than pursuant to an effective registration statement or in respect of Notes sold or transferred either pursuant to (a) Rule 144A or (b) Regulation S) the holder of such Notes may be required to provide certifications relating to the manner of such transfer as provided in the New Notes Indenture; and

(24) it acknowledges that the Trustee, Registrar or Transfer Agent for the Notes will not be required to accept for registration the transfer of any New Notes acquired by it, except upon presentation of evidence satisfactory to the Issuer and the Trustee, Registrar or Transfer Agent that the restrictions set forth herein have been complied with.

For purposes of the Exchange Offer, “non-U.S. qualified offeree” means:

(1) in relation to each member state that has implemented the Prospectus Regulation (each, a “Relevant Member State”), to the extent implemented in that Relevant Member State:

(a) any legal entity which is a qualified investor as defined in Article 2(1)(e) of the Prospectus Regulation; or

(b) any other entity in any other circumstances falling within Article 3(2) of the Prospectus Regulation,

provided that no such offer of the New Notes shall require the Issuer or the Dealer Managers to publish a prospectus pursuant to Article 3 of the Prospectus Regulation, or

(2) in relation to each member state of the EEA or the United Kingdom, a person that is not a retail investor (in each case, as defined under “*Notice to Certain Non-U.S. Holders*”), or

(3) in relation to an investor in the United Kingdom, a “relevant person” (as defined under “*Notice to Certain Non-U.S. Holders*”), or

(4) any entity outside the United States, the EEA and the United Kingdom to whom the offers related to the New Notes may be made in compliance with all other applicable laws and regulations of any applicable jurisdiction.

Each Holder of Old Notes agrees to the representations and warranties set forth above pursuant to an agent’s message, and will also be deemed to represent, warrant and agree to the terms described under “*Transfer Restrictions*.”

The representations, warranties and agreements of a Holder tendering Old Notes and consents will be deemed to be repeated and reconfirmed on and as of the Expiration Date and the Exchange Date and, where appropriate, the Delivery Date. For purposes of this Exchange Offer Memorandum, the “beneficial owner” of any Old Notes means any Holder that exercises investment discretion with respect to those Old Notes.

The Information, Exchange and Tabulation Agent or the Dealer Manager or the Argentine Dealer Manager do not make other representations, guarantees or commitments, express or implicit, and do not accept responsibilities or obligations of any kind or nature, other than the representations, guarantees, commitments, responsibilities and obligations described in this Exchange Offer Memorandum, in the Instruction Letter and in the respective agency contracts.

#### **Absence of Dissenters’ Rights**

Holders do not have any appraisal or dissenters’ rights in connection with the Exchange Offer and Consent Solicitation and APE Solicitation.

#### **Acceptance of Consents, Powers and Old Notes for Exchange and Delivery of New Notes**

On the Exchange Date, New Notes to be issued in partial or full exchange for Old Notes in the Exchange Offer and Consent Solicitation and APE Solicitation, if consummated, will be delivered in book-entry form, and payment of any cash amounts will be made by deposit of funds with DTC, which will transmit those New Notes and payments to tendering Holders.

We will be deemed to accept validly tendered Old Notes and consents and powers and instructions that have not been validly withdrawn as provided in this Exchange Offer Memorandum when, and if, we give oral or written notice of acceptance to the Information, Exchange and Tabulation Agent. Subject to the terms and conditions of the Exchange Offer and Consent Solicitation and APE Solicitation, delivery of the New Notes and any cash amounts will be made by DTC on the Exchange Date upon receipt of that notice. If any tendered Old Notes and consents and powers and instructions are not accepted for any reason described in the terms and conditions of the Exchange Offer and Consent Solicitation and APE Solicitation, such unaccepted Old Notes and consents and powers and instructions will be returned without expense to the tendering Holders as promptly as practicable after the expiration or termination of the Exchange Offer and Consent Solicitation and APE Solicitation.

## Procedures of the Exchange Offer and Consent Solicitation and APE Solicitation

**In order to meet the deadlines set forth in this Exchange Offer Memorandum, custodians and clearing systems may require you to act on a date prior to the Early Participation Date or the Expiration Date, as applicable. Additionally, they may require further information in order to process all requests to tender. Eligible Holders are urged to contact their custodians and clearing systems as soon as possible to ensure compliance with their procedures and deadlines.**

If you wish to participate in the Exchange Offer and Consent Solicitation and APE Solicitation and your Old Notes are held by a custodial entity such as a bank, broker, dealer, trust company or other nominee, you must instruct that custodial entity to tender your Old Notes and consents and powers and instructions on your behalf pursuant to the procedures of that custodial entity.

To participate in the Exchange Offer and Consent Solicitation and APE Solicitation, you must either:

- comply with the ATOP procedures for book-entry transfer described below on or prior to the Expiration Date or, in order to receive the Early Participation Consideration, prior to the Early Participation Date; or
- if you are a beneficial owner that holds Old Notes through Euroclear or Clearstream and wish to tender your Old Notes and consents and powers and instructions, you must contact Euroclear or Clearstream directly to ascertain their procedure for tendering Old Notes and consents and powers and instructions and comply with such procedure.

The procedures by which you may tender or cause to be tendered Old Notes and consents and powers and instructions will depend upon the manner in which the Old Notes are held, as described below.

The Information, Exchange and Tabulation Agent and DTC have confirmed that the Exchange Offer and Consent Solicitation is eligible for ATOP with respect to book-entry notes held through DTC. Consequently, DTC participants shall transmit electronically their acceptance of the Solicitations, instructing that DTC transfer the Old Notes to the Information, Exchange and Tabulation Agent in accordance with the ATOP procedures from DTC for that transfer. DTC shall send then a message generated by computer to the Information, Exchange and Tabulation Agent, and the Information, Exchange and Tabulation Agent must receive an agent's message in lieu of a letter of transmittal, and any other required documents, must be transmitted to and received by the Information, Exchange and Tabulation Agent on or prior to the Expiration Date or, in order to receive the Early Participation Consideration, prior to the Early Participation Date, at its address listed on the back cover page of this Exchange Offer Memorandum. Old Notes and consents and powers and instructions will not be deemed to have been tendered until the agent's message is received by the Information, Exchange and Tabulation Agent.

Custodial entities that are DTC participants must offer the Old Notes and grant the consent and the powers and instructions through the ATOP maintained by DTC, whereby the custodial entity and the beneficiary owner on whose behalf the custodial entity is acting agree to be bound by the representations, warranties and covenants outlined in the *"Description of the Exchange Offer and Consent Solicitation and APE Solicitation"* and the terms and conditions set forth in *"Transfer Restrictions"*.

If you are a beneficial owner which holds Old Notes through Euroclear or Clearstream and wish to tender your Old Notes, you must instruct Euroclear or Clearstream, as the case may be, to block the account in respect of the tendered Old Notes in accordance with the procedures established by Euroclear or Clearstream. You are encouraged to contact Euroclear or Clearstream directly to ascertain their procedure for tendering Old Notes.

Likewise, in order to grant the powers and instructions requested pursuant to the APE Solicitation, DTC participants must sign and execute the Instruction Letter and deliver it to the Information, Exchange and Tabulation Agent prior to the Expiration Date or the Early Participation Date, as the case may be.

The Information, Exchange and Tabulation Agent, the Dealer Manager and the Argentine Dealer Manager will deliver the sample of the Instruction Letter to all Eligible Holders that request it to the addresses indicated in the

final page of this Exchange Offer Memorandum. These agents also will respond to any inquiries from Eligible Holders regarding the granting, notarization, apostille or legalization of the Instruction Letter.

Notwithstanding the foregoing, the granting of the Instruction Letter, its notarization, apostille or legalization, as well as its delivery to the Information, Exchange and Tabulation Agent runs exclusively on account and risk of each Holder. It is recommended that, once notarized and apostilled or legalized, the Instruction Letter is sent to the Information, Exchange and Tabulation Agent through a service by certified or insured mail.

If you do not provide the Information, Exchange and Tabulation Agent with an Instruction Letter in the Expiration Date or the Early Participation Date, as the case may be, even if you complied with DTC procedures, your submission will be considered incomplete. The Issuer reserves the right to reject any presentation made through DTC as well as the Old Notes presented in the Exchange Offer whose Holder has not also presented an Instruction Letter within the term and in the manner described in this Exchange Offer Memorandum.

No guaranteed delivery procedures are provided in order to tender your Old Notes and consents and powers and instructions in the Exchange Offer and Consent Solicitation and APE Solicitation. To validly tender your Old Notes and consents and powers and instructions, the Old Notes and consents must be received by the Information, Exchange and Tabulation Agent prior to the Expiration Date.

No alternative, conditional, irregular or contingent tenders will be accepted. By tendering their Old Notes, the tendering Holders waive any right to receive any notice of the acceptance for exchange of their Old Notes.

All questions as to the validity, form, eligibility, including time of receipt, and acceptance and withdrawal of tendered Old Notes and consents and powers and instructions will be determined by us in our absolute discretion, which determination will be final and binding. We reserve the absolute right to reject any and all tendered Old Notes and consents and powers and instructions determined by us not to be in proper form or not to be tendered properly or any tendered Old Notes and consents and powers and instructions our acceptance of which would, in the opinion of our counsel, be unlawful. We also reserve the right to waive, in our absolute discretion, any defects, irregularities or conditions of tender as to particular Old Notes, whether or not waived in the case of other Old Notes. Our interpretation of the terms and conditions of the Exchange Offer and Consent Solicitation and APE Solicitation will be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of Old Notes must be cured within the time we determine. Although we intend to notify Holders of defects or irregularities with respect to tenders of Old Notes and consents, none of us, the Information, Exchange and Tabulation Agent, the Dealer Managers or any other person will be under any duty to give that notification or shall incur any liability for failure to give that notification. Tenders of Old Notes and consents and powers and instructions will not be deemed to have been made until any defects or irregularities therein have been cured or waived.

**Any Eligible Holder who exchanges Old Notes for New Notes pursuant to the Exchange Offer must also deliver its consent to the proposed amendments under the Consent Solicitation and grant powers and instructions under the APE Solicitation. Eligible Holders may not deliver consents under the Consent Solicitation neither granting powers and instructions under the APE Solicitation without exchanging their Old Notes for the New Notes in the Exchange Offer.**

#### **Book-Entry Delivery Procedures for Tendering Old Notes Held with DTC**

If you wish to tender Old Notes and deliver consents and grant powers and instructions regarding Old Notes held on your behalf by a nominee with DTC, you must:

- inform your nominee of your interest in tendering your Old Notes, deliver consents and grant powers and instructions pursuant to the Exchange Offer and Consent Solicitation and APE Solicitation; and
- instruct your nominee to tender all Old Notes and deliver consents and grant powers and instructions you wish to be tendered in the Exchange Offer and Consent Solicitation and APE Solicitation into the Information, Exchange and Tabulation Agent's account at DTC prior to the Expiration Date or, in order to receive the Early Participation Consideration, prior to the Early Participation Date.

Any financial institution that is a nominee in DTC, including Euroclear and Clearstream, must tender Old Notes that are held through DTC by effecting a book-entry transfer of Old Notes to be tendered in the Exchange Offer into the account of the Information, Exchange and Tabulation Agent at DTC by electronically transmitting its acceptance of the Exchange Offer through the ATOP procedures for transfer, as well as the consents requested pursuant to the Consent Solicitation and the powers and instructions requested pursuant to the APE Solicitation. DTC will then verify the acceptance, execute a book-entry delivery to the Information, Exchange and Tabulation Agent's account at DTC and send an agent's message to the Information, Exchange and Tabulation Agent. An "agent's message" is a message, transmitted by DTC to, and received by, the Information, Exchange and Tabulation Agent and forming part of a book-entry confirmation, which states that DTC has received an express acknowledgement from an organization that participates in DTC, which we refer to as a "participant," tendering Old Notes, the consents requested pursuant to the Consent Solicitation and the powers and instructions requested pursuant to the APE Solicitation; that the participant has received and agrees to be bound by the representations, warranties and covenants set forth in "*Representations, Warranties and Covenants of Eligible Holders*" and in "*Transfer Restrictions*," and that we may enforce the agreement against the participant. Eligible Holders tendering their Old Notes through DTC's ATOP procedures must provide the necessary representation and another relevant information to the Information, Exchange and Tabulation Agent, electronically or otherwise, in order to receive the consideration applicable to the Exchange Offer.

### **Withdrawal of Tenders**

Tenders of Old Notes and consents and powers and instructions may be validly withdrawn at any time prior to 9:00 a.m., New York City time, on the Withdrawal Date, but thereafter are irrevocable, except in certain limited circumstances where additional withdrawal rights are required by law (as determined by us).

For a withdrawal of a tender to be effective, a properly transmitted "request message" through ATOP must be received by the Information, Exchange and Tabulation Agent prior to the Withdrawal Date at its address listed on the back cover page of this Exchange Offer Memorandum. Any such request message must:

- (1) specify the name of the tendering Holder of Old Notes;
- (2) bear a description of the Old Notes and consents and powers and instructions to be withdrawn;
- (3) specify the aggregate principal amount represented by those Old Notes and consents and powers and instructions;
- (4) specify the name and number of the account at DTC to be credited with the withdrawn Old Notes; and
- (5) be accompanied by evidence satisfactory to us that the person withdrawing the tender has succeeded to the beneficial ownership of those Old Notes.

Withdrawal of tenders of Old Notes and consents and powers and instructions may not be rescinded, and any Old Notes and consents and powers and instructions validly withdrawn will thereafter be deemed not to have been validly tendered for purposes of the Exchange Offer and Consent Solicitation and APE Solicitation. Validly withdrawn Old Notes and consents and powers and instructions may, however, be retendered by again following one of the procedures described in "*Procedures for Tendering*" on or prior to the Expiration Date or, in order to receive the Early Participation Consideration, prior to the Early Participation Date.

## DESCRIPTION OF THE APE

This chapter includes the following: (i) a description of the terms and conditions of the APE Offer which acceptance by the Information, Exchange and Tabulation Agent on behalf of the Participating Holders, will document, as appropriate, Clisa's APE. This description is not exhaustive or comprehensive. For a comprehensive description of the contents of APE Offer, see Annex B to this Exchange Offer Memorandum; and (ii) a description of the salient features and characteristics of the APE. Holders of Old Notes are encouraged to read Sections 69 through 76 of the LCQ and to consult their own legal advisors.

### *Terms and Conditions of Clisa's APE*

*Scope.* Clisa's APE establishes the procedure for handling the claims against the Issuer underlying such agreement. Its terms are binding upon every Eligible Holder who has tendered its Old Notes in the Exchange Offer and granted its consent under the Consent Solicitation and the powers and instructions under the APE Solicitation, and the Court's approval of the APE will render its terms binding upon any Holder not participating in the Exchange Offer and Consent Solicitation and APE Solicitation.

If on the Expiration Date the Old Notes validly submitted in the Exchange Offer represent less than 98% of the aggregate principal amount of outstanding Old Notes but the Minimum Conditions are met, Clisa's APE shall be the agreement by which Clisa will restructure the financial debt only represented by the Old Notes with the Participating Holders (who will enter into such agreement represented by the Information, Exchange and Tabulation Agent based on the powers and instructions granted under the APE Solicitation), and file with the Court the agreement documenting Clisa's APE.

*Issuer's Operations.* The Issuer is up to date with the rest of its material obligations and reserves the right to fully pay any claim to any creditor—except for the Holders of the Old Notes—on their applicable expiration dates in the regular course of business. The Issuer will continue developing its activity and operations during the period from the filing of Clisa's APE for approval up to the court approval thereof in the regular course of business, consistently with past practices, and may dispose of any piece of property or assets if, at its sole discretion, it is no longer necessary for developing its activity or for any other reason.

*Purpose.* By executing Clisa's APE, Clisa and the Participating Holders accept the restructuring of the debt represented by the Old Notes by means of an out-of-court reorganization agreement pursuant to the provisions of Title II, Chapter VII of the Bankruptcy Law, agreeing to settle their mutual obligations and rights under the Old Notes, the Existing Guarantees and the Old Share Pledge by Clisa's delivering and such Participating Holders receiving the Exchange Price and, when appropriate, the Early Participation Consideration, which will take place on the Exchange Date, issuing and delivering New Notes to such Holders in exchange for the Old Notes held by them. Clisa's APE will provide that the exchange of the New Notes for Old Notes held by Non-Participating Holders will take place on a date to be set by the Issuer after securing the court approval of Clisa's APE (the Delivery Date) and, if applicable, after the recognition of Clisa's APE proceeding with a United States court pursuant to the provisions of Chapter 15 of the United States Bankruptcy Code.

For the benefit of the Issuer and the other Holders participating in the APE Solicitation, by executing Clisa's APE, each Holder participating in the APE Solicitation declares and agrees that following the exchange of their Old Notes for New Notes and upon the fulfillment of the transactions established in Clisa's APE, the Issuer shall have finally performed the obligations set forth in said agreement and the latter will be deemed performed for the purposes of Section 59 of the LCQ. This will entail the following for all the Holders, without limitation and to the fullest extent permitted by law: (i) the cancellation and extinction of all of Issuer's obligations in relation to the Old Notes; and (ii) the novation and extinction of any guarantee obligation by BRH and Cliba in relation thereto.

By executing the APE, each Participating Holder further acknowledges and accepts, to the fullest extent permitted by law, that notwithstanding any provision in the Court's resolution approving Clisa's APE regarding the novation of the guarantees related to the Old Notes, the latter will, in such regard and following the delivery of the Exchange Price and, if applicable, the Early Participation Consideration, be fully extinguished.

*Consents from Government Authorities.* No consent, approval or filing before any public entity, regulatory agency or court shall be required to perform the operations established in Clisa's APE, except for: (i) the Court approval; (ii) CNV's approval of the public offering of the New Notes and BYMA and MAE's approval for their listing and trading and APE Solicitation; and (iii) as applicable and if necessary, the recognition of the approved Clisa's APE pursuant to the applicable U.S. law.

*Waivers.* Pursuant to the provisions of Clisa's APE, by tendering their Old Notes in the Exchange Offer and by granting their consents under the Consent Solicitation and their powers and instructions under the APE Solicitation, the Holders waive to file any claim they might be entitled to against the Issuer, BRH and Cliba, including, without limitation, with respect to overdue interest under the Old Notes. Moreover, such Holders waive the rights they might be entitled to under Argentine law to: (i) challenge the validity of the operations set forth in Clisa's APE, including the right to seek the recovery of any payment made by Clisa thereunder through any claw-back or other action; and (ii) file any liability action against any of its creditors, members of the Board of Directors or Supervisory Committee concerning the making of such payments.

*Right to repeal Actions brought by Non-Participant Holders Following the Execution of Clisa's APE.* Clisa and BRH and Cliba shall unrestrictedly and unconditionally retain the right to enforce, bring, compromise or settle all claims, actions, causes, lawsuits or proceedings brought against any or all of them following the execution of Clisa's APE. Nothing contained in the agreement implementing Clisa's APE or in this Exchange Offer Memorandum may be interpreted or construed as a conditionality or limitation to the right of Clisa, BRH or Cliba to adopt those measures and to execute those actions necessary to repeal or extinguish, successfully, any claim that Clisa, BRH or Cliba may receive from one or more Non-Participant Holders after the execution of the agreement implementing Clisa's APE.

*Lifting of Prohibitions.* By executing Clisa's APE, the Participating Holders grant their consent to any court order or measure that Clisa may seek to revoke a legal disqualification from disposing of property that the Court may order in relation to Clisa's APE, following the request for court approval, including the legal disqualification from disposing of property that the Court may order up to the date such Court formally declares that all of the Issuer's obligations under Clisa's APE have been performed, pursuant to Section 59 of the LCQ.

*Calculating and Establishing the Legal Majorities.* Any calculations and assessments for purposes of securing legal approvals shall be made by reference to the amount of Pesos resulting from converting the debt under the Old Notes—whether through principal or interest due as of the Cut-off Date—at the selling exchange rate published by Banco de la Nación Argentina at the closing of operations of the Cut-off Date.

The Issuer shall establish whether or not it has achieved the majorities required in Section 73 of the LCQ to submit and request the court approval of the APE based on the statement of assets and liabilities and the list of creditors mentioned in subsections 1) and 2) of Section 72 of the LCQ.

*Recognition by a Foreign Court.* If deemed necessary, at any time following the execution of Clisa's APE, the Issuer may file a petition for recognition of Clisa's APE under U.S. law before a U.S. court in accordance with the provisions of Chapter 15 of the United States Bankruptcy Code. Furthermore, Clisa may request the U.S. court to issue whatever measures are deemed necessary to enforce Clisa's APE including, without limitation, such measures as are necessary to exchange the Old Notes held by the Non-Participating Holders for New Notes, cancel such Old Notes and terminate the Old Notes Indentures.

*Delivery of New Notes to Non-Participating Holders.* As soon as practicable within thirty (30) days following the date the resolution approving Clisa's APE becomes final, except for any delays not attributable to Clisa, or, as applicable, the date of the recognition of Clisa's APE under U.S. law, except for any delays not attributable to Clisa, Clisa shall issue New Notes to deliver to the Non-Participating Holders in exchange for the Old Notes owned or beneficially held by them.

The New Notes that the Issuer must issue on the Delivery Date will be issued pursuant to a supplemental indenture and will have the same terms and conditions of the New Notes issued on the Issue Date with the exception that the Non-Participating Holder who receives them will only accrue interest (in cash and, where applicable, also in kind) corresponding to the interest period in progress at the time of the Delivery Date and subsequent interest periods.

The receipt of New Notes shall be construed as the outright and irrevocable acceptance of the terms of Clisa's APE by the Non-Participating Holders, thus irrevocably waiving any claim against the Issuer and/or BRH and/or Cliba to seek collection of any other amounts, including, without limitation, the right to collect accrued and unpaid interest under the Old Notes held by them as of the Delivery Date.

In any event, the Issuer shall issue and deliver the referred Notes in exchange for the Old Notes held by Non-Participating Holders in the Exchange Offer, provided that the CNV's authorization for the public offering of the New Notes and the authorizations for listing and trading the New Notes.

*Accession of Non-Participating Holders to the terms of Clisa's APE.* The Issuer reserves the right to allow one or more Non-Participating Holders to elect to accede to Clisa's APE at any time before its court approval.

*Canceling the Old Notes.* Once the court approval becomes final or, as applicable, following the recognition of Clisa's APE by a competent U.S. court, the delivery of New Notes to the Non-Participating Holders will: (i) cancel and extinguish all the Old Notes held by Non-Participating Holders; and (ii) cause all obligations of the Issuer, BRH and Cliba to the Holders of Old Notes, the trustee under the Old Notes Indentures and any agent existing under them or the indentures—except in the event the APE were voided pursuant to the Bankruptcy Law. On the Delivery Date, Clisa shall request the trustee under the Old Notes Indentures to cancel the Old Notes held by the Non-Participating Holders, and the Local Trustee shall deliver the Old Notes held by it to such trustee for cancellation.

*Performance of Clisa's APE.* The New Notes and, as applicable, the Early Participation Consideration, to be delivered and paid as agreed under Clisa's APE, shall be taken as the full and final payment and cancellation of the obligations assumed by the Issuer, BRH and Cliba under the Old Notes and the Old Notes Indentures. Once all the transactions to be performed by the Issuer and BRH and Cliba under Clisa's APE have been performed, the Old Notes shall be deemed fully paid, fulfilled and canceled. Moreover, once the Old Notes and, as applicable, the Early Participation Consideration have been delivered or made available pursuant to the terms of Clisa's APE, the restructuring agreed thereunder and all obligations of the Issuer, BRH and Cliba established therein shall be deemed fully performed. The Issuer shall opportunistically request the Court a legal statement regarding such performance.

*Jurisdiction.* The Court shall have exclusive jurisdiction under Argentine Law over every issue arising from or relating to the APE pursuant to the Bankruptcy Law.

*Heirs and Assigns.* The rights and obligations of the parties to Clisa's APE shall be binding upon and inure to the benefit of any successors, assigns, administrators and representatives, only to the extent that such succession or assignment is permitted in accordance with Clisa's APE. The transfer and assignment of the New Notes shall be subject to the provisions of the New Notes Indenture and the applicable transfer restrictions pursuant to the U.S. Securities Act.

*Provisions Surviving the Termination of Clisa's APE.* Clisa's APE establishes that the following provisions shall survive the APE's extinction: (i) the provisions governing the effects of Clisa's APE in the event of termination or avoidance; (ii) the waiver by the Participating Holders of the rights they might be entitled to under Argentine law to challenge the legality or validity of the payment made by the Issuer in compliance with Clisa's APE and/or to bring actions against any member of the Board of Directors or the Supervisory Committee of the Issuer, BRH and Cliba; and/or to challenge or object to the approval of Clisa's APE; (iii) the consent of the Participating Holders to any measure the Issuer and/or BRH and/or Cliba may seek to cancel any legal disqualification from disposing of property that may be ordered by the Court in relation to Clisa's APE up to the court approval and/or up to the date the Court formally declares that the Issuer, BRH and Cliba have fully performed their obligations under Clisa's APE pursuant to Section 59 of the LCQ.

*Applicable Law.* Argentine laws will govern every aspect of the APE, including its form and substance, filing and approval, and the effect of its approval through a final court's resolution on the Old Notes.

*Salient Elements and Characteristics of the APE Mechanism.*



*Factual Assumption.* According to the Bankruptcy Law, a debtor is not required to be insolvent or declared in default to use the APE mechanism; it will suffice that the debtor is undergoing overall economic or financial difficulties.

*Adoption of this Mechanism by Argentine Law.* The APE mechanism has been recently adopted by Argentine legislation in Sections 69 through 76 of the Bankruptcy Law. This mechanism was introduced through an amendment to the Bankruptcy Law in 2002, subsequently amended in 2006 and 2011. Our courts have inconsistently interpreted different aspects of the APE mechanism. Besides, our court orders do not set a precedent. Therefore, other Argentine courts called upon to approve or reject an APE like, for instance, the Court, may interpret the rules governing this mechanism in a similar or different way. Thus, it cannot be ascertained how the Court would respond to the request to approve the APE. Even when Clisa believes that Clisa's APE would meet the formal requirements to secure its approval, there is no assurance that the Court will not challenge one or more aspects of said agreements, or that Clisa's APE would get court approval in the proposed terms. There are several provisions of the LCQ applicable to reorganization proceedings that are also expressly applicable to APE proceedings. Moreover, Argentine courts have applied other rules established in the Bankruptcy Law governing reorganization proceedings by analogy. No assurances can be given that the Court will or will not apply those rules to the APE by analogy. See "*Risk Factors-Risks Related to the APE Solicitation*" in this Exchange Offer Memorandum.

*Formal Requirements for the APE.* The Bankruptcy Law rules set forth that an APE can be executed through a private instrument in writing and that creditors need not give their approval on the same day.

*Scope.* An APE only binds the debtor's creditors that execute it. For the terms of an APE to be binding upon the creditors to whom the proposal was made but chose not to execute it, according to Section 73 of the Bankruptcy Law, the APE must secure the court approval from a competent judge. To such end, the creditors who have agreed to the APE need to represent the majority of unsecured creditors accounting for, at least, 66.67% of the unsecured liabilities concerned, excluding the creditors mentioned in Section 45 of the Bankruptcy Law from the calculation. The unsecured claims concerned maintained by debtor's shareholders are then excluded from the calculation.

According to the evolution of the APE mechanism in our case law, different courts have admitted its application to a specific category of unsecured creditors, like debtor's financial creditors. The Issuer intends to restructure only the financial debt represented by the marketable securities issued in a series, such as the Old Notes, the Existing Guarantees and the Old Share Pledge.

*Filing the APE for Court Approval.* The filing of the APE must be signed by the legal representative or attorney-in-fact of the debtor and, in the case of companies, with the prior agreement of its management board. The filing must be ratified by the company's shareholders within thirty (30) days from the filing date. Notwithstanding the foregoing, in the case of Clisa's APE, before its execution, the shareholders of the Issuer shall have approved the execution of Clisa's APE and confirmed its intention and will that the Issuer submit it for judicial approval and -for the purposes of Section 6 of the Bankruptcy and Insolvency Law- their intention and will that the Issuer continue to process it until the aforementioned judicial approval is achieved, instructing the Board of Directors of the Issuer the execution and implementation of Clisa's APE and the consummation by the Issuer of the transactions provided for in Clisa's APE and in any other agreement or related document, as well as the achievement of all the judicial and extrajudicial procedures necessary to obtain the judicial approval;

*Securing Majorities for Debts Represented by Securities.* In the past, our courts have decided that the consent from the noteholders executing an APE must be calculated pursuant to the provisions of Section 45 *bis* of the Bankruptcy Law which governs the voting system for holders of securities issued in a series in reorganization proceedings. According to these earlier decisions, to form a quorum and vote in a shareholders' meeting called according to said rule, the total amount of the outstanding unsecured debt under the notes held by the holders not attending the meeting (either in person or by proxy) or attending the meeting but not voting (either in person or by proxy) in favor or against shall not be taken into account for purposes of the calculation.

Moreover, subsection 3) of said rule sets forth that the consent will be calculated based on the principal represented by all the persons accepting the proposal as if accepted by a single person; all the persons rejecting the proposal shall also be computed as one person. As the Old Notes and their guarantees constitute the only debt covered by the APE, this rule would not be applicable to Clisa's APE and the majorities must be calculated according to the

provisions of Section 73 of the Bankruptcy Law, which requires the consent of the majority of shareholders representing 2/3 of the liabilities covered by the APE.

Clisa's APE sets forth that, for the purposes of computing the majorities required to obtain judicial approval in accordance with Section 73 of the Bankruptcy Law: (i) with respect to the majority of principal, the Participating Holders must represent at least two thirds (2/3) of the total amount of principal and accrued interest of the Old Notes, based on the status of assets and liabilities; and (ii) with respect to the majority of holders or creditors, in accordance with paragraph 3, Section 45 bis of the Bankruptcy Law: (a) all Holders of Old Notes will be grouped according to whether or not they have agreed to Clisa's APE; (b) each group will be considered as a single creditor for the purposes of computing the majority of people, in such a way that the Old Notes will be considered to be two creditors (one in favor and one against); and (c) given that the Old Notes constitute the only restructured liability through Clisa's APE, the Issuer, with the explicit consent of the Participating Holders, will request the Court to consider satisfied the requirement of the majority of participating creditors by heads.

The Issuer cannot assure that the Court will share these criteria. The Issuer plans to call the APE Meetings itself—whereas subsection 1) of Section 45 *bis* provides that the call must be made by the trustee or the judge—which is expected to take place on the Exchange Date and before submitting the request for approval of Clisa's APE to the Court. On the Exchange Date, the APE will be deemed performed vis-à-vis the Participating Holders.

The Court could order that one or more APE Meetings be summoned. In relation with this, on the Exchange Date, the Information, Exchange and Tabulation Agent will set up the Local Trust, transferring to the Local Trustee the fiduciary ownership of the Old Notes submitted by the Participating Holders to the sole purpose that the Local Trustee can appear and vote in the APE Meetings that may be summoned at the request of the Court.

*Recognition of the APE by a Foreign Court.* Following the execution of Clisa's APE and for the latter to be valid in the United States, Clisa may at any time appear before a U.S. court pursuant to the provisions of Chapter 15 of the United States Bankruptcy Code to request its recognition under U.S. law and, if applicable, any other measures it may deem necessary to enforce Clisa's APE. The Issuer cannot assure that a U.S. bankruptcy court will recognize or give effect to Clisa's APE in said jurisdiction, or that it will order the measures requested by Clisa in order to enforce Clisa's APE.

*Requirements.* The provisions of the Bankruptcy Law establish that the request for court approval of the APE made by a debtor must also include, apart from an agreement documenting the APE with the relevant legal consents, the following documents certified by an Argentine public accountant: (i) an up-to-date statement of assets and liabilities specifically identifying the rules followed for their valuation; (ii) a detailed list of the creditors holding the debt covered by the APE, with their domiciles, the amounts of their claims, causes, expiration dates, co-debtors, sureties, third-party obligors and payers, together with an accounting certification in the sense that there are no other creditors covered by the APE registered in Issuer's accounting books and records, identifying the accounting and documentary support thereof; (iii) a list of lawsuits or administrative proceedings pending or with an unsatisfied conviction, if any, specifying the courts hearing the cases; (iv) a list of the commercial or other books kept by the Issuer, indicating the last page used as of the date of the APE; and (v) the principal amount represented by the creditors executing the APE and the percentage they represent of the total registered creditors of the Issuer covered by the APE. The majorities required in Section 73 of the Bankruptcy Law to submit the APE for court approval are determined based on the statement of assets and liabilities and the list of creditors mentioned in (i) and (ii) above.

*Publicity.* According to Section 74 of the Bankruptcy Law, the filing of the APE for court approval must be made public through public notices published for five (5) days in the legal journals of the Court's jurisdiction and in one (1) local newspaper with wide circulation. If the debtor has an establishment in another judicial jurisdiction, it must publish the public notices for the same term in such place and, if applicable, in the relevant official publications journal. Once the Court orders the publication of the public notices, any economic actions by the Non-Participant Holders against the Issuer are suspended.

*Suspension of Economic Actions Against the Debtor.* From the date the court orders the publication of the public notices with the commencement of the APE proceeding, all actions of an economic nature by the Non-Participant Holders against the debtor shall be suspended. The Bankruptcy Law does not provide comprehensive rules regarding the suspension of actions against the debtor within an APE context. Nonetheless, the rules governing the

suspension of actions against the debtor within a reorganization proceeding context have been interpreted as applicable to an APE. As a result, in an APE proceeding: (i) except for the creditors objecting to the APE proceeding, the creditors cannot bring legal actions based on claims against the debtor acquired before the filing date of the request for the APE's court approval; and (ii) the legal actions mentioned in paragraph (i) above which were pending at the time the APE was filed for court approval shall be suspended.

As regards the court's power to order the suspension of foreclosure proceedings, pre-judgment attachments and general disqualifications from disposing of property against the debtor, it would be possible to file a request for annulment or suspension of disqualifications sought by creditors not participating in the APE. However, the Bankruptcy Law fails to clearly establish the effects of filing the APE for court approval on a pending bankruptcy petition. Nevertheless, the order to publish the public notices set forth in Section 74 of the Bankruptcy Law would suspend, in principle, any bankruptcy proceedings that may be initiated against the debtor.

*Objection.* According to the provisions of Section 75 of the Bankruptcy Law, the creditors not participating in the APE may object to the APE within ten (10) days following the last publication of public notices and may found their objection only on omissions or misstatements of the asset or liability concerned, or the nonexistence of the majorities required under Section 73 of the Bankruptcy Law. If necessary, the court will order evidence to be produced within a term of ten (10) days and will resolve within the ten (10) days following the end of the evidence period.

It is uncertain how the Court would award court costs if it resolves to dismiss one or more objections. Notwithstanding Section 75 of the Bankruptcy Law, if Non-Participant Holders submit objections based on causes which are not the ones expressly accepted by the Bankruptcy Law, if these objections are rejected, they might have to afford judicial costs calculated over broader regulatory basis.

*Court Approval.* The judge should approve the agreement if all the requirements have been met, no objections were made or, if any, they have been dismissed. The resolution may be appealed.

*Terms.* Although the statutory terms for ordering evidence to be produced in court and adopting a resolution on the objections are mandatory, given the experience in APE proceedings, it is highly probable that such periods will be significantly extended.

*Effects of Court Approval.* According to Section 76 of the Bankruptcy Law, the court approval of the APE renders it binding upon all unsecured creditors, whether or not they have consented to the execution of the APE. The court approval of the APE entails a novation of the obligations covered by this agreement and constitutes a judicial determination of the cancellation and release of every debt subject matter of said agreement.

*Decree of Avoidance of the APE.* According to Section 60 of the Bankruptcy Law—applicable to reorganization proceedings but also to the APE—the creditors covered by the APE who had not participated in the agreement may file a petition to have the court-approved agreement declared null and void. Such petition may be founded only on (i) a false or fraudulent representation in debtor's statement of assets and liabilities; or (ii) the fraudulent creation of unlawful preferences in favor of certain creditors uncovered following the expiration of the period for filing objections. A petition to declare the APE null and void must be filed within six (6) months following the court approval.

If following the receipt of the court approval, the APE were declared null and void, creditors' rights will be reinstated. The amounts paid to the creditors following the receipt of the court approval within the terms of the APE shall not be recovered—or claimed pursuant to a claw-back action—to the extent set forth in subsection 2) of Section 62 of the Bankruptcy Law. If a creditor has engaged in the fraud leading to the APE being declared null and void, such creditor shall forfeit its claims against debtor's assets.

*Court Taxes.* The debtor must pay a court tax in relation to the filing of the APE for court approval. Although Bankruptcy Law does not expressly specify the amount of the court tax payable in these cases, Article 1 of Law No. 25,972 provides that the court tax payable in cases of extrajudicial bankruptcy agreements approved in the terms of the Bankruptcy Law, will be calculated on the final amount, up to 0.25%.

*Jurisdiction.* The court having exclusive jurisdiction under Argentine Law over every issue arising from or relating to the APE pursuant to the Bankruptcy Law will be the one corresponding to the debtor's domicile.

*Failure to Get Court Approval.* If the APE fails to be approved, the Bankruptcy Law rules on the APE do not contemplate, as a consequence, the bankruptcy declaration of the petitioner. On the contrary, the debtor is entitled to request its bankruptcy or try an APE again subject to other terms. However, if the request for bankruptcy or the presentation of a new APE for approval is made within a year after the previous APE was rejected, there should be no bankruptcy requests pending against the debtor that were suspended in the context of the previous APE.

*Estimated Schedule for the APE.* The period from the filing date of the APE for court approval up to the court approval resolution is estimated between six (6) and nine (9) months absent any objections to the APE; and between nine (9) and twenty-four (24) months in the event objections are filed. These terms might be extended if, for instance, the competent court: (i) dismisses the objections to the APE and the resolution is appealed; or (ii) orders the suspension of the effects of the court approval in view of the pending appeal. The terms mentioned herein are mere estimations. Given that prior similar cases have had different schedules, the duration of the APE proceeding cannot be accurately established, and no assurance can be given that the procedure up to the approval of the APE would last a specific period of time.

## DESCRIPTION OF THE NEW NOTES

We will issue the New Notes offered hereby under a New Notes Indenture (the “New Notes Indenture”) to be entered into by and among the Company (as defined below), the Subsidiary Guarantors, The Bank of New York Mellon, as trustee (the “Trustee”) and TMF Trust Company (Argentina) S.A. as Argentine representative of the Trustee and Collateral Agent, in connection with the exchange offer and consent solicitation.

We summarize below certain provisions of the New Notes Indenture, but do not restate the New Notes Indenture in its entirety. We urge you to read the New Notes Indenture because it, and not this description, defines your rights. You may obtain a copy of the New Notes Indenture in the manner described under “*Available Information*” in this Exchange Offer Memorandum, and, for so long as the New Notes are admitted to listing on the Official List of Euronext Dublin and to trading on the Global Exchange Market, at the office of the paying agent in Ireland. The Company has applied to list and trade the New Notes on the BYMA and to have the New Notes admitted for trading on the MAE. We cannot assure that any such application will be accepted or, if accepted, that the New Notes will continue to be listed and/or traded on such markets. See “—*Listing*” below.

You can find the definition of capitalized terms used in this section of this Exchange Offer Memorandum under “—*Certain Definitions*.” In this section, when we refer to:

- the “Company,” we mean CLISA — Compañía Latinoamericana de Infraestructura & Servicios S.A., and not its Subsidiaries; and
- the “New Notes,” we mean, unless the context otherwise requires, the new notes offered pursuant to this Exchange Offer Memorandum and issued at the times and in the manner contemplated by this Exchange Offer Memorandum, the APE (as defined below) and/or the PIK Option (as defined below) as described below under “—*General*.”

The New Notes will constitute *obligaciones negociables simples no-convertibles* (simple non-convertible negotiable obligations) under the Negotiable Obligations Law, will be entitled to the benefits set forth therein and subject to the procedural requirements established therein, and will be issued and placed in accordance with such law, the Capital Markets Law, Executive Decree No. 1023/2013, implementing the Capital Markets Law, the CNV Regulations, and any other Argentine applicable laws and regulations.

### General

The New Notes offered hereby in connection with the exchange offer and consent solicitation will:

- be senior secured obligations of the Company, secured by the Pledged Shares (as defined below);
- rank senior in right of payment to all other existing and future senior unsecured indebtedness of the Company to the extent of the value of the Pledged Shares;
- rank senior in right of payment to all existing and future subordinated indebtedness of the Company, if any;
- be effectively subordinated to all existing and future secured indebtedness of the Company to the extent of the value of the assets securing such indebtedness;
- be subordinated to obligations of the Company preferred by statute or by operation of law;
- be guaranteed by each Subsidiary Guarantor with such Subsidiary Guarantee ranking equal in right of payment with all other existing and future senior unsecured indebtedness of such Subsidiary Guarantor; which Subsidiary Guarantee will be effectively subordinated to all existing and future secured indebtedness of the Subsidiary Guarantors to the extent of the value of the assets securing such indebtedness; and

- be structurally subordinated to all existing and future indebtedness of any Subsidiary that does not provide a Subsidiary Guarantee.

As of March 31, 2021, we had Ps.42,635.5 million (U.S.\$463.4 million) of outstanding Consolidated Indebtedness, of which Ps.37,792.5 million (U.S.\$410.8 million) was secured Indebtedness.

The Company has U.S.\$29,960,000 aggregate principal amount of Old Unsecured Notes and U.S.\$302,261,086 aggregate principal amount of Old Secured Notes outstanding. Assuming full participation by holders of Old Notes in the exchange offer and consent solicitation on or prior to the Expiration Date, the Company will issue up to U.S.\$335,543,297 million aggregate principal amount of New Notes. The Company may also issue additional New Notes pursuant to the APE (if there is less than full participation by holders of Old Notes in the exchange offer and consent solicitation) and the PIK Option.

The New Notes will be issued in the form of one or more Global Notes without coupons registered in the name of a nominee of DTC, as depository. The New Notes will be issued in minimum denominations of U.S.\$100 and integral multiples of U.S.\$1.00 in excess thereof. See “*Book-Entry, Delivery and Form*” in this Exchange Offer Memorandum. No service charge will be made for any registration of transfer or exchange of New Notes, but the Trustee may require payment of a sum sufficient to cover any transfer tax or other similar governmental charge payable in connection therewith.

### **Additional Notes**

The Company may not issue additional New Notes, except for the following additional New Notes (the “Additional Notes”):

- any increase in the aggregate principal amount of the New Notes in connection with the Company exercising the PIK Option in accordance with the terms of the New Notes; and
- the issue of New Notes at the times and in the manner contemplated in the APE.

### **Principal, Maturity and Interest**

The New Notes will mature on July 25, 2027, unless earlier redeemed in accordance with the terms of the New Notes. See “—*Optional Redemption*.”

The New Notes will not be entitled to the benefit of any mandatory sinking fund.

Except as provided for in the case of the exercise of a PIK Option or a mandatory amortization pursuant to the terms described under “—*Mandatory Excess Cash Amortization*,” interest on the New Notes will accrue,

- from and including the Issue Date to, but excluding, January 25, 2023, at the rate of 4.50% per year,
- from and including January 25, 2023 to, but excluding, July 25, 2024, at the rate of 7.50% per year, and
- from and including July 25, 2024 to, but excluding, July 25, 2027, at the rate of 10.50% per year,

and will be payable semi-annually in arrears on January 25 and July 25 of each year, commencing on January 25, 2022.

At the sole discretion of the Company, a portion of the interest due (the “PIK Portion”) for any interest period ending on or prior to July 25, 2024 (the “PIK Termination Date”) may be satisfied in kind by adding the amount of the PIK Portion (being the amount of interest for the applicable interest period specified in the table below) to the principal amount of the outstanding New Notes under the New Notes Indenture, in which case the Company shall issue to each Holder its share of such additional New Notes (being, for each Holder, the portion of accrued interest on such Holder’s then outstanding New Notes for such interest payment date at the annual rate

specified for the PIK Portion in the table below) (the “PIK Option”).

If the Company elects to exercise the PIK Option for any interest period ending on or prior to the PIK Termination Date, the cash interest payable on the New Notes will accrue at the annual rates for each interest period specified in the table (with the result that the aggregate interest rate payable will be higher than if the PIK Option is not exercised), and such cash interest will be payable semi-annually in arrears on January 25 and July 25 of each year, commencing on January 25, 2022.

<u>Interest Period</u>	<u>Total Annual Interest Rate<sup>(1)</sup></u>	<u>Portion in Cash</u>	<u>PIK Portion</u>
Issue Date-January 25, 2022	5.25%	2.50%	2.75%
January 25, 2022-July 25, 2022	5.25%	2.50%	2.75%
July 25, 2022-January 25, 2023	5.25%	2.50%	2.75%
January 25, 2023-July 25, 2023	8.50%	5.50%	3.00%
July 25, 2023-January 25, 2024	8.50%	6.25%	2.25%
January 25, 2024-July 25, 2024	8.50%	7.00%	1.50%

(1) Comprising the applicable cash interest rate and PIK Portion.

Payments will be made to the persons who are registered Holders at the close of business on January 10 and July 10, as the case may be, immediately preceding the applicable interest payment date (whether or not a Business Day).

Interest on the New Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from and including the Issue Date. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

If, with respect to the Company’s exercise of the PIK Option, it is determined that a Holder would be entitled to receive additional New Notes in an aggregate principal amount that is at least U.S.\$100 but not an integral multiple of U.S.\$1.00 in excess thereof, the Company will round downward the principal amount of such additional New Notes to the nearest multiple of U.S.\$1.00 and the Holder will not be entitled to receive cash for the fractional portion of such aggregate principal amount of additional New Notes not issued as a result of such rounding down.

The Company must elect the form of interest payment with respect to each interest period ending on or prior to the PIK Termination Date by delivering a notice to the Trustee at least 15 days prior to the relevant interest payment date. The Trustee shall promptly deliver a corresponding notice to the Holders. In the absence of such an election for any such interest period, interest on the New Notes shall be payable entirely in cash.

In the event the Company makes a mandatory amortization pursuant to “—*Mandatory Excess Cash Amortization*,” and the Additional Amortization Amount (as defined in “—*Mandatory Excess Cash Amortization*”) paid equals or exceeds the Applicable Percentage (as defined in “—*Mandatory Excess Cash Amortization*”), then (except in the case of the mandatory amortization payable on July 25, 2023), for the next following two interest periods (calculated beginning with the interest period commencing the day after the payment of the Additional Amortization Amount and ending on the last day of the next immediately following interest period), the interest rate payable on the New Notes shall accrue at a rate that is 100 basis points less than would otherwise accrue and be payable. For the avoidance of doubt, if the Additional Amortization Amount paid is less than the Applicable Percentage, then

there shall be no adjustment to the interest rate.

Initially, the Trustee will act as registrar, transfer agent and paying agent for the New Notes. The Company may change the registrar, transfer agent and paying agent without notice to Holders. If a Holder of a non-Global Note in an aggregate principal amount of at least U.S.\$1,000,000 has given wire transfer instructions to the Company and the Trustee, the Trustee, as paying agent, will remit all principal, premium, if any, and interest payments in respect of those New Notes received from the Company in accordance with those instructions. All other payments on the non-Global Notes will be made at the office or agency of the paying agent in New York City unless the Company elects to make interest payments by check mailed to the registered Holders at their registered addresses. Payments on Global Notes shall be made to DTC in accordance with its applicable procedures.

## **Subsidiary Guarantees**

### ***General***

The obligations of the Company pursuant to the New Notes Indenture and the New Notes will be fully and unconditionally Guaranteed, jointly and severally, on an unsecured basis, by each Subsidiary Guarantor.

Only two of our existing Subsidiaries, BRH and Cliba, will provide a Subsidiary Guarantee on the Issue Date. As of March 31, 2021, (i) the total combined assets of BRH and Cliba, on a stand-alone basis, represented 56.3% of the Company's Consolidated Assets; and (ii) the total combined Indebtedness of BRH and Cliba, on a stand-alone basis, was Ps.2,549.9 million (U.S.\$27.7 million), of which Ps.2,274.2 million (U.S.\$24.7 million) was secured indebtedness.

Under certain circumstances, the New Notes Indenture will require other Restricted Subsidiaries to become Subsidiary Guarantors. Please see "*Future Subsidiary Guarantees*" below.

Each Subsidiary Guarantee of a Subsidiary Guarantor will be limited to the maximum amount that would not render such Subsidiary Guarantor's obligations subject to avoidance under applicable fraudulent conveyance provisions of applicable law or under similar laws affecting the rights of creditors generally. By virtue of this limitation, a Subsidiary Guarantor's obligation under its Subsidiary Guarantee could be significantly less than amounts payable with respect to the New Notes, or a Subsidiary Guarantor may have effectively no obligation under its Subsidiary Guarantee. See "*Risk Factors—Risks Relating to the New Notes—Fraudulent conveyance laws and other limitations on the enforceability and the amount of the Guarantees may adversely affect the validity and enforceability of the Guarantees.*"

We cannot assure you that this limitation will protect the Subsidiary Guarantees from fraudulent transfer challenges or challenges under similar laws affecting the rights of creditors generally or, if it does, that the remaining amount due and collectible under the Subsidiary Guarantees would suffice, if necessary, to pay the New Notes in full when due. In a Florida bankruptcy case, this kind of provision was found to be unenforceable and, as a result, the subsidiary guarantees in that case were found to be fraudulent conveyances. We do not know if that case will be followed if there is litigation on this point under the New Notes Indenture. However, if it is followed, the risk that the Subsidiary Guarantees will be found to be fraudulent conveyances will be significantly increased.

### ***Future Subsidiary Guarantees***

If the Company or any Restricted Subsidiary acquires or creates any Significant Subsidiary on or after the Issue Date, then that newly acquired or created Significant Subsidiary must become a Subsidiary Guarantor and execute a supplemental New Notes Indenture providing for its Subsidiary Guarantee and deliver an Opinion of Counsel to the Trustee; provided that (i) such Significant Subsidiary's Subsidiary Guarantee will be limited to the maximum amount that would not result in a breach or violation by such Significant Subsidiary of any provision of any agreement to which it is party existing at the time of such acquisition or creation; provided, further, that such provision was not adopted in connection with, or in contemplation of, such acquisition or creation or to avoid guaranteeing the New Notes or the New Notes Indenture, and (ii) such Significant Subsidiary shall not be required to execute any such supplemental New Notes Indenture if the execution or enforcement of such supplemental New



Notes Indenture and the resultant Subsidiary Guarantee thereunder is prohibited by, or in violation of, any applicable law to which such Significant Subsidiary is subject and the Company has delivered to the Trustee an Opinion of Counsel to that effect. Notwithstanding the foregoing, (A) if at the time of such acquisition or creation, such Significant Subsidiary has no Indebtedness, such Significant Subsidiary shall not be required to become a Subsidiary Guarantor or execute any such supplemental New Notes Indenture; provided that if at any time after such acquisition or creation, such Significant Subsidiary Incurs any Indebtedness, at the time of such Incurrence such Significant Subsidiary must become a Subsidiary Guarantor and execute a supplemental New Notes Indenture providing for its Subsidiary Guarantee and deliver an Opinion of Counsel to the Trustee in accordance with the preceding sentence; and (B) if at the time of such acquisition or creation, (i) the Consolidated Assets of the Subsidiary Guarantors represent at least 60% of the Consolidated Assets of the Company as of the last date of the most recently ended fiscal quarter for which financial statements of the Company have been provided to the Trustee pursuant to the covenant described under “—*Certain Covenants—Reports to Holders*,” and (ii) the Consolidated Adjusted EBITDA of the Subsidiary Guarantors represent at least 60% of the Consolidated Adjusted EBITDA of the Company for the most recently ended fiscal year for which financial statements of the Company have been provided to the Trustee pursuant to the covenant described under “—*Certain Covenants—Reports to Holders*,” such Significant Subsidiary shall not be required to become a Subsidiary Guarantor or execute any such supplemental New Notes Indenture. In the event a newly acquired or created Significant Subsidiary is required to become a Subsidiary Guarantor, the Company, alternatively, may cause any one or more of its Restricted Subsidiaries to become a Subsidiary Guarantor and execute a supplemental New Notes Indenture providing for its Subsidiary Guarantee in lieu of such newly acquired or created Significant Subsidiary so that (i) the Consolidated Assets of the Subsidiary Guarantors (including any such Restricted Subsidiaries that become Subsidiary Guarantors) represent at least 60% of the Consolidated Assets of the Company as of the last date of the most recently ended fiscal quarter for which financial statements of the Company have been provided to the Trustee pursuant to the covenant described under “—*Certain Covenants—Reports to Holders*,” and (ii) the Consolidated Adjusted EBITDA of the Subsidiary Guarantors (including any such Restricted Subsidiaries that become Subsidiary Guarantors) represent at least 60% of the Consolidated Adjusted EBITDA of the Company for the most recently ended fiscal year for which financial statements of the Company have been provided to the Trustee pursuant to the covenant described under “—*Certain Covenants—Reports to Holders*.”

The Company will not permit any Restricted Subsidiary, directly or indirectly, to Guarantee any Indebtedness of the Company or any Subsidiary Guarantor in excess of 15% of the Company’s Consolidated Assets (cumulative with any and all Guarantees provided by Restricted Subsidiaries to Guarantee any Indebtedness of the Company or any Subsidiary Guarantors) unless such Restricted Subsidiary (a) is a Subsidiary Guarantor or (b) becomes a Subsidiary Guarantor within 10 days of such Guarantee and executes and delivers to the Trustee an Opinion of Counsel and a supplemental New Notes Indenture providing for its Subsidiary Guarantee, which Subsidiary Guarantee will rank senior in right of payment to or equally in right of payment with such Subsidiary’s Guarantee of such other Indebtedness.

### ***Release of the Subsidiary Guarantees***

The Subsidiary Guarantee of a Subsidiary Guarantor will be automatically and unconditionally released (and thereupon shall terminate and be discharged and be of no further force and effect) upon:

- the consent of Holders representing 75% of the aggregate principal amount of New Notes outstanding in connection with a sale or other disposition (including by way of consolidation or merger) of the Subsidiary Guarantor or the sale or disposition of all or substantially all the assets of the Subsidiary Guarantor otherwise permitted by the New Notes Indenture;
- defeasance or discharge of the New Notes, as provided in “—*Legal Defeasance and Covenant Defeasance*” and “—*Satisfaction and Discharge*,”
- solely in the case of a Subsidiary Guarantee created pursuant to the covenant described under “—*Future Subsidiary Guarantees*,” upon the release or discharge of the Guarantee that resulted in the creation of such Subsidiary Guarantee pursuant to that covenant, except a discharge or release by or as a result of payment under such Guarantee;

- upon the final liquidation or dissolution of such Subsidiary Guarantor; provided that no Default or Event of Default occurs as a result thereof or has occurred or is continuing; or
- payment in full of the aggregate principal amount of all New Notes then outstanding and all other obligations under the New Notes Indenture and the New Notes then due and owing.

Upon any occurrence giving rise to a release of a Subsidiary Guarantee as specified above, the Trustee, upon receipt of an Officer's Certificate from the Company and an Opinion of Counsel each stating that all conditions precedent to such release have been satisfied, will execute any documents reasonably required by the Company in order to evidence or effect such release, discharge and termination in respect of such Subsidiary Guarantee. None of the Company, any Subsidiary Guarantor or the Trustee will be required to make a notation on the New Notes to reflect any Subsidiary Guarantee or any such release, termination or discharge.

## **Collateral**

### ***Share Pledges***

#### *Tecsan*

On the Issue Date, shareholders representing 100% of the capital stock of Tecsan and the Collateral Agent will enter into an Argentine law share pledge agreement (*contrato de prenda de acciones*) (the "Tecsan Share Pledge Agreement"), pursuant to which such shareholders will grant a first priority pledge (*prenda en primer grado de prelación y privilegio*), pursuant to Article 2219 of the Argentine Civil and Commercial Code, over their common shares of Tecsan, representing 100.0% of all of the issued and outstanding capital stock of Tecsan as of the date hereof (the "Tecsan Pledged Shares") in favor of the Collateral Agent for the benefit of the Trustee and the Holders (the "Tecsan Share Pledge").

The Tecsan Share Pledge will be registered by Tecsan on its stock ledger, granting the Collateral Agent, for the benefit of the Trustee and the Holders, a first priority security interest and rights over the Tecsan Pledged Shares and certain funds deriving therefrom. Pursuant to the New Notes Indenture and the Tecsan Share Pledge Agreement, the Tecsan shareholders may sell the shares of Tecsan, and the Tecsan Pledged Shares would no longer be pledged in favor of the Holders of New Notes and the lien affecting the Tecsan Pledged Shares would be released, provided that such sale, and the use of proceeds thereof, comply with the requirements under "*—Modification of the New Notes Indenture*" (the "Tecsan Shares Sale").

So long as no Event of Default has occurred and is continuing, and subject to certain terms and conditions, the Tecsan shareholders will be entitled to receive all cash dividends, interest and other payments made upon or with respect to the Tecsan Pledged Shares and to exercise any voting and other consensual rights pertaining to the Tecsan Pledged Shares.

If at any time Tecsan makes any offer to issue any Capital Stock to its shareholders (or any other Persons), the Company shall, and shall cause its Subsidiaries to, subscribe to such additional Capital Stock in an aggregate proportion as to maintain the same aggregate percentage ownership in Tecsan as at the Issue Date and the Company shall, and shall cause its Subsidiaries to, procure and take such steps as are necessary to ensure that all of such additional Capital Stock is issued subject to the Tecsan Share Pledge.

#### *Central Buen Ayre S.A.*

On the Issue Date, shareholders representing 100% of the capital stock of CBA and the Collateral Agent will enter into an Argentine law share pledge agreement (*contrato de prenda de acciones*) (the "CBA Share Pledge Agreement"), pursuant to which such shareholders will grant a first priority pledge (*prenda en primer grado de prelación y privilegio*), pursuant to Article 2219 of the Argentine Civil and Commercial Code, over their common shares of CBA, representing 100.0% of all of the issued and outstanding capital stock of CBA as of the date hereof (the "CBA Pledged Shares") in favor of the Collateral Agent for the benefit of the Trustee and the Holders (the "CBA Share Pledge").

The CBA Share Pledge will be registered by CBA on its stock ledger, granting the Collateral Agent, for the benefit of the Trustee and the Holders, a first priority security interest and rights over the CBA Pledged Shares and certain funds deriving therefrom. Pursuant to the New Notes Indenture and the CBA Share Pledge Agreement, the CBA shareholders may sell the shares of CBA, and the CBA Pledged Shares would no longer be pledged in favor of the Holders of New Notes and the lien affecting the CBA Pledged Shares would be released, provided that such sale, and the use of proceeds thereof, comply with the requirements under “—*Modification of the New Notes Indenture*” (the “CBA Shares Sale”).

So long as no Event of Default has occurred and is continuing, and subject to certain terms and conditions, the CBA shareholders will be entitled to receive all cash dividends, interest and other payments made upon or with respect to the CBA Pledged Shares and to exercise any voting and other consensual rights pertaining to the CBA Pledged Shares.

If at any time CBA makes any offer to issue any Capital Stock to its shareholders (or any other Persons), the Company shall, and shall cause its Subsidiaries to, subscribe to such additional Capital Stock in an aggregate proportion as to maintain the same aggregate percentage ownership that they have in CBA as at the Issue Date and the Company shall, and shall cause its Subsidiaries to, procure and take such steps as are necessary to ensure that all of such additional Capital Stock is issued subject to the CBA Share Pledge.

### ***Administration of the Collateral***

The Collateral Documents and the Pledged Shares will be administered by the Collateral Agent for the benefit of the Collateral Agent, the Trustee and all Holders of New Notes in accordance with the terms of the Collateral Documents. By accepting a New Note, each Holder will be deemed to have (a) irrevocably appointed the Collateral Agent to act as its agent under the Collateral Documents and (b) irrevocably authorized the Collateral Agent to (i) perform the duties and exercise the rights and powers that are specifically given to it under the New Notes Indenture and the Collateral Documents, together with any other incidental rights and power; and (ii) execute each document expressed to be executed by the Collateral Agent on its behalf. The Trustee will act at the written direction of the Holders of a majority of the New Notes in giving instructions to the Collateral Agent.

All references herein to the performance of the Collateral Agent shall be understood as acting at the direction of the Trustee following instructions from the Holders. In no case shall the Collateral Agent receive instructions, requests or notices from the Holders other than through the Trustee (as only intermediary). Neither of the Collateral Agent shall be liable for acting based on written instructions given by the Trustee. Under no circumstance shall the Company or the Holders be entitled to object, due to any reason whatsoever, to the extent or scope of such instructions or the form of issuance or the cause thereof, or to reject, object to or question any measure, action, omission or decision of the Collateral Agent, as applicable, taken or omitted in reliance on such instructions.

### ***Release of Collateral***

The liens on the Pledged Shares, as the case may be, will be released by the Collateral Agent with respect to the New Notes, upon the direction and confirmation of the Trustee of the occurrence of any of the following events:

- in whole, upon the full and final payment and performance of all of our obligations under the New Notes Indenture and the New Notes (other than contingent obligations that may arise in the future for indemnities or otherwise);
- in whole or in part, with the consent of the Holders of at least 75% in aggregate principal amount of New Notes then outstanding in accordance with the provisions described under “—*Modification of the New Notes Indenture*;”
- in whole, with the consent of the Holders of a majority in principal amount of the then outstanding New Notes, in connection with Pledge Company Shares Sale; and

- in whole, upon legal defeasance, covenant defeasance or satisfaction and discharge of the New Notes as provided below under the captions “—*Legal Defeasance and Covenant Defeasance*” and “—*Satisfaction and Discharge*.”

Upon release of the Pledged Shares, the Trustee or the Collateral Agent (acting on written instruction of the Trustee) shall promptly take such actions as reasonably requested by the Company in order to reconvey to the relevant shareholders the released Pledged Shares and, if necessary, the Collateral Agent (acting on written instruction of the Trustee) shall, at the Company’s expense, cause to be filed such documents or instruments as shall be necessary to provide for the release by the Collateral Agent of the released Pledged Shares. In connection with any such release, reconveyance or filing, the Trustee or the Collateral Agent, as applicable, shall receive and be fully protected in conclusively relying upon an opinion of counsel and an officer’s certificate and such other documents as prescribed by the New Notes Indenture or the Collateral Documents.

### ***Sufficiency of Collateral***

The fair market value of the Pledged Shares is subject to fluctuations based on factors that include, among others, the condition of the waste management and renewable energy industries in Argentina and the construction industry in Peru and Paraguay, the ability to sell the Pledged Shares in an orderly sale, general economic conditions, the availability of buyers and similar factors. The amount to be received upon a sale of the Pledged Shares would also be dependent on numerous factors, including, but not limited to, the actual fair market value of the Pledged Shares at such time and the timing and the manner of the sale. By their nature, the Pledged Shares may be illiquid and may have no readily ascertainable market value. Accordingly, there can be no assurance that the Pledged Shares can be sold in a short period of time or in an orderly manner.

### **Unrestricted Subsidiaries**

As of the Issue Date, all of the Company’s Subsidiaries will be “Restricted Subsidiaries.” Under the circumstances described below under the caption “—*Certain Covenants—Limitation on Designation of Unrestricted Subsidiaries*,” the Company will be permitted to designate certain of its Subsidiaries as “Unrestricted Subsidiaries.” If so designated, the Company’s Unrestricted Subsidiaries will generally not be subject to the restrictive covenants in the New Notes Indenture.

### **Additional Amounts**

All payments in respect of the New Notes will be made free and clear of and without any deduction or withholding for or on account of any present or future taxes, duties, levies, imposts, assessments or other government charges imposed by any law of Argentina or any Relevant Jurisdiction (as defined below) and any interest, penalties or other liabilities with respect thereto (“Taxes”), unless the withholding or deduction of such Taxes is required by law or the official interpretation thereof, or by the administration thereof. If we are required by any law of Argentina or any jurisdiction where the Company or any Subsidiary Guarantor is incorporated or resident for tax purposes, or any political subdivision thereof (a “Relevant Jurisdiction”) or any taxing authority of a Relevant Jurisdiction, to withhold or deduct any Taxes from or in respect of any sum payable under the New Notes, the Company (or the relevant Subsidiary Guarantor) shall (i) pay such additional amounts (“Additional Amounts”) as may be necessary in order that the net amounts receivable by Holders of any New Notes after such withholding or deduction shall equal the respective amounts which would have been receivable by such Holder in the absence of such withholding or deduction, (ii) make such withholding or deduction, and (iii) pay the full amount withheld or deducted to the relevant tax or other authority in accordance with applicable law, except that no such Additional Amounts will be payable in respect of:

- any present or future Taxes that would not have been imposed but for any present or former connection between the Holder or beneficial owner of a New Note (or a fiduciary, settlor, beneficiary, member or shareholder of the Holder or beneficial owner of a New Note) and the Relevant Jurisdiction (other than the mere receipt of a payment, the ownership or holding of a New Note, or enforcing rights thereunder);

- any estate, inheritance, capital gains, excise, personal property tax, sales, transfer, gift or similar tax, assessment or other governmental charge imposed with respect to the New Notes;
- any Taxes that would not have been imposed but for the failure of the Holder or any other Person to comply with any certification, identification, information, documentation or other reporting requirement concerning the nationality, residence, identity or connection with the Relevant Jurisdiction, for tax purposes, of the Holder or any beneficial owner of the New Note if compliance is required by law, regulation or by an applicable income tax treaty to which the Relevant Jurisdiction is a party, as a precondition to exemption from, or reduction in the rate of the Tax, and we have given the Holder at least 30 days' notice, in writing, that the Holder will be required to provide such certification, identification, information or documentation;
- any Tax payable otherwise than by deduction or withholding from payments on or in respect of the New Notes;
- any present or future Taxes with respect to a New Note presented for payment, where presentation is required, more than 30 days after (i) the date on which the payment became due and payable or (ii) the date on which payment thereof is duly provided for and notice is provided to Holders, whichever occurs later, except to the extent that the Holder of such New Note would have been entitled to such Additional Amounts on presenting such New Note for payment on the last day of such 30-day period;
- any Tax required to be withheld by any paying agent from any payment of principal, premium (if any) or interest on the New Note, if such Tax results from the presentation of such New Note for payment (where presentation is required) in the European Economic Area and the payment can be made without such withholding or deduction by the presentation of such New Note for payment to at least one other paying agent in the European Economic Area;
- any payment on the New Note to a Holder that is a fiduciary, a partnership, a limited liability company or a person other than the sole beneficial owner of any such payment, to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such a partnership, an interest holder in such a limited liability company or the beneficial owner of the payment would not have been entitled to the Additional Amounts had the beneficiary, settlor, member or beneficial owner been the Holder of the New Note;
- any New Note presented for Payment (where presentation is required) at an office of a paying agent in Argentina (provided the New Notes can also be presented at an office of a paying agent outside of Argentina without any such withholding or deduction);
- any present or future Taxes that would not have been generated if it were not for the fact that the Holder or beneficial owner of a New Note (or the trustee, settlor, beneficiary, member or shareholder of the Holder or beneficial owner of a New Note) resides in, or has invested in the New Notes with funds that come from, a "non-cooperative jurisdiction" (as defined under Argentine income tax law and the regulations issued thereunder, and also including any jurisdiction that is listed as a "non-cooperative" or any similar definition that the Argentine income tax law or the regulations issued thereunder may include from time to time); or
- in the case of any combination of the items listed above.

Upon request, the Company (or the relevant Subsidiary Guarantor) will provide the Trustee with documentation reasonably satisfactory to the Trustee evidencing the payment of Taxes in respect of which we have paid any Additional Amount within thirty (30) days of payment to the relevant taxing authority. The Company (or the relevant Subsidiary Guarantor) will make copies of such documentation available to the Holders of the New Notes or the relevant paying agent upon request.

The Company will pay promptly when due any present or future stamp, court or documentary taxes or any

excise or property taxes, charges or similar levies that arise in any jurisdiction from the execution, delivery or registration of each New Note or any other document or instrument referred to in the New Notes Indenture or such New Note, excluding any such taxes, charges or similar levies imposed by any jurisdiction that is not a Tax Jurisdiction except those resulting from, or required to be paid in connection with, the enforcement of such New Note or any other such document or instrument after the occurrence and during the continuance of any Event of Default with respect to the New Note in default.

Any reference in this Exchange Offer Memorandum, the New Notes Indenture or the New Notes to principal, premium, interest or any other amount payable in respect of the New Notes by us will be deemed also to refer to any Additional Amount that may be payable with respect to that amount under the obligations referred to in this section.

## **Optional Redemption**

### ***Optional Redemption at Par***

At any time, the Company may, at its option, redeem the New Notes, in whole or in part, at a redemption price of 100.0% of the principal amount, plus accrued and unpaid interest thereon, if any, to the applicable redemption date; provided, however, that if the New Notes are redeemed in part only, New Notes in an aggregate amount of at least U.S.\$100 million shall remain outstanding immediately after any such partial redemption.

### ***Optional Redemption Upon Tax Event***

If the Company determines that, as a result of any amendment to, expiration of, or change in, the laws (or any rules or regulations thereunder) of a Relevant Jurisdiction, any taxing authority thereof or therein affecting taxation, or any amendment to or change in an official interpretation or application of such laws, rules or regulations, which amendment to, expiration of, or change of such laws, rules or regulations becomes effective or, in the case of a change in official interpretation or application, is announced on or after the date of this Exchange Offer Memorandum (or on or after the date a Relevant Jurisdiction becomes a Relevant Jurisdiction, if later), we (or a Subsidiary Guarantor) would be obligated to pay any Additional Amounts with respect to the New Notes (see “—*Additional Amounts*” and “*Taxation—Argentine Tax Considerations*”); provided, that the Company, in its business judgment, determines that such obligation cannot be avoided by the Company taking reasonable measures available to it, then, at its option, all, but not less than all, of the New Notes may be redeemed at any time at a redemption price equal to 100% of the outstanding principal amount, plus any accrued and unpaid interest to the redemption date due thereon up to but not including the date of redemption; provided that (1) no notice of redemption for tax reasons may be given earlier than 60 days prior to the earliest date on which the Company (or a Subsidiary Guarantor) would be obligated to pay these Additional Amounts if a payment on the New Notes were then due, and (2) at the time such notice of redemption is given such obligation to pay such Additional Amounts has not ceased to be in effect.

Prior to the giving of any notice of redemption pursuant to this provision, the Company will deliver to the Trustee:

- an Officer’s Certificate stating that the Company is entitled to effect the redemption and setting forth a statement of facts showing that the conditions precedent to the Company’s right to redeem have occurred (including that we cannot avoid the obligation to pay such Additional Amounts by taking reasonable measures available); and
- an Opinion of Counsel from legal counsel in a Relevant Jurisdiction of recognized standing to the effect that the Company has or will become obligated to pay such Additional Amounts as a result of such change or amendment.

The Trustee may conclusively rely upon and will accept such Officer’s Certificate and Opinion of Counsel as sufficient evidence of the satisfaction of the conditions precedent described above.

Notice of the redemption, once delivered by us to the Trustee, will be irrevocable.

### ***Optional Redemption Procedures***

Notice of any redemption will be given at least 30 but not more than 60 days before the redemption date to Holders of New Notes to be redeemed in accordance with the provisions described in “—Notices” below. New Notes called for redemption will become due on the date fixed for redemption. The Company will pay the redemption price for the New Notes together with accrued and unpaid interest thereon to but not including the date of redemption (subject to the rights of the relevant Holders as of the record date to receive payments of interest on the related interest payment date). On and after the redemption date, interest will cease to accrue on the New Notes as long as the Company has deposited with the paying agent funds in satisfaction of the applicable redemption price together with accrued and unpaid interest thereon pursuant to the New Notes Indenture. Upon redemption of the New Notes by the Company, the redeemed New Notes will be cancelled and cannot be reissued.

If fewer than all of the New Notes are being redeemed, the New Notes to be redeemed shall be selected as follows: (1) if the New Notes are listed on an exchange, in compliance with the requirements of such exchange or (2) on a pro rata basis to the extent practicable, or, if the pro rata basis is not practicable for any reason, by lot or by such other method as most nearly approximates a pro rata basis, in each case as long as the New Notes are in global form, subject to customary DTC procedures (in integral multiples of U.S.\$1.00; provided that the remaining principal amount of such Holder’s New Note will not be less than U.S.\$100). Upon surrender of any New Note redeemed in part, the Holder will receive a new New Note equal in principal amount to the unredeemed portion of the surrendered New Note. Once notice of redemption is sent to the Holders, New Notes called for redemption become due and payable at the redemption price on the redemption date, and, commencing on the redemption date, New Notes redeemed will cease to accrue interest (unless the Company defaults in the payment of the redemption price).

In addition to the Company’s right to redeem the New Notes as set forth above, the Company may purchase the New Notes in open-market transactions, tender offers or otherwise at any price, in compliance with applicable securities laws. Any New Note so purchased by the Company may be surrendered to the Trustee for cancellation.

### **Mandatory Excess Cash Amortization**

Within ten (10) Business Days following each of the dates on which the Company has delivered its consolidated financial statements as of and for the three-month periods ended March 31, 2023, March 31, 2024, March 31, 2025 and March 31, 2026, respectively, as required under “—Reports to Holders,” the Company shall calculate the Excess Cash Amount (as defined below), if any (the date of such calculation, the “Excess Cash Measurement Date”), which calculation, and resulting total Excess Cash Amount, shall be certified by an Officer’s Certificate delivered to the Trustee and the Holders within one Business Day of the Excess Cash Measurement Date (and, in addition, if the Excess Cash Amount is less than or equal to the Argentine Peso equivalent of U.S.\$3,000,000 (calculated based on the U.S. dollar selling exchange rate (*tipo de cambio vendedor divisa*) published by Banco Nación as of the Business Day immediately prior to the Excess Cash Measurement Date), such Officer’s Certificate shall expressly confirm that such Excess Cash amount is less than or equal to the Argentine Peso equivalent of U.S.\$3,000,000).

If the Excess Cash Amount is greater than the Argentine peso equivalent of U.S.\$3,000,000 (calculated based on the U.S. dollar selling exchange rate (*cotización divisas venta*) published by Banco de la Nación Argentina as of the Business Day immediately prior to the Excess Cash Measurement Date), the Company shall provide written notice to the Trustee within five (5) Business Days of such Excess Cash Measurement Date, which notice shall specify the Excess Cash Amount in Argentine pesos and the mandatory amortization repayment date, which date shall be July 25 of the then current year (such repayment date, the “Mandatory Amortization Date”). On the second Business Day prior to the Mandatory Amortization Date, the Company shall provide written notice to the Trustee, which notice shall specify the Excess Cash Amount converted into U.S. dollars (based on the U.S. dollar selling exchange rate (*cotización divisa venta*) published by Banco de la Nación Argentina as of the third Business Day immediately prior to the relevant Mandatory Amortization Date), and the Additional Amortization Amount. On the Mandatory Amortization Date, the Company shall repay the outstanding principal amount of New Notes, pro rata among the Holders of the New Notes, in an aggregate amount equal to the Additional Amortization Amount.

In the period between each Excess Cash Measurement Date and Mandatory Amortization Date, the Excess Cash Amount shall be Invested in Cash Equivalents unless the Company does not have access to the foreign

exchange market for this purpose (in which case the interest that accrues on the Mandatory Amortization Date shall be added to the Excess Cash Amount to be converted into U.S. dollars in accordance with the foregoing and paid on the Mandatory Amortization Date).

“*Additional Amortization Amount*” means the lesser of (i) the Excess Cash Amount (plus any interest accrued thereon, or the sum total of the proceeds of Investment in Cash Equivalents, in each case, pursuant to the terms set forth in “—*Mandatory Excess Cash Amortization*”), and (ii) an amount equal to the Applicable Percentage.

“*Excess Cash Amount*” means, as calculated on each Excess Cash Measurement Date, the amount equal to the positive difference (if any) between (i) the average of the Company’s consolidated freely available cash and cash equivalents as of each of the ten Business Days up to (and including, if March 31 is a Business Day in the relevant year) March 31 of the relevant year (after excluding any portion of cash or cash equivalents received from an Asset Sale not yet used in accordance with “*Covenants—Limitation on Asset Sales*”), and (ii) the sum of (a) the product resulting from multiplying (1) the Company’s consolidated revenues for the twelve-month period ended on March 31 of the relevant year, by (2) 0.065, plus (b) an amount equal to the interest expense accrued as of March 31 of the relevant year and payable by the Company on the New Notes on July 25 of the relevant year, in each case arising from the consolidated financial statements of the Company and in accordance with GAAP.

“*Applicable Percentage*” means (i) for the Mandatory Amortization Date falling on July 25, 2023, 5.0% of the aggregate principal amount of New Notes that are outstanding as of the relevant Mandatory Amortization Date; and (ii) for all other Mandatory Amortization Dates, 10.0% of the aggregate principal amount of New Notes that are outstanding as of the relevant Mandatory Amortization Date.

Notwithstanding the foregoing, the Company will not be required to pay the Additional Amortization Amount to the extent that the Company does not have access to the foreign exchange market to purchase, and transfer outside of Argentina, the U.S. dollars required to make the Additional Amortization Amount payment under applicable Argentine regulations, in which case the Company shall transfer such Additional Amortization Amount to a segregated account secured in favor of the Collateral Agent to be held until the Company is able to access the foreign exchange market and apply the Additional Amortization Amount in accordance with the foregoing.

### **Change of Control Triggering Event**

Upon the occurrence of a Change of Control Triggering Event, each Holder will have the right to require that the Company purchase all or a portion (in integral multiples of U.S.\$1.00; provided that the remaining principal amount of such Holder’s New Note will not be less than U.S.\$100) of the Holder’s New Notes at a purchase price equal to 101% of the principal amount thereof, plus any accrued and unpaid interest thereon to the purchase date (the “Change of Control Payment”).

Within 30 days following the date upon which the Change of Control Triggering Event occurs, the Company must send a notice to each Holder, with a copy to the Trustee, offering to purchase the New Notes as described above (a “Change of Control Offer”) as described in “—*Notices*” below. The Change of Control Offer will state, among other things, the purchase date, which must be at least 30 but not more than 60 days from the date the notice is given, other than as may be required by law (the “Change of Control Payment Date”). The Change of Control Offer may, at the Company’s discretion, be subject to the consummation of the transactions triggering the Change of Control Triggering Event as a condition precedent.

On the Business Day immediately preceding the Change of Control Payment Date, the Company will, to the extent lawful, deposit with the paying agent funds in an amount equal to the Change of Control Payment, in respect of all New Notes or portions thereof so tendered.

On the Change of Control Payment Date, as applicable, the Company will, to the extent lawful:

- (1) accept for payment all New Notes or portions thereof properly tendered and not withdrawn; and
- (2) deliver or cause to be delivered to the Trustee the New Notes so accepted together with an Officer’s



Certificate stating the aggregate principal amount of New Notes or portions thereof being purchased by the Company.

If only a portion of a New Note is purchased pursuant to a Change of Control Offer, as applicable, a new New Note in an authorized principal amount equal to the portion thereof not purchased will be issued in the name of the Holder thereof upon cancellation of the original New Note (or appropriate adjustments to the amount and beneficial interests in a Global Note will be made, as appropriate). New Notes (or portions thereof) purchased pursuant to a Change of Control Offer, as applicable, will be cancelled and cannot be reissued.

The Company will comply with the requirements of Rule 14c-1 under the Exchange Act and any other securities laws and regulations to the extent any such rule, laws and regulations are applicable in connection with the purchase of New Notes in connection with a Change of Control Offer, as applicable. To the extent that the provisions of any applicable securities laws or regulations conflict with the Change of Control Triggering Event provisions of the New Notes Indenture, the Company will comply with such securities laws and regulations and will not be deemed to have breached its obligations under the New Notes Indenture by doing so.

Other existing and future indebtedness of the Company may contain prohibitions on the occurrence of events that would constitute a Change of Control or require that Indebtedness be purchased upon a Change of Control. Moreover, the exercise by the Holders of their right to require the Company to repurchase the New Notes upon a Change of Control Triggering Event may cause a default under such indebtedness even if the Change of Control itself does not.

If a Change of Control Offer occurs, the Company may not have available funds sufficient to make the Change of Control Payment for all the New Notes that might be delivered by Holders seeking to accept the Change of Control Offer. In the event the Company is required to purchase outstanding New Notes pursuant to a Change of Control Offer, the Company expects that it would seek third-party financing to the extent it does not have available funds to meet its purchase obligations and any other obligations it may have. However, we cannot assure you that the Company would be able to obtain necessary financing and the terms of the New Notes Indenture may restrict the ability of the Company to obtain such financing.

Holdes will not be entitled to require the Company to purchase their New Notes in the event of a takeover, recapitalization, leveraged buyout or similar transaction which does not lead to a Change of Control Triggering Event.

The Company will not be required to make a Change of Control Offer upon a Change of Control Triggering Event if: (a) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the New Notes Indenture applicable to a Change of Control Offer made by the Company and purchases all New Notes validly tendered and not withdrawn under such Change of Control Offer or (b) prior to the date the Change of Control Offer is required to be made, the Company has given notice of redemption in respect of all of the outstanding New Notes in accordance with the New Notes Indenture.

Notwithstanding anything to the contrary herein, a Change of Control Offer may be made in advance of a Change of Control Triggering Event, conditional upon the consummation of the required Change of Control Triggering Event, if a definitive agreement is in place for the applicable Change of Control at the time of making of the Change of Control Offer.

Covenants in the New Notes Indenture restricting the ability of the Company and its Restricted Subsidiaries to incur additional indebtedness, to grant liens on property, to make restricted payments and to make asset sales may also make more difficult or discourage a takeover of the Company, whether favored or opposed by the management or its Board of Directors. Consummation of any asset sale may, in certain circumstances, require redemption or repurchase of the New Notes, and the Company or the acquiring party may not have sufficient financial resources to effect such redemption or repurchase. In addition, restrictions on transactions with affiliates may, in certain circumstances, make more difficult or discourage any leveraged buyout of the Company or any of its Subsidiaries. While these restrictions cover a wide variety of arrangements that have traditionally been used to effect highly leveraged transactions, the New Notes Indenture may not afford the Holders protection in all circumstances from the adverse aspects of a highly leveraged transaction, reorganization, restructuring, merger, recapitalization or

similar transaction.

One of the events that constitutes a Change of Control under the New Notes Indenture is the disposition of “all or substantially all” of the Company’s assets under certain circumstances. This term varies based upon the facts and circumstances of the subject transaction and has not been interpreted under New York State law (which is the governing law of the New Notes Indenture) to represent a specific quantitative test. As a consequence, in certain circumstances there may be uncertainty in ascertaining whether a particular transaction involved a disposition of “all or substantially all” of the assets of a Person and a Change of Control Triggering Event. In the event that Holders elect to require the Company to purchase the New Notes and the Company contests such election, there can be no assurance as to how a court interpreting New York State law would interpret that phrase under certain circumstances.

## **Covenants**

### ***Limitation on Incurrence of Additional Indebtedness***

- (1) The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, Incur any Indebtedness (including Acquired Indebtedness), except that the Company and its Restricted Subsidiaries may Incur Indebtedness if, at the time of and immediately after giving pro forma effect to the Incurrence thereof and the application of the net proceeds therefrom, (i) the Consolidated Net Debt to EBITDA Ratio of the Company will not exceed 3.5 to 1.0 and (ii) the Consolidated Fixed Charge Coverage Ratio of the Company will be greater than 2.0 to 1.0; provided that, in the case of Incurrence of Indebtedness by (x) either Tecsan or CBA, such Incurring Pledge Company shall also meet the foregoing ratios specified in (i) and (ii) on a stand-alone, consolidated basis, but provided instead that the Consolidated Net Debt to EBITDA Ratio on a stand-alone, consolidated basis will not exceed (A) 1.25 to 1.0 in the period between the Issue Date and including July 25, 2024 and (B) thereafter, 1.0 to 1.0, and (y) either Haug, or Benito Roggio Paraguay, beginning from the date, and during the time, its capital stock is pledged pursuant to the terms set forth in “—*Limitations on Shares of Certain Subsidiaries*,” such Incurring Pledge Company shall also meet the foregoing ratios specified in (i) and (ii) on a stand-alone, consolidated basis.
- (2) Notwithstanding clause (1) above, the Company and its Restricted Subsidiaries, as applicable, may, at any time, Incur the following Indebtedness (“Permitted Indebtedness”):
  - (a) Indebtedness in respect of the New Notes and the Subsidiary Guarantees (including in respect of any New Notes issued pursuant to the APE and/or pursuant to the exercise of the PIK Option);
  - (b) Indebtedness of the Company and its Restricted Subsidiaries outstanding on the Issue Date;
  - (c) Hedging Obligations entered into by the Company and its Restricted Subsidiaries for bona fide hedging purposes and not for speculative purposes, including without limitation, Hedging Obligations with respect to the New Notes;
  - (d) intercompany Indebtedness between the Company and any Restricted Subsidiary or between any Restricted Subsidiaries; provided that such Indebtedness must be expressly subordinated to the prior payment in full of all obligations under the New Notes and the New Notes Indenture, in the case of the Company, or a Subsidiary Guarantor’s Subsidiary Guarantee, in the case of a Subsidiary Guarantor; and provided further, that in the event that at any time any such Indebtedness ceases to be held by the Company or any Restricted Subsidiary, such Indebtedness will be deemed to be Incurred by the Company or the relevant Restricted Subsidiary, as the case may be, and not permitted by this clause (d) at the time such event occurs;
  - (e) Indebtedness of the Company or any of its Restricted Subsidiaries arising from the honoring

by a bank or other financial institution of a check, draft or similar instrument (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 extinguished within five Business Days of receipt of notice of insufficient funds;

- (f) Indebtedness of the Company or any of its Restricted Subsidiaries in respect of any obligations under workers' compensation claims, severance payment obligations, payment obligations in connection with health or other types of social security benefits, unemployment or other insurance or self-insurance obligations, reclamation, statutory obligations, regulatory or other similar legal obligations, and factoring and other financing of payables or receivables in the ordinary course of business (including, without limitation, the discount of *cheques de pago diferido*, or deferred payment checks, *provided, however*, that the amount of Indebtedness relating to factoring and other financing of payables and receivables in the ordinary course of business in Argentine pesos outstanding at any time under this clause (f) (together with any Refinancing Indebtedness in respect thereof) shall not exceed, in aggregate, the U.S. dollar equivalent, calculated using the exchange rate (*cotización divisas venta*) in effect as of December 31, 2020 and as published by Banco de la Nación Argentina, of 125% of the total amount of Indebtedness incurred by the Company and its Restricted Subsidiaries relating to factoring and other financing of payables and receivables in the ordinary course of business in Argentine pesos outstanding as of December 31, 2020 according to the annual audited financial statements (consolidated and prepared in accordance with GAAP) of the Company as of December 31, 2020, such amount being U.S.\$86,900,000 in the aggregate, U.S.\$60,575,000 in the case of Tecsan, and U.S.\$800,000 in the case of CBA;
- (g) Indebtedness consisting of letters of credit, banker's acceptances, performance bonds, appeal bonds, surety bonds, promissory notes, customs bonds and other similar bonds and reimbursement obligations Incurred by the Company or any Restricted Subsidiary in the ordinary course of business securing the performance of contractual, concession, construction, franchise or license obligations of the Company or any Restricted Subsidiary (in each case, other than for an obligation for borrowed money);
- (h) Indebtedness of the Company or any of its Restricted Subsidiaries to the extent the net proceeds thereof are promptly used to redeem the New Notes in full or deposited to defease or discharge the New Notes, in each case in accordance with the New Notes Indenture;
- (i) Refinancing Indebtedness in respect of:
  - (i) Indebtedness (other than Indebtedness owed to the Company or any Subsidiary of the Company) Incurred pursuant to clause (1) above (it being understood that no Indebtedness outstanding on the Issue Date is Incurred pursuant to such clause (1)); or
  - (ii) Indebtedness Incurred pursuant to subclauses (a), (b), (f), (j) and (m) of this clause (2);
- (j) Acquired Indebtedness of any Restricted Subsidiary that was not Incurred to finance the acquisition thereof provided that, after giving effect to the Incurrence of such Acquired Indebtedness, the Company would be permitted to Incur at least U.S.\$1.00 of additional Indebtedness under clause (1) above;
- (k) Indebtedness arising from agreements of the Company or a Restricted Subsidiary providing for indemnification, adjustment of purchase price or similar obligations (including in respect of earn-outs not for financing purposes) or from customary guarantees or performance bonds, in each case, incurred in connection with the disposition of any

business, assets or Subsidiary, other than Guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or Subsidiary for the purpose of financing such acquisition; provided that the maximum aggregate liability in respect of all such Indebtedness will at no time exceed the gross proceeds actually received by the Company and the Restricted Subsidiary in connection with such disposition;

- (l) the Guarantee by the Company or any Restricted Subsidiary of Indebtedness (other than Non-Recourse Financing) of the Company or a Restricted Subsidiary that was permitted to be Incurred by another provision of this covenant;
  - (m) Capitalized Lease Obligations and mortgage financings or Purchase Money Indebtedness of the Company or any Restricted Subsidiary, in each case Incurred for the purpose of acquiring or financing all or any part of the purchase price or cost of design, installation, construction or improvement of any asset (including without limitation property or equipment) used or useful in a Permitted Business, in an aggregate principal amount at any one time outstanding, including any Refinancing Indebtedness Incurred to Refinance any Indebtedness Incurred pursuant to this subclause (m), not to exceed the greater of U.S.\$15 million and 2% of the Company's Consolidated Assets (or the equivalent in other currencies);
  - (n) Indebtedness that constitutes Non-Recourse Financing that is incurred by a Non-Recourse Subsidiary;
  - (o) Indebtedness of the Company or any Restricted Subsidiaries represented by working capital Indebtedness in an aggregate outstanding principal amount at any one time outstanding not to exceed U.S.\$20 million (or the equivalent in other currencies); and
  - (p) in addition to Indebtedness referred to in clauses (a) through (o) above, Indebtedness of the Company or any Restricted Subsidiary in an aggregate principal amount at any one time outstanding not to exceed the greater of U.S.\$20 million and 2.5% of the Company's Consolidated Assets (or the equivalent in other currencies), *provided that* (i) the Indebtedness of Tecsan under this clause (p), on a stand-alone basis, shall not exceed an aggregate principal amount of U.S.\$5 million at any one time outstanding and (ii) the Indebtedness of CBA under this clause (p), on a stand-alone basis, shall not exceed an aggregate principal amount of U.S.\$1 million at any one time outstanding.
- (3) For purposes of determining compliance with, and the outstanding principal amount of, any particular Indebtedness Incurred pursuant to and in compliance with this covenant:
- (a) the outstanding principal amount of any item of Indebtedness will be counted only once;
  - (b) in the event that an item of Indebtedness meets the criteria of clause (1) above or more than one of the categories of Permitted Indebtedness described in clauses (a) through (o) of clause (2) above, the Company may, in its sole discretion, divide and classify (or at any time reclassify) such item of Indebtedness in any manner that complies with this covenant;
  - (c) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness, but may be permitted in part by such provision and in part by one or more other provisions of this covenant permitting such Indebtedness;
  - (d) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined in accordance with GAAP;
  - (e) Guarantees of, or obligations in respect of letters of credit or similar instruments relating to, Indebtedness which is otherwise included in the determination of a particular amount of

Indebtedness will not be included;

- (f) the accrual of interest, the accretion or amortization of original issue discount, the payment of regularly scheduled interest in the form of additional Indebtedness of the same instrument or the payment of regularly scheduled dividends on Disqualified Capital Stock in the form of additional Disqualified Capital Stock with the same terms will not be deemed to be an Incurrence of Indebtedness for purposes of this covenant; provided that any such outstanding additional Indebtedness or Disqualified Capital Stock paid in respect of Indebtedness Incurred pursuant to any provision of clause (2) above will be counted as Indebtedness outstanding thereunder for purposes of any future Incurrence under such provision; and
  - (g) In the event GAAP requires the registration of income or gain arising from the issuance of the New Notes and their exchange or delivery for Old Notes, as provided under this Exchange Offer Memorandum, such gain, and its subsequent amortization, shall not be considered in determining the Consolidated Fixed Charge Coverage Ratio.
- (4) For purposes of determining compliance with any U.S. dollar-denominated restriction on the Incurrence of Indebtedness, the U.S. dollar-equivalent principal amount of Indebtedness denominated in a non-U.S. currency will be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred or, in the case of revolving credit Indebtedness, first committed; provided that if such Indebtedness is Incurred to refinance other Indebtedness denominated in a non-U.S. currency, and such refinancing would cause the applicable U.S. dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-denominated restriction will be deemed not to have been exceeded so long as the principal amount of such Refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, will be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing. Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Company may incur pursuant to this covenant shall not be deemed to be exceeded as a result solely of fluctuations in exchange rates or currency values.

#### ***Limitation on Restricted Payments***

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, take any of the following actions (each, a “Restricted Payment”):

- (a) declare or pay any dividend or return of capital or make any distribution on or in respect of shares of Capital Stock of the Company or any Restricted Subsidiary to holders of such Capital Stock, other than:
  - dividends or distributions payable in Qualified Capital Stock of the Company;
  - dividends or distributions payable to the Company and/or a Restricted Subsidiary; or
  - dividends, distributions or returns of capital made on a pro rata basis to the Company and its Restricted Subsidiaries, on the one hand, and minority holders of Capital Stock of a Restricted Subsidiary, on the other hand (or on a less than pro rata basis to any minority holder);
- (b) purchase, redeem or otherwise acquire or retire for value any Capital Stock of the Company held by Persons other than the Company or any of its Restricted Subsidiaries;
- (c) make any principal payment on, purchase, defease, redeem, prepay, decrease or otherwise acquire or

retire for value, prior to any scheduled final maturity, scheduled repayment or scheduled sinking fund payment, as the case may be, any Subordinated Indebtedness; or

- (d) make any Investment (other than Permitted Investments);

if at the time of the Restricted Payment and immediately after giving pro forma effect thereto:

- (1) a Default or an Event of Default has occurred and is continuing;
- (2) the Company is not able to Incur at least U.S.\$1.00 of additional Indebtedness pursuant to paragraph (1) of “—*Limitation on Incurrence of Additional Indebtedness*,” or
- (3) the aggregate amount (the amount expended for these purposes, if other than in cash, being the Fair Market Value of the relevant property) of the proposed Restricted Payment and all other Restricted Payments made subsequent to the Issue Date up to the date thereof will exceed the sum of:
  - (A) 50% of cumulative Consolidated Net Income of the Company or, if such cumulative Consolidated Net Income of the Company is a loss, minus 100% of the loss, accrued during the period, treated as one accounting period, from July 1, 2021 to the end of the most recent fiscal quarter for which consolidated financial information of the Company is available; plus
  - (B) 100% of the aggregate net cash proceeds received by the Company from any Person from any:
    - contribution to the Capital Stock of the Company not representing an interest in Disqualified Capital Stock or issuance and sale of Qualified Capital Stock of the Company, in each case subsequent to the Issue Date; or
    - issuance and sale subsequent to the Issue Date (and, in the case of Indebtedness of a Restricted Subsidiary, at such time as it was a Restricted Subsidiary) of any Indebtedness for borrowed money of the Company or any Restricted Subsidiary that has been converted into or exchanged for Qualified Capital Stock of the Company;

excluding, in each case, any net cash proceeds:

- (x) received from a Subsidiary of the Company; or
  - (y) applied in accordance with clause (2) or (3) of the second paragraph of this covenant below; plus
- (C) an amount equal to the sum, for all Unrestricted Subsidiaries, of the following:
- (x) the cash return, and the fair market value of assets or property received, after the Issue Date, on Investments in an Unrestricted Subsidiary made after the Issue Date pursuant to this paragraph as a result of any sale, repayment, redemption, liquidating distribution or other realization (to the extent not included in clause 3(A) above); plus
  - (y) all distributions or dividends to the Company or a Restricted Subsidiary from Unrestricted Subsidiaries (provided that such distributions or dividends shall be excluded in calculating Consolidated Net Income for purposes of clause 3(A) to the extent already included in clause 3(A)

above); plus

(z) the portion (proportionate to the Company's equity interest in such Subsidiary) of the Fair Market Value of the assets less liabilities of an Unrestricted Subsidiary at the time such Unrestricted Subsidiary is designated a Restricted Subsidiary; plus

(D) the cash return, and the fair market value of property received, after the Issue Date, on any other Investment made after the Issue Date pursuant to this paragraph, as a result of any sale, repayment, redemption, liquidating distribution or other realization (to the extent not included in clause 3(A) above).

Notwithstanding the preceding paragraph, this covenant does not prohibit:

- (1) the payment of any dividend within 60 days after the date of declaration of such dividend if the dividend would have been permitted on the date of declaration pursuant to the preceding paragraph;
- (2) the purchase, redemption or other acquisition or retirement of any Capital Stock of the Company or any of its Restricted Subsidiaries made in exchange for or out of the proceeds of the issuance or sale of Qualified Capital Stock of the Company or any of its Restricted Subsidiaries; provided, that the value of any such Qualified Capital Stock issued in exchange for such acquired Capital Stock and any such net cash proceeds will be excluded from clause (3)(B) of the first paragraph of this covenant (and were not included therein at any time);
- (3) the voluntary prepayment, purchase, defeasance, redemption or other acquisition or retirement for value of any Subordinated Indebtedness solely in exchange for, or through the application of net cash proceeds of a substantially concurrent sale, other than to a Subsidiary of the Company, of:
  - (x) Qualified Capital Stock of the Company; or
  - (y) Refinancing Indebtedness for such Subordinated Indebtedness;provided, that the value of any Qualified Capital Stock issued in exchange for Subordinated Indebtedness and any net cash proceeds referred to above shall be excluded from clause (3)(B) of the first paragraph of this covenant (and were not included therein at any time);
- (4) if no Default or Event of Default has occurred and is continuing or would exist after giving pro forma effect thereto, repurchases by the Company of Capital Stock of the Company or options, warrants or other securities exercisable or convertible into Capital Stock of the Company from employees or directors of the Company or any of its Subsidiaries or their authorized representatives upon the death, disability or termination of employment or directorship of the employees or directors, in an amount not to exceed U.S.\$3.0 million (or the equivalent in other currencies) in the aggregate;
- (5) repurchases of Capital Stock deemed to occur upon the exercise of stock options if the Capital Stock represents all or a portion of the exercise price thereof (or related withholding taxes), and Restricted Payments by the Company to allow the payment of cash in lieu of the issuance of fractional shares upon the exercise of options or warrants or upon the conversion or exchange of Capital Stock of the Company; and
- (6) if no Default or Event of Default has occurred and is continuing or would exist after giving pro forma effect thereto, Restricted Payments in an aggregate amount which, when taken together with all other Restricted Payments made after the Issue Date pursuant to this clause (6), does not exceed U.S.\$10 million (or the equivalent thereof in other currencies).

In determining the aggregate amount of Restricted Payments made subsequent to the Issue Date, amounts expended pursuant to clauses (1) (without duplication for the declaration of the relevant dividend) and (4) above will be included in such calculation and amounts expended pursuant to clauses (2), (3), (5) and (6) above will not be included in such calculation.

The amount of any Restricted Payments not in cash will be the Fair Market Value on the date of such Restricted Payment of the property, assets or securities proposed to be paid, transferred or issued by the Company or the relevant Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment.

For purposes of determining compliance with this covenant, in the event that a Restricted Payment (or portion thereof) permitted pursuant to this covenant or a Permitted Investment (or portion thereof) meets the criteria of more than one of the categories of Restricted Payments described above or one or more clauses of the definition of "Permitted Investment," the Company shall be permitted to classify such Restricted Payment or Permitted Investment (or any portion thereof) on the date it is made, or later reclassify all or any portion of such Restricted Payment or Permitted Investment, in any manner that complies with this covenant, and such Restricted Payment or Permitted Investment (or portion thereof) shall be treated as having been made pursuant to only one of such clauses of this covenant or of the definition of Permitted Investment.

#### ***Limitation on Asset Sales***

The Company will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:

- (a) the Company or such Restricted Subsidiary, as the case may be, receives consideration at the time of the Asset Sale at least equal to the Fair Market Value of the assets sold or otherwise disposed of; and
- (b) at least 75% of the consideration received for the assets sold by the Company or the Restricted Subsidiary, as the case may be, in the Asset Sale is in the form of (1) cash or Cash Equivalents; (2) assets (other than current assets as determined in accordance with GAAP or Capital Stock) to be used by the Company or any Restricted Subsidiary in a Permitted Business; (3) Capital Stock in a Person engaged solely in a Permitted Business that will become a Restricted Subsidiary as a result of such Asset Sale; or (4) a combination of cash, Cash Equivalents and such assets. For purposes of this clause (b), (i) the assumption by the purchasers of Indebtedness or other obligations (other than Subordinated Debt) of the Company or a Restricted Subsidiary pursuant to a customary novation agreement, and (ii) instruments or securities (other than Cash Equivalents) received from the purchasers that are promptly, but in any event within 90 days of the closing, converted by the Company or a Restricted Subsidiary to cash, to the extent of the cash actually so received, shall be considered cash received at closing.

The Company or such Restricted Subsidiary, as the case may be, may apply the Net Cash Proceeds of any such Asset Sale within 365 days thereof:

- (1) to repay, prepay or purchase any Senior Indebtedness of the Company or any Restricted Subsidiaries, in each case for borrowed money or constituting a Capitalized Lease Obligation and permanently reduce the commitments with respect thereto without Refinancing;
- (2) to purchase:
  - (A) assets (other than current assets as determined in accordance with GAAP or Capital Stock) to be used by the Company or any Restricted Subsidiary in a Permitted Business; or
  - (B) Capital Stock of a Person engaged solely in a Permitted Business that will become, upon purchase, a Restricted Subsidiary,



from a Person other than the Company and its Restricted Subsidiaries; and

- (3) any combination of (1) and (2).

To the extent all or a portion of the Net Cash Proceeds of any Asset Sale are not applied within 365 days after the Asset Sale as described in clauses (1) through (3) of the immediately preceding paragraph (any such Net Cash Proceeds not so applied, “Excess Proceeds”), the Company will make an offer (within 10 Business Days of such 365th day (subject to deferral as described below)) equal to the Excess Proceeds to purchase New Notes (the “Asset Sale Offer”), at a purchase price equal to 100% of the principal amount of the New Notes to be purchased, plus any accrued and unpaid interest thereon, to the purchase date (the “Asset Sale Offer Amount”). The Company will purchase pursuant to an Asset Sale Offer from all tendering Holders on a pro rata basis, and, at the Company’s option, on a pro rata basis with the holders of any other Senior Indebtedness with similar provisions requiring the Company to offer to purchase the other Senior Indebtedness with the proceeds of Asset Sales, that principal amount (or accreted value in the case of Indebtedness issued with original issue discount) of New Notes and the other Senior Indebtedness to be purchased equal to such Excess Proceeds. The Company may satisfy its obligations under this covenant with respect to the Net Cash Proceeds of an Asset Sale by making an Asset Sale Offer prior to the expiration of the relevant period set forth above.

The Company may, however, defer an Asset Sale Offer until there is an aggregate amount of Excess Proceeds from one or more Asset Sales equal to or in excess of U.S.\$20.0 million (or the equivalent in other currencies). At that time, the entire amount of Excess Proceeds, and not just the amount in excess of U.S.\$20.0 million (or the equivalent in other currencies), will be applied as required pursuant to this covenant.

Pending application in accordance with this covenant, Net Cash Proceeds may be Invested in Cash Equivalents.

Each notice of an Asset Sale Offer will state, among other things, the purchase date, which must be at least 30 and not more than 60 days from the date the notice is given, other than as may be required by law (the “Asset Sale Offer Payment Date”). Upon receiving notice of an Asset Sale Offer, Holders may elect to tender their New Notes in whole or in part in integral multiples of U.S.\$1.00 in exchange for cash; provided that the principal amount of such tendering Holder’s New Note will not be less than U.S.\$100.

On the Business Day immediately preceding the Asset Sale Offer Payment Date, the Company will, to the extent lawful, deposit with the Paying Agent funds in an amount equal to the Asset Sale Offer Amount in respect of all New Notes or portions thereof so tendered.

On the Asset Sale Offer Payment Date, the Company will, to the extent lawful:

- (1) accept for payment all New Notes or portions thereof properly tendered pursuant to the Asset Sale Offer; and
- (2) deliver or cause to be delivered to the Trustee the New Notes so accepted together with an Officer’s Certificate stating the aggregate principal amount of New Notes or portions thereof being purchased by the Company.

To the extent that Holders of New Notes and holders of other Senior Indebtedness, if any, which are the subject of an Asset Sale Offer properly tender and do not withdraw New Notes or the other Senior Indebtedness in an aggregate amount exceeding the amount of Excess Proceeds, the Company will purchase the New Notes and the other Senior Indebtedness on a pro rata basis (based on amounts tendered). If only a portion of a New Note is purchased pursuant to an Asset Sale Offer, a new New Note in an authorized principal amount equal to the portion thereof not purchased will be issued in the name of the Holder thereof upon cancellation of the original New Note (or appropriate adjustments to the amount and beneficial interests in a Global Note will be made, as appropriate). New Notes (or portions thereof) purchased pursuant to an Asset Sale Offer will be cancelled and cannot be reissued.

Upon completion of an Asset Sale Offer, the amount of Net Cash Proceeds will be reset at zero.

Accordingly, to the extent that the aggregate amount of New Notes and other Senior Indebtedness tendered pursuant to an Asset Sale Offer is less than the aggregate amount of Excess Proceeds, the Company and its Restricted Subsidiaries may use any remaining Net Cash Proceeds in any manner not prohibited by the New Notes Indenture.

If at any time any non-cash consideration received by the Company or any Restricted Subsidiary, as the case may be, in connection with any Asset Sale is converted into or sold or otherwise disposed of for cash (other than interest received with respect to any non-cash consideration), the conversion or disposition will be deemed to constitute an Asset Sale hereunder and the Net Cash Proceeds thereof will be applied in accordance with this covenant within 365 days of conversion or disposition.

The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations to the extent any such rule, laws and regulations are applicable in connection with the purchase of New Notes pursuant to an Asset Sale Offer. To the extent that the provisions of any applicable securities laws or regulations conflict with the “Asset Sale” provisions of the New Notes Indenture, the Company will comply with these laws and regulations and will not be deemed to have breached its obligations under the “Asset Sale” provisions of the New Notes Indenture by doing so.

As provided above, upon completion of the Asset Sale Offer, the amount of Net Cash Proceeds will be reset at zero. Accordingly, to the extent that the aggregate amount of New Notes and other Senior Indebtedness tendered pursuant to an Asset Sale Offer is less than the aggregate amount of Excess Proceeds, the Company and its Restricted Subsidiaries may use any remaining Net Cash Proceeds in any manner not prohibited by the New Notes Indenture.

Notwithstanding the foregoing in this “—*Limitation on Asset Sales*,” in the event of a Material Asset Sale (other than a Pledge Company Shares Sale), the Company may, within the first 120 days following the receipt of the Net Cash Proceeds, apply Net Cash Proceeds to repurchase New Notes in the secondary market (and any New Notes purchased will be ineligible to vote and immediately surrendered by the Company to the Trustee for cancellation). After such 120-day period has expired, the Company shall apply any remaining Net Cash Proceeds (i) in the next following mandatory amortizations as provided in “—*Mandatory Excess Cash Amortization*,” if any (for which purpose the portion of such remaining Net Cash Proceeds to be applied shall be added to the calculation of the Excess Cash Amount); provided, however, that, the Company will be required to pay the portion of the relevant Additional Amortization Amount corresponding to such Excess Cash Amount irrespective of whether it has access to the foreign exchange market to purchase, and transfer outside of Argentina, the U.S. dollars required to make the Additional Amortization Amount payment under applicable Argentine regulations; and/or (ii) to repay, prepay or repurchase other Senior Indebtedness, provided, however, that in all cases at least 75% of the Net Cash Proceeds from a Material Asset Sale must be allocated to repurchase New Notes (whether through secondary market purchases or the mandatory amortization).

#### ***Limitation on Sale and Leaseback Transactions***

The Company will not, and will not permit any Restricted Subsidiary to, enter into any Sale and Leaseback Transaction with respect to any property or asset unless:

- (1) the Company or the Restricted Subsidiary would be entitled to:
  - (A) Incur Indebtedness in an amount equal to the Attributable Indebtedness with respect to such Sale and Leaseback Transaction pursuant to the covenant described under the caption “—*Limitation on Incurrence of Additional Indebtedness*,” and
  - (B) create a Lien on such property or asset securing such Attributable Indebtedness without equally and ratably securing the New Notes pursuant to the covenant described under the caption “—*Limitation on Liens*,” in which case, the corresponding Indebtedness and Lien will be deemed incurred pursuant to those provisions, and
- (2) the Company complies with the covenant described under the caption “—*Limitation on Asset Sales*”

in respect of such transaction.

***Limitation on Designation of Unrestricted Subsidiaries***

The Company may designate after the Issue Date any Subsidiary of the Company as an “Unrestricted Subsidiary” under the New Notes Indenture (an “Unrestricted Subsidiary Designation”) only if:

- (1) no Default or Event of Default has occurred and is continuing at the time of or after giving effect to such Unrestricted Subsidiary Designation and any transactions between the Company or any of its Restricted Subsidiaries and such Unrestricted Subsidiary are in compliance with “—*Limitation on Transactions with Affiliates*,” and
- (2) the Company would be permitted to make an Investment at the time of such Unrestricted Subsidiary Designation (assuming the effectiveness of such Unrestricted Subsidiary Designation and treating such Unrestricted Subsidiary Designation as an Investment at the time of such Unrestricted Subsidiary Designation) as a Restricted Payment pursuant to the first paragraph of “—*Limitation on Restricted Payments*” or a Permitted Investment in an amount (the “Designation Amount”) at least equal to the amount of the Company’s Investment in such Subsidiary on such date.

The Company may revoke any Unrestricted Subsidiary Designation of a Subsidiary as an Unrestricted Subsidiary (a “Revocation”) only if:

- (1) no Default or Event of Default has occurred and is continuing at the time of and after giving effect to such Revocation; and
- (2) all Liens and Indebtedness of such Unrestricted Subsidiary outstanding immediately following such Revocation would, if Incurred at such time, have been permitted to be Incurred for all purposes of the New Notes Indenture.

Upon a Restricted Subsidiary becoming an Unrestricted Subsidiary,

- (1) all existing Investments of the Company and the Restricted Subsidiaries therein (valued at the Company’s proportional share of the fair market value of its assets less liabilities) will be deemed made at that time;
- (2) all existing Capital Stock or Indebtedness of the Company or a Restricted Subsidiary held by it will be deemed Incurred at that time, and all Liens on property of the Company or a Restricted Subsidiary held by it will be deemed incurred at that time;
- (3) all existing transactions between it and the Company or any Restricted Subsidiary will be deemed entered into at that time;
- (4) it is released at that time from its Subsidiary Guarantee, if any; and
- (5) it will cease to be subject to the provisions of the New Notes Indenture as a Restricted Subsidiary.

Upon an Unrestricted Subsidiary becoming, or being deemed to become, a Restricted Subsidiary,

- (1) all of its Indebtedness and Disqualified or Preferred Stock will be deemed Incurred at that time for purposes of “—*Limitation on Incurrence of Additional Indebtedness*,”
- (2) Investments therein previously charged under “*Limitation on Restricted Payments*” will be credited thereunder;”
- (3) it may be required to issue a Subsidiary Guarantee; and

- (4) it will thenceforward be subject to the provisions of the New Notes Indenture as a Restricted Subsidiary.

The designation of a Subsidiary of the Company as an Unrestricted Subsidiary will be deemed to include the designation of all of the Subsidiaries of such Subsidiary. All Unrestricted Subsidiary Designations and Revocations, other than those made on the Issue Date pursuant to the New Notes Indenture, must be evidenced by Board Resolutions of the Company's Board of Directors and an Officer's Certificate, delivered to the Trustee certifying compliance with the preceding provisions.

***Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries***

- (a) Except as provided in paragraph (b) below, the Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create or otherwise cause or permit to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary to:
- (1) pay dividends or make any other distributions on or in respect of its Capital Stock to the Company or any other Restricted Subsidiary or pay any Indebtedness owed to the Company or any other Restricted Subsidiary;
  - (2) make loans or advances to, or Guarantee any Indebtedness or other obligations of, or make any Investment in, the Company or any other Restricted Subsidiary; or
  - (3) transfer any of its property or assets to the Company or any other Restricted Subsidiary.
- (b) Paragraph (a) above of this covenant will not apply to encumbrances or restrictions existing under or by reason of:
- (1) applicable law, rule, regulation or order;
  - (2) the New Notes Indenture, the New Notes or the Subsidiary Guarantees;
  - (3) the terms of any Indebtedness outstanding on the Issue Date;
  - (4) the terms of any binding agreement with respect to any Restricted Subsidiary relating to its Capital Stock or assets in effect on the Issue Date, and any amendments or restatements thereof; provided that any amendment or restatement is not materially more restrictive with respect to such encumbrances or restrictions than those in existence on the Issue Date;
  - (5) restrictions on the transfer of assets subject to any Permitted Lien;
  - (6) customary provisions restricting the ability of any Restricted Subsidiary to undertake any action described in clauses (a)(1) through (a)(3) above in joint venture agreements and other similar agreements entered into in the ordinary course of business and with the approval of the Company's Board of Directors;
  - (7) customary restrictions on cash or other deposits imposed by customers under contracts or other arrangements entered into or agreed to in the ordinary course of business;
  - (8) customary non-assignment provisions of any license agreement or other contract and customary provisions restricting assignment or subletting in any lease governing a leasehold interest of any Restricted Subsidiary, or any customary restriction on the ability of a Restricted Subsidiary to dividend, distribute or otherwise transfer any asset that is subject to a Lien that secures Indebtedness, in each case permitted to be Incurred under the New Notes Indenture;

- (9) restrictions with respect to a Restricted Subsidiary of the Company imposed pursuant to a binding agreement which has been entered into for the sale or disposition of Capital Stock or assets of such Restricted Subsidiary; provided that such restrictions apply solely to the Capital Stock or assets of such Restricted Subsidiary being sold;
- (10) customary restrictions imposed on the transfer of copyrighted or patented materials;
- (11) Indebtedness permitted to be incurred pursuant to clause 2(m) under “—*Covenants—Limitation of Incurrence of Additional Indebtedness*” that impose encumbrances and restrictions on the assets so acquired or subject to the lease;
- (12) restrictions (A) with respect to any Person, or to the property or assets of any Person, at the time the Person is acquired by the Company or any Restricted Subsidiary, or (B) with respect to any Unrestricted Subsidiary at the time it is designated or is deemed to become a Restricted Subsidiary, which encumbrances or restrictions (i) are not applicable to any other Person or the property or assets of any other Person and (ii) were not put in place in anticipation of such event and any extensions, renewals, replacements or refinancing of any of the foregoing, provided that the encumbrances and restrictions in the extension, renewal, replacement or refinancing are, taken as a whole, no less favorable in any material respect to the noteholders than the encumbrances or restrictions being extended, renewed, replaced or refinanced;
- (13) restrictions on Non-Recourse Subsidiaries in documentation evidencing Project Obligations and any agreements relating to Non-Recourse Financing that is permitted by the New Notes Indenture to be Incurred; and
- (14) an agreement that amends, extends, renews, refinances or replaces an agreement referred to in clauses (1)-(13) of this paragraph (b); provided that such agreement is, taken as a whole, not materially more restrictive with respect to such encumbrances or restrictions than those contained in the agreement that it amends, extends, renews, refinances or replaces.

#### ***Limitation on Liens***

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, Incur any Liens of any kind (except for Permitted Liens) against or upon any of their respective properties or assets, whether owned on the Issue Date or acquired after the Issue Date, or any proceeds therefrom, to secure any Indebtedness or trade payables, unless contemporaneously therewith effective provision is made to secure the New Notes, the Subsidiary Guarantees and all other amounts due under the New Notes Indenture equally and ratably with such Indebtedness or other obligation (or, in the event that such Indebtedness is subordinated in right of payment to the New Notes or the Subsidiary Guarantees prior to such Indebtedness or other obligation) with a Lien on the same properties and assets securing such Indebtedness or other obligation for so long as such Indebtedness or other obligation is secured by such Lien.

#### ***Limitation on Merger, Consolidation and Sale of Assets***

The Company will not, in a single transaction or series of related transactions, consolidate or merge with or into any Person (whether or not the Company is the surviving or continuing Person), or sell, assign, transfer, lease, convey or otherwise dispose of (or cause or permit any Restricted Subsidiary to sell, assign, transfer, lease, convey or otherwise dispose of) all or substantially all of the Company’s properties and assets (determined on a consolidated basis for the Company and its Restricted Subsidiaries) to any Person unless:

- (a) either:
  - (1) the Company is the surviving or continuing Person; or

- (2) the Person (if other than the Company) formed by such consolidation or into which the Company is merged or the Person which acquires by sale, assignment, transfer, lease, conveyance or other disposition the properties and assets of the Company and of the Company's Restricted Subsidiaries substantially as an entirety (the "Surviving Entity"):
  - (A) is a corporation organized and validly existing under the laws of Argentina, the United States of America, any State thereof or the District of Columbia or any other country member of the Organization for Economic Co-operation and Development (OECD); and
  - (B) expressly assumes, by supplemental New Notes Indenture (in form and substance satisfactory to the Trustee), executed and delivered to the Trustee, the due and punctual payment of all amounts payable pursuant to the New Notes Indenture and the principal of, and premium, if any, and interest on all of the New Notes and the performance and observance of the covenants of the New Notes and the New Notes Indenture on the part of the Company to be performed or observed;
- (b) immediately after giving effect to such transaction and the assumption contemplated by clause (a)(2)(B) above (including giving effect on a pro forma basis to any Indebtedness (including any Acquired Indebtedness) Incurred or anticipated to be Incurred in connection with or in respect of such transaction), the Company or such Surviving Entity, as the case may be, will be able to Incur at least U.S.\$1.00 of additional Indebtedness pursuant to clause (1) of "*Limitation on Incurrence of Additional Indebtedness*;"
- (c) immediately before and immediately after giving effect to such transaction and the assumption contemplated by clause (a)(2)(B) above (including, without limitation, giving effect on a pro forma basis to any Indebtedness (including any Acquired Indebtedness) Incurred or anticipated to be Incurred and any Lien granted in connection with or in respect of the transaction), no Default or Event of Default has occurred or is continuing;
- (d) if the surviving or continuing Person is not the Company, each Subsidiary Guarantor has confirmed by supplemental New Notes Indenture that its Subsidiary Guarantee will apply to the Obligations of the Surviving Entity in respect of the New Notes Indenture and the New Notes;
- (e) if the Company is organized under the laws of Argentina and merges with a corporation that is (or the Surviving Entity is) organized under the laws of the United States, any State thereof or the District of Columbia or any other country member of the Organization for Economic Co-operation and Development (OECD), or if the Company is organized under the laws of the United States, any State thereof or the District of Columbia and merges with a corporation that is (or the Surviving Entity is) organized under the laws of Argentina or any other country member of the Organization for Economic Co-operation and Development (OECD), the Company or the Surviving Entity will have delivered to the Trustee:
  - (1) an Opinion of Counsel from U.S. counsel to the effect that Holders of the New Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of the transaction and will be subject to U.S. federal income tax in the same manner and on the same amounts (assuming solely for this purpose that no Additional Amounts are required to be paid on the New Notes) and at the same times as would have been the case if the transaction had not occurred; and
  - (2) an Opinion of Counsel from Argentine counsel to the effect that Holders of the New Notes will not recognize income, gain or loss for Argentine income tax purposes as a result of the transaction and will be subject to Argentine income taxes in the same manner and on the same amounts (assuming solely for this purpose that no Additional Amounts are required to be paid on the New Notes) and at the same times as would have been the case if the transaction had not occurred; and

- (f) the Company or the Surviving Entity has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that the consolidation, merger, sale, assignment, transfer, lease, conveyance or other disposition and, if required in connection with such transaction, the supplemental New Notes Indenture(s), if any, comply with the applicable provisions of the New Notes Indenture and that all conditions precedent in the New Notes Indenture relating to the transaction and the execution of the supplemental New Notes Indenture(s), if any, have been satisfied.

For purposes of this covenant, the transfer (by lease, assignment, sale or otherwise, in a single transaction or series of transactions) of all or substantially all of the properties or assets of one or more Restricted Subsidiaries of the Company, the Capital Stock of which constitutes all or substantially all of the properties and assets of the Company (determined on a consolidated basis for the Company and its Restricted Subsidiaries), will be deemed to be the transfer of all or substantially all of the properties and assets of the Company.

The provisions of clause (b) above will not apply to any merger or consolidation of the Company into an Affiliate of the Company incorporated solely for the purpose of reincorporating the Company in another jurisdiction so long as the Indebtedness of the Company and its Restricted Subsidiaries taken as a whole is not increased thereby.

The foregoing shall not apply to (i) any transfer of assets by the Company to any Subsidiary Guarantor or (ii) any transfer of assets among Subsidiary Guarantors or (iii) any transfer of assets by any Subsidiary Guarantor to the Company.

Upon any consolidation, combination or merger or any transfer of all or substantially all of the properties and assets of the Company and its Restricted Subsidiaries in accordance with this covenant, in which the Company is not the continuing Person, the Surviving Entity formed by such consolidation or into which the Company is merged or to which such conveyance, lease or transfer is made will succeed to, and be substituted for, and may exercise every right and power of, the Company under the New Notes Indenture and the New Notes with the same effect as if such Surviving Entity had been named as such and the Company shall be relieved of its obligations under the New Notes Indenture and the New Notes. For the avoidance of doubt, compliance with this covenant will not affect the obligations of the Company (including a Surviving Entity, if applicable) under "*Change of Control Triggering Event*" if applicable.

No Subsidiary Guarantor may consolidate with or merge with or into any Person, or sell, convey, transfer or dispose of, all or substantially all its assets as an entirety or substantially as an entirety, in one transaction or a series of related transactions, to any Person, or permit any Person to merge with or into the Subsidiary Guarantor unless:

- (a) (i) the other Person is the Company or any Restricted Subsidiary that is a Subsidiary Guarantor or becomes a Subsidiary Guarantor concurrently with the transaction; or
- (ii) (1) either (x) the Subsidiary Guarantor is the continuing Person or (y) the resulting, surviving or transferee Person (if not such Subsidiary Guarantor) expressly assumes by supplemental New Notes Indenture all of the obligations of the Subsidiary Guarantor under its Subsidiary Guarantee; and (2) immediately after giving effect to the transaction, no Default has occurred and is continuing; or
- (iii) the transaction constitutes a sale or other disposition (including by way of consolidation or merger) of the Subsidiary Guarantor or the sale or disposition of all or substantially all the assets of the Subsidiary Guarantor (in each case other than to the Company or a Restricted Subsidiary) otherwise permitted by the New Notes Indenture; and
- (b) the Company or the surviving entity has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that the consolidation, merger, sale, assignment, transfer, lease, conveyance or other disposition and, if required in connection with such transaction, the supplemental New Notes Indenture, if any, comply with the applicable provisions of the New Notes

Indenture and that all conditions precedent in the New Notes Indenture relating to the transaction and the execution of the supplemental New Notes Indenture, if any, have been satisfied.

***Limitation on Transactions with Affiliates***

- (1) The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into any transaction or series of related transactions (including, without limitation, the purchase, sale, lease or exchange of any property or the rendering of any service) with, or for the benefit of, any of its Affiliates (each an “Affiliate Transaction”), unless:
  - (a) the terms of such Affiliate Transaction are no less favorable than those that could reasonably be expected to be obtained in a comparable transaction at such time on an arm’s-length basis from a Person that is not an Affiliate of the Company;
  - (b) in the event that such Affiliate Transaction involves aggregate payments, or transfers of property or services with a Fair Market Value, in excess of U.S.\$5.0 million (or the equivalent in other currencies), the terms of such Affiliate Transaction will be approved by a majority of the members of the Company’s Board of Directors (including a majority of the disinterested members thereof, if any), the approval to be evidenced by a Board Resolution stating that the Board of Directors has determined that such transaction complies with clause (a) above; and
  - (c) in the event that such Affiliate Transaction involves aggregate payments, or transfers of property or services with a Fair Market Value, in excess of U.S.\$20.0 million (or the equivalent in other currencies), the Company will, prior to the consummation thereof, obtain a favorable opinion as to the fairness of such Affiliate Transaction to the Company and any such Restricted Subsidiary, if any, from a financial point of view from an Independent Financial Advisor and deliver the same to the Trustee.
- (2) Paragraph (1) above will not apply to:
  - (a) Affiliate Transactions with or among the Company and any Restricted Subsidiary and any Non-Recourse Subsidiary or between or among Restricted Subsidiaries or between or among Non-Recourse Subsidiaries;
  - (b) reasonable fees and compensation paid to, and any indemnity provided on behalf of, officers, directors and employees of the Company or any Restricted Subsidiary;
  - (c) Affiliate Transactions undertaken pursuant to the terms of any agreement or arrangement to which the Company or any of its Restricted Subsidiaries is a party as of or on the Issue Date, as these agreements or arrangements may be amended, modified, supplemented, extended, renewed or replaced from time to time; provided that any future amendment, modification, supplement, extension, renewal or replacement entered into after the Issue Date will be permitted to the extent that its terms are not more materially disadvantageous to the Holders of the New Notes than the terms of the agreements or arrangements in effect on the Issue Date;
  - (d) the entering into of a customary agreement providing registration rights to the shareholders of the Company and the performance of such agreements;
  - (e) transactions or payments, including grants of securities, stock options and similar rights, pursuant to any employee, officer or director compensation or benefit plans or arrangements entered into in the ordinary course of business or approved by the Company’s Board of Directors in good faith;
  - (f) any employment agreements entered into by the Company or any of its Restricted



Subsidiaries in the ordinary course of business;

- (g) any Restricted Payments made in compliance with “—*Limitation on Restricted Payments*” and Permitted Investments;
- (h) transactions with customers, clients, suppliers, or purchasers or sellers of goods or services that are Affiliates, in each case in the ordinary course of business, which are on terms no less favorable than those that could reasonably be expected to be obtained in a comparable transaction at such time on an arm’s-length basis from a Person that is not an Affiliate of the Company; and
- (i) loans and advances to officers, directors and employees of the Company or any Restricted Subsidiary in the ordinary course of business and not exceeding U.S.\$1.0 million (or the equivalent in other currencies) outstanding at any one time.

### ***Limitations on the Shares of Certain Subsidiaries***

The Company shall, and shall cause each of its Subsidiaries to, cause all of the shares of capital stock held by any of the Company or any of its Subsidiaries in (i) Haug, and (ii) Benito Roggio Paraguay to be at all times free and clear of any Lien, except for the existing Liens (the “Existing BRCC Liens”) arising under a note purchase agreement entered into by BRCC for the issuance and sale of up to U.S.\$27.0 million senior secured notes due in October 2022 with an annual interest rate of 9.50% (as may be amended, modified or replaced, the “BRCC Notes”).

Upon full payment, satisfaction and discharge of the BRCC Notes, the Company shall, and shall cause its Subsidiaries to:

- (a) immediately procure the full and final release of the Existing BRCC Liens; and
- (b) grant a first priority pledge (*prenda en primer grado de prelación y privilegio*) in all of the issued and outstanding capital stock held by the Company and/or its Subsidiaries in Haug and Benito Roggio Paraguay (which capital stock represents 100% and 80% of the total aggregate issued and outstanding capital stock, respectively) in favor of the Collateral Agent for the benefit of the Trustee and the Holders, and thereafter such capital stock shall be deemed to be Pledged Shares for purposes of the New Notes Indenture.

If at any time Haug or Benito Roggio Paraguay makes any offer to issue any Capital Stock to its shareholders (or any other Persons), the Company shall, and shall cause its Subsidiaries to, subscribe to such additional Capital Stock in an aggregate proportion as to maintain the same aggregate percentage ownership in Haug and Benito Roggio Paraguay (as applicable) as at the Issue Date and the Company shall, and shall cause its Subsidiaries to, procure and take such steps as are necessary to ensure that all of such additional Capital Stock is issued subject to the relevant first priority pledge (*prenda en primer grado de prelación y privilegio*) described above.

### ***Conduct of Business***

The Company and its Restricted Subsidiaries will not engage in any business other than a Permitted Business.

### ***Compliance with Laws***

The Company shall, and shall cause each of its Restricted Subsidiaries to, comply with all applicable laws, rules, regulations, orders and resolutions of each government agency having jurisdiction over their businesses.

### ***Settlement of Claims***

In the first 180 days following the Issue Date, the Company and its Restricted Subsidiaries shall not settle any litigation, arbitration or similar proceeding involving payment (or reimbursement) in cash or other assets by the Restricted Subsidiaries in an aggregate amount of more than U.S.\$10.0 million, unless the Company has obtained the prior written consent of the Holders of a majority in principal amount of the outstanding New Notes. For the avoidance of doubt, this covenant shall not apply to the APE and any related proceedings, including a Chapter 15 proceeding in the United States.

### ***Reports to Holders***

So long as any New Notes are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, the Company will furnish to the Holders of the New Notes and to prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

The Company will furnish or cause to be furnished to the Holders of the New Notes and to the Trustee (for distribution to the Holders of New Notes upon their written request), copies of (or written notice of a password protected URL address providing access to) the following items in English:

- within 60 days after the end of each first, second and third quarters of the Company’s fiscal year, quarterly unaudited financial statements (consolidated) prepared in accordance with GAAP of the Company for such period; and
- within 135 days after the end of each fiscal year of the Company, annual audited financial statements (consolidated) prepared in accordance with GAAP of the Company for such fiscal year and a report on such annual financial statements by the Auditors.

Each such annual report will include a “Management’s Discussion and Analysis of Financial Condition and Results of Operations” substantially similar to that provided in this Exchange Offer Memorandum and including, without limitation, the information required to calculate the Consolidated Net Debt to EBITDA Ratio of the Company and the Consolidated Fixed Charge Coverage Ratio of the Company.

Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee’s receipt of such reports shall not constitute actual or constructive notice of any information contained therein or determinable from information contained therein, including the Company’s or any other Person’s compliance with any of its covenants under the New Notes Indenture, the New Notes or any Subsidiary Guarantee (as to which the Trustee is entitled to rely exclusively on Officer’s Certificates).

The Trustee shall not be obligated to monitor or confirm, on a continuing basis or otherwise, the Company’s or any other Person’s compliance with the covenants described above or with respect to any reports or other documents filed under the New Notes Indenture; provided, however, that nothing herein shall relieve the Trustee of any obligations to monitor the Company’s timely delivery of all reports described in the second paragraph of this section “—*Reports to Holders.*”

### **Covenant Suspension**

If on any date following the Issue Date (i) the New Notes have Investment Grade Ratings from at least two of Fitch, Moody’s and S&P, and (ii) no Default has occurred and is continuing under the New Notes Indenture (the occurrence of the events described in the foregoing clauses (i) and (ii) being collectively referred to as a “Covenant Suspension Event”), the Company and its Restricted Subsidiaries will not be subject to the following covenants (collectively, the “Suspended Covenants”):

- (1) “—*Covenants—Limitation on Incurrence of Additional Indebtedness;*”
- (2) “—*Covenants—Limitation on Restricted Payments;*”
- (3) “—*Covenants—Limitation on Asset Sales;*”

- (4) “—*Covenants—Limitation on Designation of Unrestricted Subsidiaries;*”
- (5) “—*Covenants—Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries;*”
- (6) Clause (b) of the first paragraph of “—*Covenants—Limitation on Merger, Consolidation and Sale of Assets;*” and
- (7) “—*Covenants—Limitation on Transactions with Affiliates.*”

In the event that the Company and its Restricted Subsidiaries are not subject to the Suspended Covenants under the New Notes Indenture for any period of time as a result of the foregoing, and on any subsequent date (the “Reversion Date”) at least two of Fitch, Moody’s or S&P no longer give the New Notes an Investment Grade Rating, then the Company and its Restricted Subsidiaries will thereafter again be subject to the Suspended Covenants under the New Notes Indenture.

The period of time between the occurrence of a Covenant Suspension Event and the Reversion Date is referred to in this description as the “Suspension Period.” In the event of any such reinstatement, no action taken or omitted to be taken by the Company or any of its Restricted Subsidiaries in respect of the Suspended Covenants prior to such reinstatement will give rise to a Default or Event of Default under the New Notes Indenture; provided that (1) with respect to Restricted Payments made after any such reinstatement, the amount of Restricted Payments made will be calculated as though the covenant described under “—*Covenants—Limitation on Restricted Payments*” had been in effect prior to, but not during, the Suspension Period, provided further that any Subsidiaries designated as Unrestricted Subsidiaries during the Suspension Period shall automatically become Restricted Subsidiaries on the Reversion Date (subject to the Company’s right to subsequently designate them as Unrestricted Subsidiaries pursuant to “—*Covenants—Limitation on Designation of Unrestricted Subsidiaries*”), and (2) all Indebtedness Incurred, or Disqualified Capital Stock or Preferred Stock issued, during the Suspension Period will be classified to have been Incurred or issued pursuant to clause (b) of the second paragraph of “—*Covenants—Limitation on Incurrence of Additional Indebtedness.*”

No representation is made that the New Notes will ever achieve or maintain Investment Grade Ratings.

### **Repurchase of New Notes**

The Company and its Affiliates may at any time purchase or otherwise acquire any New Note in the open market or otherwise at any price and may resell or otherwise dispose of such New Note at any time; *provided* that in determining at any time whether the Holders of the requisite principal amount of the New Notes outstanding have given any request, demand, authorization, direction, notice, consent or waiver under the New Notes Indenture, New Notes then owned by the Company or any of its Affiliates will be disregarded and deemed not outstanding.

### **Notices**

Notices to Holders of non-Global Notes will be mailed to them at their registered addresses. Notices to Holders of Global Notes will be given to DTC in accordance with its applicable procedures.

In addition, from and after the date the New Notes are listed on the Euronext Dublin and so long as it is required by the rules of such exchange, all notices to Holders of New Notes will be published in English on the website of Euronext Dublin.

The Company will be required to make all other publications of notices as may be required from time to time by the Capital Markets Law, the Negotiable Obligations Law, the CNV Regulations and any other applicable Argentine law or regulation (including, the publication of notices in the AIF).

For so long as any Notes are listed and traded on the BYMA and traded on the MAE, we will publish all notices in the Bulletin of the BCBA, in accordance with the delegation of powers of the BYMA, and in the on-line

bulletin of the MAE.

Notices will be deemed to have been given on the date of delivery to DTC or mailing, as applicable, or of publication as aforesaid or, if published on different dates, on the date of the first such publication.

Neither the failure to give notice nor any defect in any notice given to any particular Holder of a New Note will affect the sufficiency of any notice with respect to any other New Notes.

## Events of Default

The following are “Events of Default” under the New Notes Indenture:

- (1) default in the payment when due of the principal of or premium, if any, on (including, in each case, any related Additional Amounts) any New Notes, including the failure to make a required payment to purchase New Notes tendered pursuant to an optional redemption;
- (2) default for 30 days or more in the payment when due of interest (including any related Additional Amounts) on any New Notes;
- (3) the failure to perform or comply with any of the provisions described under “—*Covenants—Limitation on Merger, Consolidation and Sale of Assets*” for 60 days or more after written notice to the Company thereof from the Trustee upon request of Holders of at least 25% in aggregate principal amount of the outstanding New Notes;
- (4) default in the performance or breach of the obligations described under the caption “—*Repurchase of New Notes upon a Change of Control Triggering Event*” and “—*Covenants—Limitation on Asset Sales*,” and such default or breach continues for a period of 60 days or more after written notice to the Company thereof from the Trustee upon request of Holders of at least 25% in aggregate principal amount of the outstanding New Notes;
- (5) the failure by the Company or any Restricted Subsidiary to comply with any other material covenant or agreement contained in the New Notes Indenture or the New Notes for 60 days or more after written notice to the Company thereof from the Trustee upon request of Holders of at least 25% in aggregate principal amount of the outstanding New Notes;
- (6) default by the Company or any Restricted Subsidiary under any Indebtedness (whether such Indebtedness now exists or is created after the Issue Date) which:
  - (a) is caused by a failure to pay principal of or premium, if any, or interest on such Indebtedness and continues following the expiration of any applicable grace period provided in such Indebtedness and has not been cured or waived; or
  - (b) results in the acceleration of such Indebtedness prior to its Stated Maturity;and the principal or accreted amount of Indebtedness covered by clause (a) or (b) at the relevant time, aggregates U.S.\$10.0 million (or the equivalent in other currencies) or more, provided that this clause (6) shall not apply to defaults under either the Old Unsecured Notes Indenture nor the Old Secured Notes Indenture;
- (7) failure by the Company or any of its Restricted Subsidiaries to pay one or more final judgments against any of them, aggregating U.S.\$10.0 million (or the equivalent in other currencies) or more, which are not paid, discharged or stayed for a period of 60 days or more (to the extent not covered by a reputable and creditworthy insurance company);
- (8) in the event that the execution of an APE is required on the basis set out in this Exchange Offer

Memorandum:

- (a) the failure by the Company to file within five (5) Judicial Business Days of the Issue Date the APE with a competent commercial court of the Autonomous City of Buenos Aires, Argentina for court approval in accordance with Article 72 of the Argentine Bankruptcy Law; or
  - (b) any final decision by a competent commercial court of the Autonomous City of Buenos Aires, Argentina (or any court of appeals) refusing or failing to approve the APE, provided such refusal or failure to approve will not be deemed to be an Event of Default unless Holders of at least 50% in principal amount of outstanding New Notes deliver a “notice of acceleration” as described below;
- (9) certain events of bankruptcy, insolvency, *concurso preventivo* or *quiebra* affecting the Company or any Significant Subsidiary or group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary, except for the APE and any related Chapter 15 proceeding under the U.S. bankruptcy code;
- (10) except as permitted by the New Notes Indenture, any Subsidiary Guarantee of any Significant Subsidiary or group of Subsidiary Guarantors that, taken together, would constitute a Significant Subsidiary is held to be unenforceable or invalid in a judicial proceeding or ceases for any reason to be in full force and effect or any such Subsidiary Guarantor or group of Subsidiary Guarantors denies or disaffirms its obligations under its Subsidiary Guarantee; or
- (11) (i) any first priority security interest created by the Collateral Documents ceases to be in full force and effect (except as permitted by the terms of the New Notes Indenture or the Collateral Documents), or an assertion by the relevant shareholders that any Pledged Shares are not subject to a valid, first priority perfected security interest (except as permitted by the terms of the New Notes Indenture or the Collateral Documents); (ii) the repudiation by the relevant shareholders of any of their material obligations under the Collateral Documents; (iii) any material representation or warranty made by the Company in any Collateral Document proves to have been false or misleading in any material respect as of the time made, and the fact, event or circumstance that gave rise to the misrepresentation has resulted or is reasonably likely to result in a material adverse effect and such misrepresentation or material adverse effect continues uncured for 30 or more days from the date a responsible officer of the Company obtains knowledge thereof; or (iv) any Collateral Document becomes unlawful in each case, other than in accordance with the terms thereof.

If an Event of Default (other than an Event of Default specified (i) in clause 8(b) and (ii) clause (9) above with respect to the Company) has occurred and is continuing, the Trustee upon the request of the Holders of at least 25% in principal amount of outstanding New Notes may declare the unpaid principal of and premium, if any, and accrued and unpaid interest on all the New Notes to be immediately due and payable by notice in writing to the Company (and the Trustee if given by the Holders) specifying the Event of Default and that it is a “notice of acceleration.”

If an Event of Default specified in clause (8)(b) has occurred and is continuing, the Trustee upon the request of the Holders of at least 50% in principal amount of outstanding New Notes may declare the unpaid principal of and premium, if any, and accrued and unpaid interest on all the New Notes to be immediately due and payable by notice in writing to the Company (and the Trustee if given by the Holders) specifying the Event of Default and that it is a “notice of acceleration.”

If an Event of Default specified in clause (9) above occurs with respect to the Company, then the unpaid principal of and premium, if any, and accrued and unpaid interest on all the New Notes will become immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

At any time after a declaration of acceleration with respect to the New Notes as described in the preceding

paragraph, the Holders of a majority in principal amount of the outstanding New Notes may rescind and cancel such declaration and its consequences:

- (1) if the rescission would not conflict with any judgment or decree;
- (2) if all existing Events of Default have been cured or waived, except nonpayment of principal or interest that has become due solely because of the acceleration;
- (3) to the extent the payment of such interest is lawful, interest on overdue installments of interest and overdue principal, which has become due otherwise than by such declaration of acceleration, has been paid; and
- (4) if the Company has paid the Trustee its compensation and reimbursed the Trustee for its expenses, disbursements and advances (including without limitation, reasonable and documented counsel fees and expenses) outstanding at that time.

No rescission will affect any subsequent Default or impair any rights relating thereto.

The Holders of a majority in principal amount of the outstanding New Notes may waive any existing Default or Event of Default under the New Notes Indenture, and its consequences, except a default in the payment of the principal of, premium, if any, or interest on any New Notes.

The Trustee is under no obligation to exercise any of its rights or powers under the New Notes Indenture at the request, order or direction of any of the Holders, unless such Holders have offered to the Trustee indemnity and/or security reasonably satisfactory to it. Subject to all provisions of the New Notes Indenture and applicable law, the Holders of a majority in aggregate principal amount of the then outstanding New Notes have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee.

No Holder of any New Notes will have any right to institute any proceeding with respect to the New Notes Indenture or for any remedy thereunder, unless:

- (1) a Holder gives to the Trustee written notice of a continuing Event of Default;
- (2) Holders of at least 25% in principal amount of the then outstanding New Notes make a written request to pursue the remedy;
- (3) such Holders of the New Notes provide to the Trustee satisfactory indemnity and/or security;
- (4) the Trustee does not comply within 60 days; and
- (5) during such 60-day period the Holders of a majority in principal amount of the outstanding New Notes do not give the Trustee a written direction which, in the opinion of the Trustee, is inconsistent with the request.

Except as provided in “—*Modification of the New Notes Indenture*,” the right of a Holder of a New Note to receive payment of principal of, premium, if any, on, or interest in respect of, such New Note on the respective due dates expressed in such New Note, or subsequently, to commence an enforcement action for payment of the principal of and premium, if any, or interest on such New Note on or after the respective due dates expressed in such New Note (including any “*acción ejecutiva individual*” pursuant to Article 29 of the Negotiable Obligations Law) may not be impaired or otherwise affected without the consent of such Holder. To this end, any Holder of global notes shall have the right to obtain proof of their ownership interest in such global note pursuant to Article 129 of the Capital Markets Law (including for initiating summary proceedings (*acción ejecutiva*) in the manner set forth in the Negotiable Obligations Law) and for such purposes, the Holder will be considered the holder of the portion of the global note that represents its ownership interest therein.

The Company is required, within five Business Days of becoming aware of any Default or Event of Default, to deliver to the Trustee an Officer's Certificate describing such Default or Event of Default, the status thereof and what action the Company is taking or proposes to take in respect thereof. In addition, the Company is required to deliver to the Trustee, within 120 days after the end of each fiscal year, an Officer's Certificate indicating whether the signers thereof know of any Default or Event of Default that occurred during the previous fiscal year. In the absence of receipt by a responsible officer of the Trustee of an Officer's Certificate regarding any such notice of Default or Event of Default from the Company or written notice from any Holder of such Default or Event of Default, the Trustee shall not be deemed to have notice or be charged with knowledge of any Default or Event of Default. The New Notes Indenture provides that if a Default or Event of Default occurs and a responsible officer of the Trustee has received written notice thereof, the Trustee must give to each Holder notice of the Default or Event of Default within 45 days after it is known to the Trustee. Except in the case of a Default or Event of Default in the payment of principal of, premium, if any, or interest on any New Note, the Trustee may withhold notice if and so long as a committee of its trust officers in good faith determines that withholding notice is in the interests of the Holders.

### **Legal Defeasance and Covenant Defeasance**

The Company may, at its option and at any time, elect to have its obligations discharged with respect to the outstanding New Notes and all obligations of the Subsidiary Guarantors discharged with respect to the Subsidiary Guarantees ("Legal Defeasance"). Legal Defeasance means that the Company will be deemed to have paid and discharged the entire indebtedness represented by the outstanding New Notes on the 91st day after the deposit specified in clause (1) of the second following paragraph, except for:

- (1) the rights of Holders to receive payments in respect of the principal of, premium, if any, and interest on, the New Notes when such payments are due from the trust referred to below;
- (2) the Company's obligations with respect to the New Notes concerning issuing temporary New Notes, registration of transfer and exchange New Notes, mutilated, destroyed, lost or stolen New Notes and the maintenance of an office or agency for payments;
- (3) the rights, powers, trusts, duties, immunities and indemnities of the Trustee and obligations of the Company and the Subsidiary Guarantors in connection therewith; and
- (4) the Legal Defeasance provisions of the New Notes Indenture.

In addition, the Company may, at its option and at any time, elect to have its obligations released with respect to the covenants that are described under "*Covenants*" (other than "*Limitation on Merger, Consolidation and Sale of Assets*") ("*Covenant Defeasance*") and thereafter any omission to comply with such obligations will not constitute a Default or Event of Default. In the event Covenant Defeasance occurs, certain events (other than non-payment and bankruptcy, receivership, reorganization and insolvency events with respect to the Company or any Significant Subsidiary) described under "*Events of Default*" will no longer constitute an Event of Default with respect to the New Notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

- (1) the Company must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders, cash in U.S. dollars, certain direct non-callable obligations of, or guaranteed by, the United States, or a combination thereof, in such amounts as will be sufficient without reinvestment, in the written opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants delivered to the Trustee, to pay the principal of, premium, if any, and interest (including Additional Amounts) on the New Notes on the stated date for payment thereof or on the applicable redemption date, as the case may be;
- (2) in the case of Legal Defeasance, the Company has delivered to the Trustee an Opinion of Counsel from U.S. counsel reasonably acceptable to the Trustee (subject to customary exceptions and

exclusions) and independent of the Company to the effect that:

- (a) the Company has received from, or there has been published by, the Internal Revenue Service a ruling; or
- (b) since the Issue Date, there has been a change in the applicable U.S. federal income tax law,

in either case to the effect that, and based thereon such Opinion of Counsel shall state that, the Holders will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

- (3) in the case of Covenant Defeasance, the Company has delivered to the Trustee an Opinion of Counsel from U.S. counsel reasonably acceptable to the Trustee (subject to customary exceptions and exclusions) and independent of the Company to the effect that the Holders will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;
- (4) no Default or Event of Default has occurred and is continuing on the date of the deposit pursuant to clause (1) of this paragraph (except any Default or Event of Default resulting from any failure to comply with “*Covenants—Limitation on Incurrence of Additional Indebtedness*” as a result of the borrowing of the funds required to effect such deposit);
- (5) the Company has delivered to the Trustee an Officer’s Certificate stating that such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under, the New Notes Indenture or any other material agreement or instrument to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound;
- (6) the Company has delivered to the Trustee an Officer’s Certificate stating that the deposit was not made by the Company with the intent of preferring the Holders over any other creditors of the Company or any Subsidiary of the Company or with the intent of defeating, hindering, delaying or defrauding any other creditors of the Company or others;
- (7) the Company has delivered to the Trustee an Officer’s Certificate and an Opinion of Counsel from U.S. counsel reasonably acceptable to the Trustee (subject to customary exceptions and exclusions) and independent of the Company, each stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance have been complied with; and
- (8) the Company has delivered to the Trustee an Opinion of Counsel from U.S. counsel reasonably acceptable to the Trustee (subject to customary qualifications and exclusions) to the effect that the trust resulting from the deposit does not constitute, or is not qualified as, a regulated investment company under the Investment Company Act of 1940.

### **Satisfaction and Discharge**

The New Notes Indenture will be discharged and will cease to be of further effect (except as to surviving rights or registration of transfer or exchange of the New Notes and the rights, powers, trust, duties, immunities and indemnities of the Trustee and the obligations of the Company and the Subsidiary Guarantors in connection therewith, as expressly provided for in the New Notes Indenture) as to all outstanding New Notes when:

- (1) either:
  - (a) all the New Notes theretofore authenticated and delivered (except lost, stolen or destroyed New Notes which have been replaced or paid and New Notes for whose payment money has



theretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust) have been delivered to the Trustee for cancellation; or

- (b) all New Notes not theretofore delivered to the Trustee for cancellation have become due and payable or will become due and payable within one year, and the Company has irrevocably deposited or caused to be deposited with the Trustee funds or certain direct, non-callable obligations of, or guaranteed by, the United States or a combination thereof sufficient without reinvestment in the written opinion of a nationally recognized investment bank, appraisal firm or firm of independent accountants delivered to the Trustee to pay and discharge the entire Indebtedness on the New Notes not theretofore delivered to the Trustee for cancellation, for principal of, premium, if any, and interest on the New Notes to the date of deposit (in the case of New Notes that have become due and payable), or to the stated maturity or redemption date, as the case may be, together with irrevocable instructions (which may be subject to one or more conditions) from the Company directing the Trustee to apply such funds to the payment;
- (2) the Company has paid all other sums payable by it under the New Notes Indenture and the New Notes; and
- (3) the Company has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel stating that all conditions precedent under the New Notes Indenture relating to the satisfaction and discharge of the New Notes Indenture have been complied with.

#### **Modification of the New Notes Indenture**

From time to time, the Company, the Subsidiary Guarantors and the Trustee, without the consent of the Holders, may amend, modify or supplement the New Notes Indenture and the New Notes for the following purposes:

- (1) to cure any ambiguity, defect or inconsistency contained therein;
- (2) to provide for the assumption by a surviving entity of the obligations of the Company or a Subsidiary Guarantor under the New Notes Indenture;
- (3) to add Subsidiary Guarantees or additional Guarantees in accordance with the terms of the New Notes Indenture;
- (4) to secure the New Notes;
- (5) to add to the covenants of the Company for the benefit of the Holders or surrender any right or power conferred upon the Company;
- (6) to provide for the issuance of Additional New Notes in accordance with the New Notes Indenture;
- (7) to evidence the replacement of the Trustee as provided for under the New Notes Indenture;
- (8) if necessary, in connection with any release of any security permitted under the New Notes Indenture;
- (9) to make any other change that does not adversely affect the rights of any Holder in any material respect;
- (10) to provide for uncertificated New Notes in addition to or in place of certificated New Notes; or

- (11) to conform the text of the New Notes Indenture, the Subsidiary Guarantees or the New Notes to any provision of this “Description of the New Notes,” to the extent such provision was intended to be a verbatim recitation of the text of the New Notes Indenture, the Subsidiary Guarantees or the New Notes (as applicable), which such intention shall be evidenced to the Trustee by delivery of an Officer’s Certificate from the Company, upon which the Trustee may conclusively rely.

Other modifications to, amendments of, and supplements to, the New Notes Indenture or the New Notes may be made with the consent of the Holders of a majority in principal amount of the then outstanding New Notes issued under the New Notes Indenture, except that, without the consent of Holders of at least 75% in principal amount of the then outstanding New Notes, no amendment may:

- (1) reduce the percentage of the principal amount of the outstanding New Notes whose Holders must consent to an amendment, supplement or waiver;
- (2) reduce the rate of or change or have the effect of changing the time for payment of interest on any New Notes;
- (3) reduce the principal of or change or have the effect of changing the fixed maturity of any New Notes, or change the date on which any New Notes may be subject to redemption, or reduce the redemption price therefor;
- (4) make any New Notes payable in money other than that stated in the New Notes;
- (5) make any change in provisions of the New Notes Indenture entitling each Holder to receive payment of principal of, premium, if any, and interest on such New Notes on or after the due date thereof or to bring suit to enforce such payment, or permitting Holders of a majority in principal amount of outstanding New Notes to waive Defaults or Events of Default (other than a default in payment of principal or interest on any New Note);
- (6) make any change in the provisions of the New Notes Indenture described under “—*Additional Amounts*” that adversely affects the rights of any Holder or amend the terms of the New Notes in a way that would result in a loss of exemption from any applicable taxes;
- (7) make any change to the provisions of the New Notes Indenture or the New Notes that adversely affects the ranking of the New Notes; and
- (8) release or have the effect of releasing (i) any Subsidiary Guarantee, or (ii) in whole or in part, the Pledged Shares and/or any Collateral Document relating to any of the Pledged Shares.

Except in the case of a Pledge Company Shares Sale whereby the Pledged Shares are released pursuant to the consent of the Holders of at least 75% in aggregate principal amount of New Notes then outstanding as set forth above, any amendment to the provisions of the New Notes Indenture or the New Notes that permits the Pledge Company Shares Sale shall require the consent of the Holders of a majority in principal amount of the then outstanding New Notes issued under the New Notes Indenture, provided the following additional conditions are met: (i) the Pledge Company Shares Sale shall be for 100% of the issued and outstanding shares of such pledgor; (ii) the purchaser(s) under the Pledge Company Shares Sale shall not be an Affiliate of the Company; (iii) 100% of the consideration received for the Pledge Company Shares Sale shall be in the form of cash or Cash Equivalents payable at closing thereof (other than reasonable and customary amounts retained by the purchasers in connection with indemnity obligations of the selling shareholders); (iv) prior to, or concurrently with, the request for the consent of the Holders, the Company must obtain and deliver to the Trustee a fairness opinion regarding the value of the Pledged Shares being sold, which fairness opinion shall be issued by a reputable independent third party; (v) within 60 days of the consummation of the Pledge Company Shares Sale, the Company shall make an Asset Sale Offer in accordance with the terms set forth in “—*Limitation on Asset Sales*” with respect to 100% of the Net Cash Proceeds received at closing for the Pledge Company Shares Sale (including, for the avoidance of doubt, any proceeds payable to the selling shareholders), except that such Asset Sale Offer shall be limited to the repurchase of

New Notes, and there shall be no minimum proceeds threshold; (vi) from the closing of the Pledge Company Shares Sale to the consummation of the Asset Sale Offer, 100% of the Net Cash Proceeds received for the Pledge Company Shares Sale (including, for the avoidance of doubt, any proceeds payable to the selling shareholders) (a) shall be pledged in favor of the Collateral Agent for the benefit of the Holders of the New Notes, and (b), if allowed under applicable laws at the time of the Pledge Company Shares Sale, shall be deposited in an account outside of Argentina; and (vii) to the extent any proceeds from the Pledge Company Shares Sale remain after the consummation of the Asset Sale Offer described in (v) above, the Company shall, within 60 days of the consummation of such Asset Sale Offer, apply such excess proceeds to repay, prepay or purchase any Senior Indebtedness of the Company or any Restricted Subsidiaries in accordance with the terms set forth in “—*Limitation on Asset Sales*” for an Asset Sale Offer, except that there shall be no minimum proceeds threshold. To the extent any proceeds from the Pledge Company Shares Sale remain after consummation of the Asset Sale Offers and the repayment, prepayment or purchase described in (v) and (vi) above, the Company may freely dispose of such remaining proceeds in compliance with the New Notes Indenture (except that the restrictions in “—*Limitation on Asset Sales*” will no longer apply to such remaining proceeds). For the avoidance of doubt, the terms set forth in “—*Limitation on Asset Sales*” shall not apply to a Pledge Company Shares Sale pursuant to the consent of the Holders of a majority in principal amount of the then outstanding New Notes, except to the extent expressly set forth herein.

Any proposed amendments, modifications or supplements to the New Notes Indenture requiring the consent of Holders will be implemented through the consent procedures of DTC or any other applicable depository clearing system, or any other alternative procedure, in all cases in compliance with the Exchange Act and the Negotiable Obligations Law.

### **Governing Law; Jurisdiction**

The New Notes Indenture, the New Notes and the Subsidiary Guarantees will be governed by, and construed in accordance with, the Negotiable Obligations Law as to all matters relating to the requirements necessary for the New Notes to qualify as “negotiable obligations” (*obligaciones negociables*) thereunder. Furthermore, the Negotiable Obligations Law, the General Companies Law, the Capital Markets Law, the CNV Regulations and other applicable Argentine regulations) will govern the capacity and authority of the Company to issue and place the New Notes, the CNV authorization for the New Notes’ public offering in Argentina, and certain matters in relation to meetings of Holders.

In respect of all other matters, the New Notes and all matters arising from or in connection with the New Notes Indenture (including the Subsidiary Guarantees) and the New Notes are governed by, and shall be construed in accordance with, the law of the State of New York, except that matters relating to the granting and perfection of pledges over the capital stock of the Pledge Companies will be governed by the laws of the respective jurisdictions of the Pledge Companies.

Each of the Company and the Subsidiary Guarantors will submit to the non-exclusive jurisdiction of the U.S. federal and New York state courts located in The City of New York, Borough of Manhattan and will appoint an agent for service of process with respect to any actions brought in these courts arising out of or based on the New Notes Indenture, the New Notes or any Subsidiary Guarantee, and have waived any immunity from the jurisdiction of these courts over any suit, action or proceeding that may be brought by the Trustee or a Holder of New Notes based upon the New Notes Indenture, the Subsidiary Guarantee and the New Notes. Notwithstanding the foregoing, in accordance with Article 46 of the Capital Markets Law, Holders of New Notes may submit disputes regarding the New Notes Indenture, the Subsidiary Guarantee and the New Notes to the non-exclusive jurisdiction of the Arbitral Tribunal of the BCBA (*Tribunal de Arbitraje General*), or any other arbitral body that may replace it in the future, or the competent ordinary courts for commercial matters sitting in the City of Buenos Aires.

If for the purpose of obtaining judgment in any court it is necessary to convert a sum due hereunder to the Holder of a New Note from U.S. Dollars into another currency, the Company and each of the Subsidiary Guarantors has agreed, and each Holder by holding such New Note will be deemed to have agreed, to the fullest extent that the Company and the Subsidiary Guarantors may effectively do so, that the rate of exchange used will be that at which in accordance with normal banking procedures such Holder could purchase U.S. dollars with such other currency in New York City, New York on the day that is two Business Days preceding the day on which final judgment is given.

The Company and each Subsidiary Guarantor have appointed Corporation Service Company, located at 19 West 44th Street, Suite 200, New York, NY 10036, New York, NY, as its initial authorized agent upon which all writs, process and summonses may be served in any suit, action or proceeding brought by the Trustee or a Holder of New Notes based upon the New Notes Indenture or the New Notes against the Company or the Subsidiary Guarantors in any court of the State of New York or any United States Federal court sitting in the Borough of Manhattan, The City of New York and have agreed that such appointment shall be irrevocable so long as any of the New Notes or the Guarantee remain outstanding or until the irrevocable appointment by the Company or the Subsidiary Guarantors of a successor in the City of New York as its authorized agent for such purpose and the acceptance of such appointment by such successor.

According to the laws of the State of New York, claims against the Company or the Subsidiary Guarantors for the payment of principal of and premium, if any, and interest on the New Notes or the Guarantee must be made within six years from the due date for payment thereof. According to the laws of Argentina, the claims made against the Company or the Subsidiary Guarantors in Argentina for the payment of principal or premiums, if any, interest or other amounts due pursuant to the New Notes or the Guarantee (including Additional Amounts) must be made within five years (with respect to principal) and two years (with respect to interest, premiums, if any, or other amounts due in connection with the New Notes (including Additional Amounts)), in each case from the date on which such payments first became due or as otherwise provided by law.

### **The Trustee**

The Bank of New York Mellon is the Trustee under the New Notes Indenture. The office of the Trustee at which its corporate trust business is principally administered is located at 240 Greenwich Street – 7E, New York, New York 10286.

Except during the continuance of an Event of Default, the Trustee will perform only such duties as are specifically set forth in the New Notes Indenture. During the existence of an Event of Default, the Trustee will exercise such rights and powers vested in it by the New Notes Indenture, and use the same degree of care and skill in its exercise as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

### **No Personal Liability**

No past, present or future incorporator, director, officer, employee, shareholder or controlling person, as such, of the Company or any Subsidiary Guarantor will have any liability for any obligations of the Company under the New Notes, the New Notes Indenture or the Subsidiary Guarantee or for any claims based on, in respect of or by reason of such obligations or their creation. By accepting a New Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for issuance of the New Notes. The waiver may not be effective to waive liabilities under the U.S. federal securities laws or under Argentine corporate or securities law.

### **Currency Indemnity**

The Company, and each Subsidiary Guarantor, will pay all sums payable under the New Notes Indenture, the New Notes or such Subsidiary Guarantee solely in U.S. Dollars. Any amount received or recovered in a currency other than U.S. Dollars by any payee, in respect of any sum expressed to be due to it from the Company or any Subsidiary Guarantor, will only constitute a discharge to the Company or any such Subsidiary Guarantor to the extent of the U.S. Dollar amount which such payee is able to purchase with the amount received or recovered in that other currency on the date of the receipt or recovery or, if it is not practicable to make the purchase on that date, on the first date on which such payee is able to do so. If the U.S. Dollar amount is less than the U.S. Dollar amount expressed to be due to the Trustee under the New Notes Indenture or any Holder under the New Notes Indenture or any New Note, the Company, and any Subsidiary Guarantor, will indemnify such payee against any loss it sustains as a result. In any event, the Company and the Subsidiary Guarantors will indemnify each payee against the cost of making any purchase of U.S. Dollars. For the purposes of this paragraph, it will be sufficient for a payee to certify in a satisfactory manner that it would have suffered a loss had an actual purchase of U.S. Dollars been made with the amount received in that other currency on the date of receipt or recovery or, if it was not practicable to make the purchase on that date, on the first date on which it was able to do so. In addition, payees will also be required to certify in a satisfactory manner the need for a change of the purchase date.

The indemnities described above:

- constitute a separate and independent obligation from the other obligations of the Company and the Subsidiary Guarantors;
- will give rise to a separate and independent cause of action;
- will apply irrespective of any indulgence granted by any Holder or the Trustee; and
- will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under the New Notes Indenture, any New Note or any Subsidiary Guarantee.

### **Foreign Exchange Restrictions**

The Company and the Subsidiary Guarantors agree that, notwithstanding any restriction or prohibition regarding access to the exchange market in Argentina, each and every one of the payments to be made in respect of the New Notes, the Subsidiary Guarantee, the Pledged Shares (and the Collateral Documents relating thereto) and the New Notes Indenture will be made in U.S. Dollars. None of the terms included in the New Notes, the Subsidiary Guarantees, the Pledged Shares (and the Collateral Documents relating thereto) and the New Notes Indenture will limit any of the rights of the Holders of the New Notes or of the Trustee or justify a refusal of the Company or the Subsidiary Guarantors to make payments under the New Notes, the Subsidiary Guarantees, the Pledged Shares (and the Collateral Documents relating thereto) and the New Notes Indenture in U.S. Dollars for any reason, including, but not limited to, any of the following: (i) that the purchase of U.S. Dollars in Argentina by any means is more onerous or burdensome for the Company or the Subsidiary Guarantors than at the present date and (ii) the significant increase in the exchange rate in force in Argentina with respect to the one in force at the present date. The Company and the Subsidiary Guarantors acknowledge that pursuant to Article 4 of the Negotiable Obligations Law (as amended by the Argentine Productive Financing Law No. 27,440), Article 765 of the Argentine Civil and Commercial Code is not applicable in connection with payments under the New Notes, and therefore waive the right to pay in Argentine pesos in accordance with Article 765 of the Argentine Civil and Commercial Code and to invoke any defense of impossibility of payment, inability to pay in U.S. Dollars (assuming responsibility for any case of force majeure or fortuitous event, including any defense under Article 1091 of the Argentine Civil and Commercial Code) or similar defenses or principles (including, without limitation, the principles of sharing efforts and of equity).

In the event that, on any payment date in respect of the New Notes, any restrictions (including de facto restrictions) or prohibition of access to the Argentine foreign exchange market exists, the Company or each Subsidiary Guarantor, as applicable, will seek to pay all amounts payable under such New 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/or transferring and selling such instruments outside Argentina for U.S. dollars, to the extent permitted by applicable law, or (ii) by means of 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 or each Subsidiary Guarantor, as applicable. The amount of U.S. dollars to be received by the Holders of such securities will be based on the average firm bid quotation expressed in U.S. dollars, for the foreign or composite currency in which such New Note is denominated, received by the paying agent, at approximately 11:00 a.m. New York City time on the second Business Day preceding the applicable payment date, from three recognized foreign exchange dealers in New York City, selected by the paying agent and approved by the Company or the relevant Subsidiary Guarantor, as applicable, for the purchase by the quoting dealer, for settlement on such payment date, of the aggregate amount of the U.S. dollars payable on such payment date in respect of such New Notes. All currency exchange costs, including any taxes on the performance of any operation to obtain U.S. dollars, will be borne by the Company or the relevant Subsidiary Guarantor, as applicable. In the event that the exchange rate quotation is not available on the second Business Day next preceding the applicable payment date, the rate at which the amounts due shall be converted into U.S. dollars shall be on the basis of the most recently available market exchange rate quotations.

## Listing

Application has been made to list the New Notes on the Official List of Euronext Dublin for trading on the Global Exchange Market, and the Company will use its commercially reasonable efforts to effect such listing of the New Notes as soon as practicable (or otherwise use its commercially reasonable efforts to effect the listing of the New Notes on another international securities exchange in the European Economic Area or the United Kingdom, as soon as practicable and in any event within three months of the Issue Date), and will use commercially reasonable efforts to maintain such listing; provided that if, as a result of the European Union regulated market amended Directive 2001/34/EC (the “Transparency Directive”) or any legislation implementing the Transparency Directive or other directives or legislation, the Company could be required to publish financial information either more regularly than it otherwise would be required to or according to accounting principles which are materially different from the accounting principles which the Company would otherwise use to prepare its published financial information, the Company may delist the New Notes from the Official List of Euronext Dublin in accordance with the rules of the exchange and seek an alternative admission to listing, trading and/or quotation for the New Notes on a different section of Euronext Dublin or by such other listing authority, stock exchange and/or quotation system inside or outside the European Union as the Company’s Board of Directors may decide.

The Company has applied to list and trade the New Notes on the BYMA and to admit the New Notes to trade on the MAE.

## Certain Definitions

The following sets forth certain of the defined terms used in the New Notes Indenture. Reference is made to the New Notes Indenture for full disclosure of all such terms, as well as any other terms used herein for which no definition is provided.

“*Acquired Indebtedness*” means Indebtedness of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary or at the time it merges or consolidates with the Company or any of its Restricted Subsidiaries or is assumed in connection with the acquisition of assets from such Person. Acquired Indebtedness will be deemed to have been Incurred at the time such Person becomes a Restricted Subsidiary or at the time it merges or consolidates with the Company or a Restricted Subsidiary or at the time such Indebtedness is assumed in connection with the acquisition of assets from such Person.

“*Additional Amortization Amount*” has the meaning set forth under “—*Mandatory Excess Cash Amortization*.”

“*Additional Amounts*” has the meaning set forth under “—*Additional Amounts*.”

“*Additional Notes*” has the meaning set forth under “—*Additional Notes*.”

“*Affiliate*” means, with respect to any specified Person, any other Person who directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such specified Person. Solely for purposes of this definition, the term “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise. For purposes of this definition, the terms “controlling,” “controlled by” and “under common control with” have correlative meanings.

“*APE*” means the preventive extra-judicial settlement (*acuerdo preventivo extrajudicial*) under the terms of Title II, Chapter VII of the Argentine Bankruptcy Law No. 24,522, which the Company would be required to enter into if the tenders of Old Notes pursuant to the exchange offer described in this Exchange Offer Memorandum do not reach a minimum pre-established threshold.

“*Applicable Percentage*” has the meaning set forth under “—*Mandatory Excess Cash Amortization*.”

“*Asset Acquisition*” means:

- (1) an Investment by the Company or any Restricted Subsidiary in any other Person pursuant to which such Person will become a Restricted Subsidiary, or will be merged with or into the Company or any Restricted Subsidiary;
- (2) the acquisition by the Company or any Restricted Subsidiary of the assets of any Person (other than a Subsidiary of the Company) which constitute all or substantially all of the assets of such Person or comprises any division or line of business of such Person or any other properties or assets of such Person other than in the ordinary course of business; or
- (3) any Revocation with respect to an Unrestricted Subsidiary.

“*Asset Sale*” means any direct or indirect sale, disposition, issuance, conveyance, transfer, lease, assignment or other transfer, including, without limitation, a Sale and Leaseback Transaction (each, a “disposition”), by the Company or any Restricted Subsidiary of:

- (a) any Capital Stock other than Capital Stock of the Company (other than directors’ qualifying shares and shares issued to foreign nationals to the extent required by applicable law); or
- (b) any property or assets (other than cash, Cash Equivalents or Capital Stock) of the Company or any Restricted Subsidiary.

Notwithstanding the preceding, the following items will not be deemed to be Asset Sales:

- (1) the disposition of all or substantially all of the assets of the Company and its Restricted Subsidiaries as permitted under “—*Covenants—Merger, Consolidation and Sale of Assets*” or any disposition which constitutes a Change of Control;
- (2) the sale of property or equipment that, in the reasonable determination of the Company, has become worn out, obsolete or damaged or otherwise unused in connection with the business of the Company or any Restricted Subsidiary;
- (3) sales or other dispositions of equipment, inventory, accounts receivable or other assets in the ordinary course of business;
- (4) for purposes of “—*Covenants—Limitation on Asset Sales*” only, the making of a Restricted Payment permitted under “—*Covenants—Limitation on Restricted Payments*” and any Permitted Investment;
- (5) a disposition to the Company or a Restricted Subsidiary, including a Person that is or will become a Restricted Subsidiary immediately after the disposition;
- (6) the creation of a Permitted Lien;
- (7) dispositions of receivables and related assets or interests in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;
- (8) (i) the licensing or sublicensing of intellectual property or other general intangibles, including entering into cross-licensing arrangements, in the ordinary course of business and (ii) the abandonment or other disposition of intellectual property that is, in the reasonable judgment of management of the Company or the relevant Restricted Subsidiary, no longer economically convenient to maintain or useful in the conduct of the Permitted Business;
- (9) any sale of Capital Stock in, or Indebtedness of other securities of, an Unrestricted Subsidiary;
- (10) a Sale and Leaseback Transaction permitted under the proviso at the end of “—*Covenants—*

*Limitation on Sale and Leaseback Transactions;”*

- (11) the good faith surrender or waiver of contract rights, tort claims or statutory rights in connection with a settlement;
- (12) the lease, assignment, licensing or sub-lease or sub-licensing of any real or personal property in the ordinary course of business;
- (13) Sale and Leaseback Transactions, as lessee or sublessee, and other dispositions by a Non-Recourse Subsidiary in connection with Non-Recourse Financings Incurred by such Non-Recourse Subsidiary; and
- (14) any transaction or series of related transactions involving property or assets with a Fair Market Value not in excess of U.S.\$2.0 million (or the equivalent in other currencies).

“*Asset Sale Offer*” has the meaning set forth under “—*Covenants—Limitation on Asset Sales.*”

“*Asset Sale Offer Amount*” has the meaning set forth under “—*Covenants—Limitation on Asset Sales.*”

“*Asset Sale Offer Payment Date*” has the meaning set forth under “—*Covenants—Limitation on Asset Sales.*”

“*Asset Sale Transaction*” means any Asset Sale and, whether or not constituting an Asset Sale, (1) any sale or other disposition of Capital Stock, (2) any designation with respect to an Unrestricted Subsidiary and (3) any sale or other disposition of property or assets excluded from the definition of Asset Sale by clause (4) of that definition.

“*Attributable Indebtedness*” means, in respect of a Sale and Leaseback Transaction the present value, discounted at the interest rate implicit in the Sale and Leaseback Transaction, of the total obligations of the lessee for rental payments during the remaining term of the lease in the Sale and Leaseback Transaction.

“*Board of Directors*” means, with respect to any Person, the board of directors or similar governing body of such Person or any duly authorized committee thereof.

“*Board Resolution*” means, with respect to any Person, a copy of a resolution certified by the Secretary or an Assistant Secretary of such Person to have been duly adopted by the Board of Directors of such Person and to be in full force and effect on the date of such certification, and delivered to the Trustee.

“*Business Day*” means a day other than a Saturday, Sunday or any day on which banking institutions are authorized or required by law to close in New York City, United States or in the City of Buenos Aires, Argentina.

“*Capital Stock*” means, with respect to any Person, any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated and whether or not voting) of equity of such Person, including each class of Common Stock, Preferred Stock, limited liability interests or partnership interests, but excluding any debt securities convertible into such equity.

“*Capitalized Lease Obligations*” means, as to any Person, the obligations of such Person under a lease that the lessor is required to classify and account for as a finance lease obligation under GAAP. For purposes of this definition, the amount of such obligations at any date will be the capitalized amount of such obligations at such date, determined in accordance with GAAP.

“*Cash Equivalents*” shall mean:

- (1) United States dollars, Euros, Argentine pesos, or the local currencies of the countries of incorporation of the Company and the Restricted Subsidiaries held by the Company or any Restricted Subsidiary from time to time;
- (2) securities issued or directly and fully guaranteed or insured by the United States government or any



agency or instrumentality of the United States government (provided that the full faith and credit of the United States is pledged in support of those securities) having maturities of not more than 12 months from the date of acquisition;

- (3) certificates of deposit, demand and time deposits and eurodollar time deposits with maturities of 12 months or less from the date of acquisition, bankers' acceptances with maturities not exceeding 12 months and overnight bank deposits, in each case, with any commercial bank having capital and surplus in excess of U.S.\$250 million and the outstanding indebtedness of which is rated at least "A-2" by S&P, at least "P-2" by Moody's or at least "F-2" by Fitch (or the equivalent of such rating by such rating organization, or, if no rating of S&P, Moody's or Fitch then exists because none of the foregoing then rates obligations of the type described in this clause, the equivalent of such rating by any other United States nationally recognized securities rating agency);
- (4) commercial paper having one of the two highest rating categories obtainable from either Moody's or S&P and in each case maturing within 12 months after the date of acquisition;
- (5) readily marketable direct obligations issued by any state of the United States or any political subdivision thereof, in either case having one of the two highest rating categories obtainable from either Moody's or S&P and in each case maturing within 12 months after the date of acquisition; and
- (6) money market funds (including money market funds authorized by the Argentine *Comisión Nacional de Valores*) that invest primarily in securities described in clauses (1) through (5) of this definition

"CBA Pledged Shares" has the meaning set forth in "*—Collateral—Share Pledges—Central Buen Ayre S.A.*"

"CBA Share Pledge Agreement" has the meaning set forth under "*—Collateral—Share Pledges—Central Buen Ayre S.A.*"

"CBA Shares Sale" has the meaning set forth under "*—Collateral—Share Pledges—CBA.*"

"Change of Control" means the occurrence of any of the following events:

- (1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the assets of the Company and its Subsidiaries taken as a whole to any Person (including any "person" (as that term is used in Section 13(d)(3) of the Exchange Act)) other than to one or more Permitted Holders;
- (2) the consummation of any transaction (including without limitation, any merger or consolidation) the result of which is that (i) any Person other than one or more Permitted Holders (including any "person" (as that term is used in Section 13(d)(3) of the Exchange Act)) becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of the Voting Stock of the Company, measured by voting power rather than number of shares or (ii) the Permitted Holders cease to be the beneficial owners, directly or indirectly, of more than 50% of the Voting Stock of the Company, measured by voting power rather than number of shares; or
- (3) the adoption of a plan relating to the liquidation or dissolution of the Company.

"Change of Control Offer" has the meaning set forth under "*—Change of Control Triggering Event.*"

"Change of Control Payment" has the meaning set forth under "*—Change of Control Triggering Event.*"

"Change of Control Payment Date" has the meaning set forth under "*—Change of Control Triggering*

*Event.”*

“*Change of Control Triggering Event*” means the occurrence of both a Change of Control and a Rating Decline.

“*Collateral Agent*” means TMF Trust Company (Argentina) S.A. and/or its affiliates in Peru and Paraguay, as the case may be, or any successor thereto.

“*Collateral Documents*” means the CBA Share Pledge Agreement, the Tecsan Share Pledge Agreement, the pledge agreements to be entered into in respect of the Pledged Shares of Haug and Benito Roggio Paraguay pursuant to “—*Limitations on the Shares of Certain Subsidiaries*,” and other instruments and documents executed and delivered pursuant to the New Notes Indenture or any of the foregoing, as the same may be amended, supplemented or otherwise modified from time to time and pursuant to which the Pledged Shares are pledged, assigned or granted to or on behalf of the Collateral Agent for the ratable benefit of the Holders of the New Notes and the Trustee or notice of such pledge, assignment or grant is given.

“*Commodity Agreement*” means, with respect to any Person, any commodity swap agreement, commodity cap agreement, commodity collar agreement, commodity or raw material futures contract or any other agreement as to which such Person is a party designed to manage commodity risk of such Person.

“*Common Stock*” means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person’s common equity interests, whether outstanding on the Issue Date or issued after the Issue Date, and includes, without limitation, all series and classes of such common equity interests.

“*Consolidated Adjusted EBITDA*” means, with respect to any Person for any period, the sum of the following, without duplication:

- (1) Consolidated operating income of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company other than Non-Recourse Subsidiaries) for such period, plus
- (2) Depreciation and amortization and any other Consolidated Non-cash Charges of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company other than Non-Recourse Subsidiaries) (to the extent deducted in determining consolidated operating income) for such period,

in each case as determined in accordance with GAAP.

“*Consolidated Assets*” means the total consolidated assets of the Company and its Restricted Subsidiaries, as shown on the most recent balance sheet of the Company provided to the trustee pursuant to “—*Covenants—Reports to Holders*” (or required to be provided thereunder); all calculated in accordance with GAAP and calculated on a pro forma basis to give effect to any acquisition or disposition of companies, divisions, lines of businesses or operations by the Company and its Restricted Subsidiaries subsequent to such date and on or prior to the date of determination.

“*Consolidated Fixed Charge Coverage Ratio*” means, with respect to any Person as of any date of determination, the ratio of the aggregate amount of Consolidated Adjusted EBITDA of such Person for the four most recent full fiscal quarters for which financial statements are available ending prior to the date of such determination (the “Four Quarter Period”) to Consolidated Interest Expense for such Person for such Four Quarter Period. For purposes of this definition, Consolidated Adjusted EBITDA and Consolidated Interest Expense will be calculated after giving effect on a pro forma basis in good faith for the period of such calculation for the following:

- (1) the Incurrence, repayment or redemption of any Indebtedness (including Acquired Indebtedness) of such Person or any of its Subsidiaries (Restricted Subsidiaries in the case of the Company other than Non-Recourse Subsidiaries) and the application of the proceeds thereof, including the Incurrence of any Indebtedness (including Acquired Indebtedness), and the application of the proceeds thereof,

giving rise to the need to make such determination, occurring during such Four Quarter Period and at any time subsequent to the last day of such Four Quarter Period and prior to or on such date of determination, as if such Incurrence, and the application of the proceeds thereof, repayment or redemption occurred on the first day of such Four Quarter Period; and

- (2) any Asset Sale Transaction or Asset Acquisition by such Person or any of its Subsidiaries (Restricted Subsidiaries in the case of the Company other than Non-Recourse Subsidiaries), including any Asset Sale or Asset Acquisition giving rise to the need to make such determination, occurring during the Four Quarter Period or at any time subsequent to the last day of the Four Quarter Period and prior to or on such date of determination, as if such Asset Sale Transaction or Asset Acquisition occurred on the first day of such Four Quarter Period.

For purposes of making such pro forma computation:

- (a) interest on any Indebtedness bearing a floating rate of interest will be calculated as if the rate in effect on the applicable date of determination had been the applicable rate for the entire Four Quarter Period (taking into account any Interest Rate Agreements applicable to such Indebtedness);
- (b) interest on any Indebtedness under a revolving credit facility will be computed based upon the average daily balance of such Indebtedness during such Four Quarter Period, or if such facility was created after the end of such Four Quarter Period, the average daily balance of such Indebtedness during the period from the date of creation of such facility to the date of such calculation; and
- (c) interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rate, will be deemed to have been based upon the rate actually chosen, or, if none, then based upon such optional rate chosen as the Company may designate.

“*Consolidated Indebtedness*” means, with respect to any Person as of any date of determination, an amount equal to the aggregate amount (without duplication) of all Indebtedness of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company other than Non-Recourse Subsidiaries) outstanding at such time determined in accordance with GAAP and as set forth in the most recent consolidated balance sheet of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company other than Non-Recourse Subsidiaries).

“*Consolidated Interest Expense*” means, with respect to any Person for any period, the sum (without duplication) determined on a consolidated basis in accordance with GAAP of: the aggregate amount of the accrued interest, commission, fees, discounts and prepayment penalties or premiums generated by liabilities of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company other than Non-Recourse Subsidiaries) (on a consolidated basis) for such period net from the aggregate amount of the accrued interest, commission, fees, discounts and prepayment penalties or premiums generated by assets of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company other than Non-Recourse Subsidiaries) (on a consolidated basis) for such period, provided that, in any fiscal period during which inflationary accounting shall be in effect in accordance with GAAP, the aggregate effects of inflation included in the aforementioned concepts generated by assets and liabilities shall be excluded.

“*Consolidated Net Debt to EBITDA Ratio*” means, with respect to any Person as of any date of determination, the ratio of (i) the aggregate amount of Consolidated Indebtedness for such Person as of such date, deducting (x) the aggregate amount of freely available cash and cash equivalents (as determined in accordance with GAAP) held by such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company other than Non-Recourse Subsidiaries) (on a consolidated basis) at that time, and (y) the aggregate amount of recorded Indebtedness consisting of discounted factoring arrangements with respect to accounts receivable from Argentine governmental entities at all levels (national, provincial and municipal), including without limitation any public organism or state-owned corporation, and payable within 180 days; to (ii) Consolidated Adjusted EBITDA for such Person for the Four Quarter Period.

For purposes of this definition, Consolidated Indebtedness and Consolidated Adjusted EBITDA will be calculated after giving effect on a pro forma basis in good faith for the period of such calculation for the following:

- (1) the Incurrence, repayment or redemption of any Indebtedness (including Acquired Indebtedness) of such Person or any of its Subsidiaries (Restricted Subsidiaries in the case of the Company other than Non-Recourse Subsidiaries), and the application of the proceeds thereof, including the Incurrence of any Indebtedness (including Acquired Indebtedness), and the application of the proceeds thereof, giving rise to the need to make such determination, occurring during such Four Quarter Period or at any time subsequent to the last day of such Four Quarter Period and prior to or on such date of determination, to the extent, in the case of an Incurrence, such Indebtedness is outstanding on the date of determination, as if such Incurrence, and the application of the proceeds thereof, repayment or redemption occurred on the first day of such Four Quarter Period;
- (2) any Asset Sale Transaction or Asset Acquisition by such Person or any of its Subsidiaries (Restricted Subsidiaries in the case of the Company other than Non-Recourse Subsidiaries), including any Asset Sale or Asset Acquisition giving rise to the need to make such determination, occurring during the Four Quarter Period or at any time subsequent to the last day of the Four Quarter Period and prior to or on such date of determination, as if such Asset Sale Transaction or Asset Acquisition occurred on the first day of the Four Quarter Period; and
- (3) in the case of the Company and the Subsidiary Guarantors, any reductions in net Indebtedness due to Investments made pursuant to clause (2) of “Permitted Investments” that are held as of the time of such calculation.

For purposes of making such pro forma computation, the amount of Indebtedness under any revolving credit facility will be computed based on:

- (a) the average daily balance of such Indebtedness during such Four Quarter Period; or
- (b) if such facility was created after the end of such Four Quarter Period, the average daily balance of such Indebtedness during the period from the date of creation of such facility to the date of such calculation,

in each case giving pro forma effect to any borrowings related to any transaction referred to in clause (2) above.

“*Consolidated Net Income*” means, with respect to any Person for any period, the aggregate net income (or loss) of such Person and its Subsidiaries (after deducting (or adding) the portion of such net income (or loss) attributable to minority interests in Subsidiaries of such Person) for such period on a consolidated basis, determined in accordance with GAAP; provided that there will be excluded therefrom to the extent reflected in such aggregate net income (loss):

- (1) net after-tax gains or losses from Asset Sale Transactions or abandonments or reserves relating thereto;
- (2) net after-tax items classified as extraordinary gains or losses or income or expenses or charges;
- (3) the net income (or loss) of any Person, other than such Person and any Subsidiary of such Person (Restricted Subsidiary in the case of the Company); except that the Company’s equity in the net income of any Person will be included up to the aggregate amount of cash actually distributed by such Person during such period to the Company or a Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution to a Restricted Subsidiary, to the limitations contained in clause (4) below); and except further that the Company’s equity in the net loss of any Person will be included to the extent such loss has been funded with cash from the Company or a Restricted Subsidiary;

- (4) solely for the purpose of determining the amount available for Restricted Payments under clause (3)(A) of “—*Covenants—Limitation on Restricted Payments*,” the net income (but not loss) of any Subsidiary of such Person (Restricted Subsidiary in the case of the Company) to the extent that a corresponding amount could not be distributed to such Person at the date of determination as a result of any restriction pursuant to the constituent documents of such Subsidiary (Restricted Subsidiary in the case of the Company) or any law, regulation, agreement or judgment applicable to any such distribution;
- (5) any restoration to income of any contingency reserve, except to the extent that provision for such reserve was made out of Consolidated Net Income accrued at any time following the Issue Date;
- (6) any gain (or loss) from foreign exchange translation or change in net monetary position;
- (7) any net gain or loss (after any offset) resulting in such period from Hedging Obligations entered into for bona fide hedging purposes and not for speculative purposes; provided that the net effect on income or loss (including in any prior periods) will be included upon any termination or early extinguishment of such Hedging Obligations, other than any Hedging Obligations with respect to Indebtedness (that is not itself a Hedging Obligation) and that are extinguished concurrently with the termination or other prepayment of such Indebtedness; and
- (8) the cumulative effect of changes in accounting principles.

“*Consolidated Non-cash Charges*” means, with respect to any Person for any period, the aggregate depreciation, amortization and other non-cash expenses or losses of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) for such period, determined on a consolidated basis in accordance with GAAP (excluding any such charge which constitutes an accrual of or a reserve for cash charges for any future period or the amortization of a prepaid cash expense paid in a prior period).

“*Contractual Obligation*” means, as applied to any Person, any provision of (i) any stock, shares, partnership interests, voting trust certificates, certificates of interest or participation in any profit-sharing agreement or arrangement, options, warrants, bonds, debentures, notes, or other evidences of indebtedness, secured or unsecured, convertible, subordinated or otherwise, or in general any instruments commonly known as “securities” or any certificates of interest, shares or participations in temporary or interim certificates for the purchase or acquisition of, or any right to subscribe to, purchase or acquire, any of the foregoing; or (ii) any New Notes Indenture, mortgage, deed of trust, contract, undertaking, agreement or other instrument to which that Person is a party or by which it or any of its properties is bound or to which it or any of its properties is subject.

“*Covenant Defeasance*” has the meaning set forth under “—*Legal Defeasance and Covenant Defeasance*.”

“*Covenant Suspension Event*” has the meaning set forth under “—*Covenant Suspension*.”

“*Currency Agreement*” means, with respect to any Person, any foreign exchange contract, currency swap agreement or other similar agreement as to which such Person is a party designed solely to hedge foreign currency risk of such Person.

“*Default*” means an event or condition the occurrence of which is, or with the lapse of time or the giving of notice or both would be, an Event of Default.

“*Designation Amount*” has the meaning set forth under “—*Covenants—Limitation on Designation of Unrestricted Subsidiaries*.”

“*Disqualified Capital Stock*” means that portion of any Capital Stock which, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable at the option of the holder thereof), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the sole option of the holder thereof.

“*Event of Default*” has the meaning set forth under “—*Events of Default*.”

“*Excess Cash Amount*” has the meaning set forth under “—*Mandatory Excess Cash Amortization*.”

“*Excess Cash Measurement Date*” has the meaning set forth under “—*Mandatory Excess Cash Amortization*.”

“*Excess Proceeds*” has the meaning set forth under “*Covenants—Limitation on Asset Sales*.”

“*Exchange Act*” means the U.S. Securities Exchange Act of 1934, as amended, or any successor statute or statutes thereto.

“*Fair Market Value*” means, with respect to any asset, the price (after taking into account any liabilities relating to such assets) which could be negotiated in an arm’s-length free market transaction, for cash, between a willing seller and a willing and able buyer, neither of which is under any compulsion to complete the transaction; provided that the Fair Market Value of any such asset or assets, if greater than U.S.\$2.0 million, unless expressly set forth otherwise, will be determined conclusively by the Board of Directors of the Company acting in good faith, and will be evidenced by a Board Resolution.

“*Fitch*” means Fitch Ratings Ltd. and its successors.

“*Four Quarter Period*” has the meaning set forth in the definition of Consolidated Fixed Charge Coverage Ratio above.

“*GAAP*” means IFRS as applicable in Argentina for entities included in the public offering regime of the CNV and applied on a consistent basis.

“*Guarantee*” means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person:

- (1) to purchase or pay, or advance or supply funds for the purchase or payment of, such Indebtedness of such other Person, whether arising by virtue of partnership arrangements, or by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise; or
- (2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof, in whole or in part;

provided that “*Guarantee*” will not include endorsements for collection or deposit in the ordinary course of business. “*Guarantee*,” when used as a verb, has a corresponding meaning.

“*Hedging Obligations*” means the obligations of any Person pursuant to any Interest Rate Agreement, Currency Agreement or Commodity Agreement.

“*Holder*” means the Person in whose name a New Note is registered in the note register pursuant to the terms of the New Notes Indenture.

“*IFRS*” means the International Financial Reporting Standards as adopted by the International Accounting Standards Board, as in effect from time to time.

“*Incur*” means, with respect to any Indebtedness or other obligation of any Person, to create, issue, incur (including by conversion, exchange or otherwise), assume, Guarantee or otherwise become liable in respect of such Indebtedness or other obligation on the balance sheet of such Person (and “*Incurrence*,” “*Incurred*” and “*Incurring*” will have meanings correlative to the foregoing); provided that (1) any Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary of the Company will be deemed to be Incurred by such Restricted

Subsidiary at the time it becomes a Restricted Subsidiary of the Company and (2) neither the accrual of interest nor the accretion of original issue discount nor the payment of interest in the form of additional Indebtedness with the same terms and the payment of dividends on Disqualified Capital Stock or Preferred Stock in the form of additional shares of the same class of Disqualified Capital Stock or Preferred Stock will be considered an Incurrence of Indebtedness.

“*Indebtedness*” means, with respect to any Person, without duplication:

- (1) the principal amount (or, if less, the accreted value) of all obligations of such Person for borrowed money;
- (2) the principal amount (or, if less, the accreted value) of all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (3) all Capitalized Lease Obligations of such Person;
- (4) all obligations of such Person issued or assumed as the deferred purchase price of property, all conditional sale obligations and all obligations under any title retention agreement (but excluding trade accounts payable in the ordinary course of business);
- (5) all reimbursement obligations of such Person in respect of the face amount of letters of credit or other similar instruments (other than obligations with respect to letters of credit securing obligations (other than obligations described in clauses (1), (2) and (4) above) entered into in the ordinary course of business of such Person, to the extent such letters of credit are not drawn upon or, if and to the extent drawn upon, such drawing is reimbursed no later than the third business day following receipt by such Person of a demand for reimbursement following payment on the letter of credit);
- (6) Guarantees and other contingent obligations of such Person in respect of Indebtedness referred to in clauses (1) through (5) above and clauses (8) through (11) below;
- (7) all Indebtedness of any other Person of the type referred to in clauses (1) through (6) above which is secured by any Lien on any property or asset of such Person, the amount of such Indebtedness being deemed to be the lesser of the Fair Market Value of such property or asset and the amount of the Indebtedness so secured;
- (8) all net obligations under Hedging Obligations of such Person (the amount of any such obligations to be equal at any time to the termination value of such agreement or arrangement giving rise to such obligation that would be payable by such Person at such time);
- (9) all liabilities recorded on the balance sheet of such Person in connection with a sale or other disposition of accounts receivables and related assets;
- (10) all Disqualified Capital Stock issued by such Person with the amount of Indebtedness represented by such Disqualified Capital Stock being equal to the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price, but excluding accrued dividends, if any; provided that:
  - (a) if the Disqualified Capital Stock does not have a fixed repurchase price, such maximum fixed repurchase price will be calculated in accordance with the terms of the Disqualified Capital Stock as if the Disqualified Capital Stock were purchased on any date on which Indebtedness will be required to be determined pursuant to the New Notes Indenture;
  - (b) if the maximum fixed repurchase price is based upon, or measured by, the fair market value of the Disqualified Capital Stock, the fair market value will be the Fair Market Value thereof; and

- (11) all liabilities recorded on the balance sheet of such Person in connection with any equity commitments, whether pursuant to letters of credit or otherwise, other than any such liabilities in connection with any equity contribution commitment that (i) is or would be permitted under the covenant “—*Limitation on Restricted Payments*” so long as treated as an Investment and (ii) the corresponding amount of the equity contribution commitment is deposited in a reserve account and is not recognized as cash, Cash Equivalents or marketable securities of the Person or any of its Subsidiaries in calculating the Consolidated Indebtedness thereof.

The amount of Indebtedness of any Person at any date will be the outstanding balance at such date of all unconditional obligations as described above and the maximum liability, upon the occurrence of the contingency giving rise to the obligation, of any contingency obligations at such date.

“*Independent Financial Advisor*” means an accounting firm, appraisal firm, investment banking firm or consultant of internationally recognized standing that is, in the judgment of the Company’s Board of Directors, qualified to perform the task for which it has been engaged and which is independent in connection with the relevant transaction.

“*Interest Rate Agreement*” means, with respect to any Person, any interest rate protection agreement (including, without limitation, interest rate swaps, caps, floors, collars, derivative instruments and similar agreements) and/or other types of hedging agreements designed solely to hedge interest rate risk of such Person.

“*Investment*” means, with respect to any Person, any:

- (1) direct or indirect loan, advance or other extension of credit (including, without limitation, a Guarantee) or performance guarantee to any other Person (other than advances or extensions of credit to customers in the ordinary course of business);
- (2) capital contribution (including any commitment to make such capital contribution) (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others) to any other Person; or
- (3) any purchase or acquisition by such Person of any Capital Stock, bonds, notes, debentures or other securities or evidences of Indebtedness issued by any other Person.

“*Investment*” will exclude accounts receivable or deposits arising in the ordinary course of business. “Invest,” “Investing” and “Invested” have corresponding meanings. For purposes of the “—*Limitation on Restricted Payments*” covenant, the Company will be deemed to have made an “Investment” in an Unrestricted Subsidiary at the time of its Unrestricted Subsidiary Designation, which will be valued at the Fair Market Value of the sum of the net assets of such Unrestricted Subsidiary at the time of its Unrestricted Subsidiary Designation and the amount of any Indebtedness of such Unrestricted Subsidiary or owed to the Company or any Restricted Subsidiary immediately following such Unrestricted Subsidiary Designation. Any property transferred to or from an Unrestricted Subsidiary will be valued at its Fair Market Value at the time of such transfer. If the Company or any Restricted Subsidiary sells or otherwise disposes of any Capital Stock of a Restricted Subsidiary (including any issuance and sale of Capital Stock by a Restricted Subsidiary) such that, after giving effect to any such sale or disposition, such Restricted Subsidiary would cease to be a Subsidiary of the Company, the Company will be deemed to have made an Investment on the date of any such sale or disposition equal to the sum of the Fair Market Value of the Capital Stock of such former Restricted Subsidiary held by the Company or any Restricted Subsidiary immediately following such sale or other disposition and the amount of any Indebtedness of such former Restricted Subsidiary Guaranteed by the Company or any Restricted Subsidiary or owed to the Company or any other Restricted Subsidiary immediately following such sale or other disposition.

“*Investment Grade Rating*” means a rating equal to or higher than (a) BBB-, in the case of S&P and Fitch, and (b) Baa3, in the case of Moody’s.

“*Issue Date*” means the first date of issuance of New Notes under the New Notes Indenture.



“*Joint Venture*” means any Person (including, without limitation, an Argentine *Union Transitoria de Empresas*) engaged in a Permitted Business that is not a direct or indirect Subsidiary of the Company in which the Company or any of its Restricted Subsidiaries makes any Investment.

“*Judicial Business Days*” means any day on which the courts of the City of Buenos Aires, Argentina are open.

“*Legal Defeasance*” has the meaning set forth under “—*Legal Defeasance and Covenant Defeasance*.”

“*Lien*” means any lien, mortgage, deed of trust, pledge, security interest, charge or encumbrance of any kind (including any conditional sale or other title retention agreement, any lease in the nature thereof and any agreement to give any security interest); provided that the lessee in respect of a Capitalized Lease Obligation or Sale and Leaseback Transaction will be deemed to have Incurred a Lien on the property leased thereunder; provided that in no event shall an operating lease be deemed to constitute a Lien.

“*Mandatory Amortization Date*” has the meaning set forth under “—*Mandatory Excess Cash Amortization*.”

“*Material Asset Sale*” means an Asset Sale (involving one transaction or a series of related transactions) involving property or assets with a Fair Market Value in excess of U.S.\$15,000,000 (or the equivalent in other currencies).

“*Moody’s*” means Moody’s Investors Service, Inc., or any successor thereto.

“*Net Cash Proceeds*” means, with respect to any Asset Sale, the proceeds in the form of cash or Cash Equivalents, including payments in respect of deferred payment obligations when received in the form of cash or Cash Equivalents received by the Company or any of its Restricted Subsidiaries from such Asset Sale, net of:

- (1) reasonable out-of-pocket expenses and fees relating to such Asset Sale (including, without limitation, legal, accounting and investment banking fees and sales commissions);
- (2) taxes paid or payable in respect of such Asset Sale after taking into account any reduction in consolidated tax liability due to available tax credits or deductions and any tax sharing arrangements;
- (3) repayment of Indebtedness secured by a Lien permitted under the New Notes Indenture that is required to be repaid in connection with such Asset Sale;
- (4) all distributions and other payments required to be made to minority interest holders in Subsidiaries or joint ventures as a result of such Asset Sale; and
- (5) appropriate amounts to be provided by the Company or any Restricted Subsidiary, as the case may be, as a reserve, in accordance with GAAP, against any liabilities associated with such Asset Sale and retained by the Company or any Restricted Subsidiary, as the case may be, after such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, but excluding any reserves with respect to Indebtedness.

“*Non-Recourse Financing*” means any Indebtedness owed to a Person unrelated to the Company or any of its Subsidiaries or Affiliates and with respect to which neither the Company nor any Restricted Subsidiary (a) is, or has any obligation (contingent or otherwise) to become, an obligor under any agreements or contracts evidencing such Indebtedness (other than pursuant to Permitted Project Undertakings, Permitted Equity Commitments or Permitted Business Investments) or (b) has granted a Lien (other than Permitted Liens) on any of its assets as security (or has any obligation, contingent or otherwise, to do so).

“*Non-Recourse Subsidiary*” means (a) any Subsidiary of the Company that (i) (x) is the owner, lessor, in

charge of maintenance of and/or operator of (or is formed to own, lease, maintain, or operate) one or more Projects or conducts activities reasonably related or ancillary thereto, (y) is the lessee or borrower (or is formed to be the lessee or borrower) in respect of Non-Recourse Financing financing one or more Projects, and/or (z) develops, maintains or constructs (or is formed to develop, maintain or construct) one or more Projects, (ii) has no Subsidiaries and owns no material assets other than those assets or Subsidiaries necessary for the ownership, leasing, development, construction, or maintenance or operation of such Projects or any activities reasonably related or ancillary thereto and (iii) has no Indebtedness other than Non-Recourse Financings and intercompany Indebtedness to the extent permitted under the New Notes Indenture and (b) any Subsidiary of the Company that (i) is the direct or indirect owner of all or a portion of the Capital Stock in one or more Persons, each of which meets the qualifications set forth in (a) above, (ii) has no Subsidiaries other than Subsidiaries each of which meets the qualifications set forth in clause (a) or clause (b)(i) above, (iii) owns no material assets other than those assets necessary for the ownership, leasing, development, construction, maintenance or operation of Projects or any activities reasonably related or ancillary thereto and (iv) has no Indebtedness other than Non- Recourse Financings and intercompany Indebtedness to the extent permitted under the New Notes Indenture.

“*Obligations*” means, with respect to any Indebtedness, any principal, interest (including, without limitation, Post-Petition Interest), premium, Additional Amounts, penalties, fees, indemnifications, reimbursements, damages, and other liabilities payable under the documentation governing such Indebtedness, including in the case of the New Notes and the Subsidiary Guarantees, the New Notes Indenture.

“*Officer*” means, with respect to any Person, the chairman of the Board of Directors, president, chief executive officer, chief financial officer, chief operating officer, or any vice president, treasurer or secretary of such Person.

“*Officer’s Certificate*” means, in connection with any action to be taken by the Company or any Subsidiary Guarantor a certificate signed by an Officer of such Person in accordance and compliance with the terms of the New Notes Indenture and that is delivered to the Trustee.

“*Opinion of Counsel*” means a written opinion of counsel, who may be counsel for the Company (except as otherwise provided in the New Notes Indenture), obtained at the expense of the Company, a Surviving Entity or a Restricted Subsidiary, and who is reasonably acceptable to the Trustee.

“*Permitted Business*” means the business or businesses conducted by the Company, its Restricted Subsidiaries and any Joint Ventures of the Company or its Restricted Subsidiaries as of the Issue Date; any business ancillary or complementary thereto; and any business or businesses relating to infrastructure, including, without limitation, the investment, construction, operation and maintenance in sectors such as waste management, construction, water supply, transportation, energy, logistics, airports, mining, oil and gas and toll road, and information technology related thereto, and/or concession of public services or utilities, including public and private partnerships.

“*Permitted Business Investments*” means Investments by the Company or any of its Restricted Subsidiaries in, or for the benefit of, any Non-Recourse Subsidiary or in any Joint Venture, *provided that*:

- (1) at the time of such Investment and immediately thereafter, the Company could Incur \$1.00 of additional Indebtedness under (i) both the Consolidated Net Debt to EBITDA Ratio test and the Consolidated Fixed Charge Coverage Ratio test set forth in paragraph (1) of the covenant described under “—*Covenants—Limitation on Incurrence of Additional Indebtedness*” or (ii) clauses (o) and (p) of paragraph (2) of the covenant described under “—*Covenants—Limitation on Incurrence of Additional Indebtedness*;” and
- (2) such Non-Recourse Subsidiary’s or Joint Venture’s activities are not outside the scope of the Permitted Business.

“*Permitted Equity Commitments*” means obligations of the Company or any of its Restricted Subsidiaries to make any payment in respect of any Capital Stock in any Non-Recourse Subsidiary (and any related guarantee by the Company or any of its Restricted Subsidiaries proportional to the equity commitment) as long as each such payment

in respect of such Capital Stock would constitute a Permitted Investment.

“*Permitted Holders*” means one or more of the following (i) Rodolfo Roggio Picot, Martín Benito Roggio, Lucía Inés Roggio, Fernando Martín Lejarza, Florencia Lejarza and María Lejarza, (ii) any spouse, descendant, parent, heirs or estate of the individuals referred to in the preceding clause (i), and (iii) any non-natural Person that is an Affiliate of any of the Persons referred to in the preceding clauses (i) and (ii) and with respect to which a Person or Persons listed in the preceding clauses (i) and (ii) owns the majority of the aggregate of the total voting power of the Voting Stock in such non-natural Person, on a fully diluted basis.

“*Permitted Indebtedness*” has the meaning set forth under clause (2) of “—*Covenants—Limitation on Incurrence of Additional Indebtedness*.”

“*Permitted Investments*” means:

- (1) any Investment in the Company or in a Restricted Subsidiary that is engaged in a Permitted Business;
- (2) any Investment in the New Notes;
- (3) any Investment in Cash Equivalents;
- (4) any Investment by the Company or any Subsidiary of the Company in a Person, if as a result of such Investment,
  - (a) such Person becomes a Restricted Subsidiary, or
  - (b) such Person is merged or consolidated with or into, or transfers or conveys substantially all its assets to, or is liquidated into, the Company or a Restricted Subsidiary;
- (5) Investments received as non-cash consideration in an Asset Sale made pursuant to and in compliance with the provisions of “—*Covenants—Limitation on Asset Sales*” or a disposition excluded under the definition of Asset Sale;
- (6) any Investment acquired solely in exchange for Qualified Capital Stock of the Company or the licensing of intangible property;
- (7) Hedging Obligations otherwise permitted under the New Notes Indenture;
- (8) (i) receivables owing to the Company or any Restricted Subsidiary if created or acquired in the ordinary course of business, (ii) Cash Equivalents or other cash management investments or liquid or portfolio securities pledged as collateral pursuant to the covenant described under the caption “—*Covenants—Limitation on Liens*,” (iii) endorsements for collection or deposit in the ordinary course of business, and (iv) securities, instruments or other obligations received in compromise or settlement of debts created in the ordinary course of business, or by reason of a composition or readjustment of debts or reorganization of another Person, or in satisfaction of claims or judgments;
- (9) any Investment existing on the Issue Date or made pursuant to binding commitments in effect on the Issue Date or an Investment consisting of any extension, modification or renewal of any Investments existing as of the Issue Date (but not Investments involving additional advances, contributions or other investments of cash or property or other increases thereof, other than as a result of the accrual or accretion of interest or original issue discount or payment-in-kind pursuant to the terms of such Investment as of the Issue Date, or as otherwise permitted under the New Notes Indenture);
- (10) guarantees of Indebtedness permitted under “—*Covenants—Limitation on Incurrence of Additional Indebtedness*” and the creation of Liens on the assets of the Company or any Restricted Subsidiary in compliance with the covenant described under “—*Covenants—Limitation on Liens*.”

- (11) advances, loans or extensions of trade credit in the ordinary course of business by the Company or any of its Restricted Subsidiaries;
- (12) payroll, travel and other loans or advances to, or Guarantees issued to support the obligations of, officers and employees, in each case in the ordinary course of business;
- (13) Permitted Business Investments; and
- (14) in addition to Investments listed above, Investments in Persons engaged in Permitted Businesses in an aggregate amount, taken together with all other Investments made in reliance on this clause (14), not to exceed U.S.\$10 million.

*“Permitted Liens”* means any of the following Liens:

- (1) Liens existing on the Issue Date and any extension, renewal or replacement thereof; provided, however, that any Liens securing Indebtedness to be repaid, prepaid, repurchased and/or cancelled with the proceeds from the offering of the New Notes as described under Use of Proceeds in this Exchange Offer Memorandum and which Indebtedness is not repaid, prepaid, repurchased and/or cancelled on the Issue Date shall not be extended, renewed or replaced pursuant to this clause (1);
- (2) statutory Liens of landlords and Liens of carriers, warehousemen, mechanics, suppliers, materialmen, repairmen and other Liens imposed by law incurred in the ordinary course of business for sums not yet delinquent or being contested in good faith, if such reserve or other appropriate provision, if any, as shall be required by GAAP shall have been made in respect thereof;
- (3) (a) licenses, sublicenses, leases or subleases granted by the Company or any of its Restricted Subsidiaries to other Persons not materially interfering with the conduct of the business of the Company or any of its Restricted Subsidiaries and (b) any interest or title of a lessor, sublessor or licensor under any lease or license agreement permitted by the New Notes Indenture to which the Company or any Restricted Subsidiary is a party;
- (4) Liens Incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security, including any Lien securing letters of credit issued in the ordinary course of business consistent with past practice in connection therewith, or to secure the performance of tenders, statutory obligations, surety and appeal bonds, customs duties, bids, leases, government performance and return-of-money bonds and other similar obligations (exclusive of obligations for the payment of borrowed money);
- (5) Liens upon specific items of inventory or other goods and proceeds of any Person securing such Person's obligations in respect of bankers' acceptances issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;
- (6) Liens on patents, trademarks, service marks, trade names, copyrights, technology, know-how and processes to the extent such Liens arise from the granting of license to use such patents, trademarks, service marks, trade names, copyrights, technology, know-how and processes to any Person in the ordinary course of business of the Company or any of its Restricted Subsidiaries;
- (7) Liens securing reimbursement obligations with respect to commercial letters of credit which encumber documents and other property relating to such letters of credit and products and proceeds thereof;
- (8) Liens encumbering deposits made to secure obligations arising from statutory, regulatory, contractual, or warranty requirements of the Company or a Restricted Subsidiary, including rights of offset and set-off;

- (9) Liens for taxes, assessments or other governmental charges not yet subject to penalties for non-payment or which are being contested in good faith by appropriate proceedings, provided that appropriate reserves required pursuant to GAAP have been made in respect thereof;
- (10) encumbrances, ground leases, easements or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including, without limitation, minor defects or irregularities in title and similar encumbrances) as to the use of real properties or liens incidental to the conduct of the business of such Person or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;
- (11) deposits in the ordinary course of business securing liability for reimbursement obligations of insurance carriers providing insurance to the Company or its Restricted Subsidiaries and any Liens thereon;
- (12) judgment Liens not giving rise to an Event of Default so long as such Lien is adequately bonded and any appropriate legal proceedings which may have been duly initiated for the review of such judgment have not been finally terminated or the period within which such proceeding may be initiated has not expired;
- (13) Liens arising solely by virtue of any statutory or common law provisions relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depository institution;
- (14) Liens securing Hedging Obligations;
- (15) any Lien securing an extension, renewal or refunding of Indebtedness secured by a Lien permitted hereunder; *provided* that such new Lien is limited to the property which was subject to the prior Lien immediately before such extension, renewal or refunding; and *provided further* that the principal amount of Indebtedness secured by the prior Lien immediately before such extension, renewal or refunding is not increased;
- (16) Liens securing Indebtedness or other obligations of a Restricted Subsidiary owing to the Company or another Restricted Subsidiary and permitted to be Incurred under the New Notes Indenture;
- (17) Liens securing Acquired Indebtedness Incurred in accordance with "*Covenants—Limitation on Incurrence of Additional Indebtedness*" not incurred in connection with, or in anticipation or contemplation of, the relevant acquisition, merger or consolidation; provided that
  - (a) such Liens secured such Acquired Indebtedness at the time of and prior to the Incurrence of such Acquired Indebtedness by the Company or a Restricted Subsidiary and were not granted in connection with, or in anticipation of the Incurrence of such Acquired Indebtedness by the Company or a Restricted Subsidiary; and
  - (b) such Liens do not extend to or cover any property of the Company or any Restricted Subsidiary other than the property that secured the Acquired Indebtedness prior to the time such Indebtedness became Acquired Indebtedness of the Company or a Restricted Subsidiary and are no more favorable to the lienholders than the Liens securing the Acquired Indebtedness prior to the Incurrence of such Acquired Indebtedness by the Company or a Restricted Subsidiary;
- (18) Liens securing Indebtedness permitted to be Incurred or assumed under the New Notes Indenture for the purpose of financing all or any part of the cost of constructing, acquiring or improving any asset, which Liens attach to such asset concurrently with or within 365 days after the acquisition, or the

completion of the construction or improvement thereof;

- (19) Liens securing New Notes (including New Notes issued pursuant to the APE and/or the PIK Option), and any Subsidiary Guarantees;
- (20) Sale and Leaseback Transactions pursuant to the proviso at the end of the covenant described under the caption “—*Covenants—Limitation on Sale and Leaseback Transactions*;”
- (21) Liens arising from precautionary Uniform Commercial Code financing statement and similar filings in other jurisdictions regarding operating leases entered into by the Company or any of its Restricted Subsidiaries in the ordinary course of business;
- (22) Liens securing Indebtedness permitted to be Incurred pursuant to clause 2(f) under “— *Covenants—Limitation of Incurrence of Additional Indebtedness*;”
- (23) Liens given to a public authority or other service provider or any other governmental authority by a Non-Recourse Subsidiary when required by such public authority or other service provider or other governmental authority in connection with the operations of such person in the ordinary course of business;
- (24) reservations, limitations, provisos and conditions, if any, expressed in any grants, permits, licenses or approvals from any governmental authority or any similar authority;
- (25) Liens in the nature of restrictions on changes in the direct or indirect ownership or control of any Non-Recourse Subsidiary;
- (26) Liens in the nature of rights of first refusal, rights of first offer, purchase options and similar rights in respect of the Capital Stock or assets of Non-Recourse Subsidiaries included in documentation evidencing contemplated purchase and sale transactions permitted under the New Notes Indenture, any Non-Recourse Financing or any Project Obligations;
- (27) Liens on the Capital Stock of any Non-Recourse Subsidiary or any participation in a Joint Venture to secure Indebtedness of such Non-Recourse Subsidiary or Joint Venture; and
- (28) Liens securing an aggregate amount of Indebtedness outstanding at any one time (including, without limitation, Liens consisting of assignment of collection rights as security for Indebtedness and Indebtedness provided by the International Finance Corporation (IFC), the Inter-American Development Bank (IDB), the Corporación Andina de Fomento (CAF) or any other government owned development bank or agency in Argentina), not to exceed 15% of the Company’s Consolidated Assets (or the equivalent in other currencies).

“*Permitted Project Undertakings*” means guarantees by or obligations of the Company or any Restricted Subsidiary in respect of any Project Obligation.

“*Person*” means an individual, partnership, limited partnership, corporation, company, limited liability company, unincorporated organization, trust or joint venture, *unión transitoria de empresas*, *acuerdo de colaboración empresarial* or a governmental agency or political subdivision thereof.

“*PIK Option*” has the meaning set forth in “—*Principal, Maturity and Interest*.”

“*PIK Portion*” has the meaning set forth in “—*Principal, Maturity and Interest*.”

“*PIK Termination Date*” has the meaning set forth in “—*Principal, Maturity and Interest*.”

“*Pledge Company*” or “*Pledge Companies*” means one or more Restricted Subsidiaries whose capital stock

is pledged, in whole or in part, to secure the New Notes; such Restricted Subsidiaries as of the date of the Indenture being Tecsan, Central Buen Ayre S.A. and, upon their respective capital stock becoming pledged pursuant to “—*Limitations on the Shares of Certain Subsidiaries*,” Haug and Benito Roggio Paraguay.

“*Pledge Company Shares Sale*” means any of the Tecsan Shares Sale, the CBA Shares Sale, or upon their respective capital stock becoming pledged pursuant to “—*Limitations on the Shares of Certain Subsidiaries*,” the sale of capital stock of Haug or Benito Roggio Paraguay, as the case may be, with the consent of Holders of a majority of not less than 75% of the aggregate principal amount of New Notes then outstanding, as described under “—*Modification of the New Notes Indenture*.”

“*Pledged Shares*” means any one or more, as the context requires, of the CBA Pledged Shares, the Tecsan Pledged Shares and, if and when pledged pursuant to the Indenture, the capital stock held by the Company and/or its Subsidiaries in Haug and in Benito Roggio Paraguay.

“*Post-Petition Interest*” means all interest accrued or accruing after the commencement of any insolvency or liquidation proceeding (and interest that would accrue but for the commencement of any insolvency or liquidation proceeding) in accordance with and at the contract rate (including, without limitation, any rate applicable upon default) specified in the agreement or instrument creating, evidencing or governing any Indebtedness, whether or not, pursuant to applicable law or otherwise, the claim for such interest is allowed as a claim in such insolvency or liquidation proceeding.

“*Preferred Stock*” means, with respect to any Person, any Capital Stock of such Person that has preferential rights over any other Capital Stock of such Person with respect to dividends, distributions or redemptions or upon liquidation.

“*Project*” means any project related to a Permitted Business.

“*Project Obligations*” means, as to the Company or any Subsidiary, any Contractual Obligation (excluding, for avoidance of doubt, Indebtedness for borrowed money) under contracts entered into in connection with a Project.

“*Purchase Money Indebtedness*” means Indebtedness Incurred for the purpose of financing all or any part of the purchase price, or other cost of construction or improvement of any property; provided that the aggregate principal amount of such Indebtedness does not exceed the lesser of the Fair Market Value of such property or such purchase price or cost, including any Refinancing of such Indebtedness that does not increase the aggregate principal amount (or accreted amount, if less) thereof as of the date of the Refinancing.

“*Qualified Capital Stock*” means any Capital Stock that is not Disqualified Capital Stock and any warrants, rights or options to purchase or acquire Capital Stock that is not Disqualified Capital Stock that are not convertible into or exchangeable into Disqualified Capital Stock.

“*Rating Agencies*” means (i) S&P, (ii) Moody’s and (iii) Fitch. In the event that any of S&P, Moody’s or Fitch is no longer in existence or issuing ratings, such organization, as the case may be, may be replaced by an internationally recognized statistical rating organization designated by the Company with notice to the Trustee.

“*Rating Date*” means in connection with a Change of Control Triggering Event, that date which is 90 days prior to the earlier of (i) the occurrence of a Change of Control or (ii) public notice of the occurrence of a Change of Control or of the intention by the Company or any other Person or Persons to effect a Change of Control.

“*Rating Decline*” means in connection with a Change of Control Triggering Event, the occurrence, on or within 90 days after the earlier to occur of public notice of (i) the occurrence of a Change of Control or (ii) the intention by the Company or any other Person or Persons to effect a Change of Control (which period will be extended for so long as any of the Rating Agencies has publicly announced that it is considering a possible ratings change as a result of a Change of Control), of any of the events listed below, in each case expressly as a result of such Change of Control:

- (a) in the event the New Notes have an Investment Grade Rating by any two or more Rating Agencies on the Rating Date, the rating of the New Notes by any such Rating Agency will be changed to below an Investment Grade Rating;
- (b) in the event the New Notes have an Investment Grade Rating by any, but not two or more, of the Rating Agencies on the Rating Date, the rating of the New Notes by such Rating Agency will be changed to below an Investment Grade Rating; or
- (c) in the event the New Notes are rated below an Investment Grade Rating by any two or more Rating Agencies on the Rating Date, the rating of the New Notes by any such Rating Agency will be decreased by one or more gradations (including gradations within rating categories as well as between rating categories).

“*Refinance*” means, in respect of any Indebtedness, to issue any Indebtedness in exchange for or to refinance, replace, defease or refund such Indebtedness in whole or in part. “Refinanced” and “Refinancing” have correlative meanings.

“*Refinancing Indebtedness*” means Indebtedness of the Company or any Restricted Subsidiary issued to Refinance any other Indebtedness of the Company or a Restricted Subsidiary (including any successive refinancing) so long as:

- (1) the aggregate principal amount (or initial accreted value, if applicable) of such new Indebtedness as of the date of such proposed Refinancing does not exceed the aggregate principal amount (or initial accreted value, if applicable) of the Indebtedness being Refinanced (including any amortization payments made prior to the date of any refinancing) (plus the amount of any premium required to be paid under the terms of the instrument governing such Indebtedness and the amount of reasonable expenses incurred by the Company in connection with such Refinancing);
- (2) such new Indebtedness has:
  - (a) a Weighted Average Life to Maturity that is equal to or greater than the Weighted Average Life to Maturity of the Indebtedness being Refinanced; and
  - (b) a final maturity that is equal to or later than the final maturity of the Indebtedness being Refinanced; and
- (3) if the Indebtedness being Refinanced is:
  - (a) Non-Recourse Financing, then such Refinancing Indebtedness is Non-Recourse Financing incurred by one or more Non-Recourse Subsidiaries; and
  - (b) Subordinated Indebtedness, then such Refinancing Indebtedness will be subordinated to the New Notes or any relevant Subsidiary Guarantee, if applicable, at least to the same extent and in the same manner as the Indebtedness being Refinanced.

“*Restricted Payment*” has the meaning set forth under “—*Covenants—Limitation on Restricted Payments.*”

“*Restricted Subsidiary*” means any Subsidiary of the Company which at the time of determination is not an Unrestricted Subsidiary.

“*Reversion Date*” has the meaning set forth under “—*Covenant Suspension.*”

“*Revocation*” has the meaning set forth under “—*Covenants—Limitation on Designation of Unrestricted Subsidiaries.*”



“*Sale and Leaseback Transaction*” means any direct or indirect arrangement with any Person or to which any such Person is a party providing for the leasing to the Company or a Restricted Subsidiary of any property, whether owned by the Company or any Restricted Subsidiary at the Issue Date or later acquired, which has been or is to be sold or transferred by the Company or such Restricted Subsidiary to such Person or to any other Person by whom funds have been or are to be advanced on the security of such Property.

“*S&P*” means Standard & Poor’s Rating Service or any successor thereto.

“*Senior Indebtedness*” means the New Notes and the Subsidiary Guarantees and any other Indebtedness of the Company or any Restricted Subsidiary that ranks equal in right of payment with the New Notes or the relevant Subsidiary Guarantee, as the case may be.

“*Significant Subsidiary*” means a Restricted Subsidiary of the Company that would constitute a “Significant Subsidiary” of the Company in accordance with Rule 1-02 under Regulation S-X under the Securities Act in effect on the Issue Date.

“*Stated Maturity*” means, with respect to any security, the date specified in such security as the fixed date on which the final payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase of such security at the option of the holder thereof upon the happening of any contingency unless such contingency has occurred).

“*Subordinated Indebtedness*” means, with respect to the Company or any Restricted Subsidiary, any Indebtedness of the Company or such Restricted Subsidiary, as the case may be, which is expressly subordinated in right of payment to the New Notes or the relevant Subsidiary Guarantee, as the case may be.

“*Subsidiary*” means, with respect to any Person, any other Person of which such Person owns, directly or indirectly, more than 50% of the voting power of the other Person’s outstanding Voting Stock or decision rights, in the case ownership is not represented through securities.

“*Subsidiary Guarantee*” means the unconditional guarantee, on a joint and several basis, of the full and prompt payment of all Obligations of the Company under the New Notes Indenture and the New Notes, in accordance with the terms of the New Notes Indenture.

“*Subsidiary Guarantor*” means (i) each of Benito Roggio e Hijos S.A. (“BRH”) and Cliba Ingeniería Urbana S.A. (“Cliba”), and (ii) any other Subsidiary of the Company that provides a Subsidiary Guarantee in accordance with the provisions of the New Notes Indenture after the Issue Date.

“*Surviving Entity*” has the meaning set forth under “—*Covenants—Limitation on Merger, Consolidation and Sale of Assets.*”

“*Suspended Covenants*” has the meaning set forth under “—*Covenant Suspension.*”

“*Suspension Period*” has the meaning set forth under “—*Covenant Suspension.*”

“*Tecsan Pledged Shares*” has the meaning set forth in “—*Collateral—Share Pledges—Tecsan.*”

“*Tecsan Share Pledge Agreement*” has the meaning set forth under “—*Collateral—Share Pledges—Tecsan.*”

“*Tecsan Shares Sale*” has the meaning set forth under “—*Collateral—Share Pledges—Tecsan.*”

“*Unrestricted Subsidiary*” means any Subsidiary of the Company designated as an Unrestricted Subsidiary pursuant to “—*Covenants—Limitation on Designation of Unrestricted Subsidiaries.*” Any such Unrestricted Subsidiary Designation may be revoked by a Board Resolution of the Company, subject to the provisions of such covenant.

*“Unrestricted Subsidiary Designation”* has the meaning set forth under “—Covenants—Limitation on Designation of Unrestricted Subsidiaries.”

*“Voting Stock”* means, with respect to any Person, securities of any class of Capital Stock of such Person then outstanding and normally entitled to vote in the election of members of the Board of Directors (or equivalent governing body) of such Person. The term “normally entitled” means without regard to any contingency.

*“Weighted Average Life to Maturity”* means, when applied to any Indebtedness at any date, the number of years (calculated to the nearest one-twelfth) obtained by dividing:

- (1) the then outstanding aggregate principal amount or liquidation preference, as the case may be, of such Indebtedness into
- (2) the sum of the products obtained by multiplying:
  - (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payment of principal or liquidation preference, as the case may be, including payment at final maturity, in respect thereof, by
  - (b) the number of years (calculated to the nearest one-twelfth) which will elapse between such date and the making of such payment.

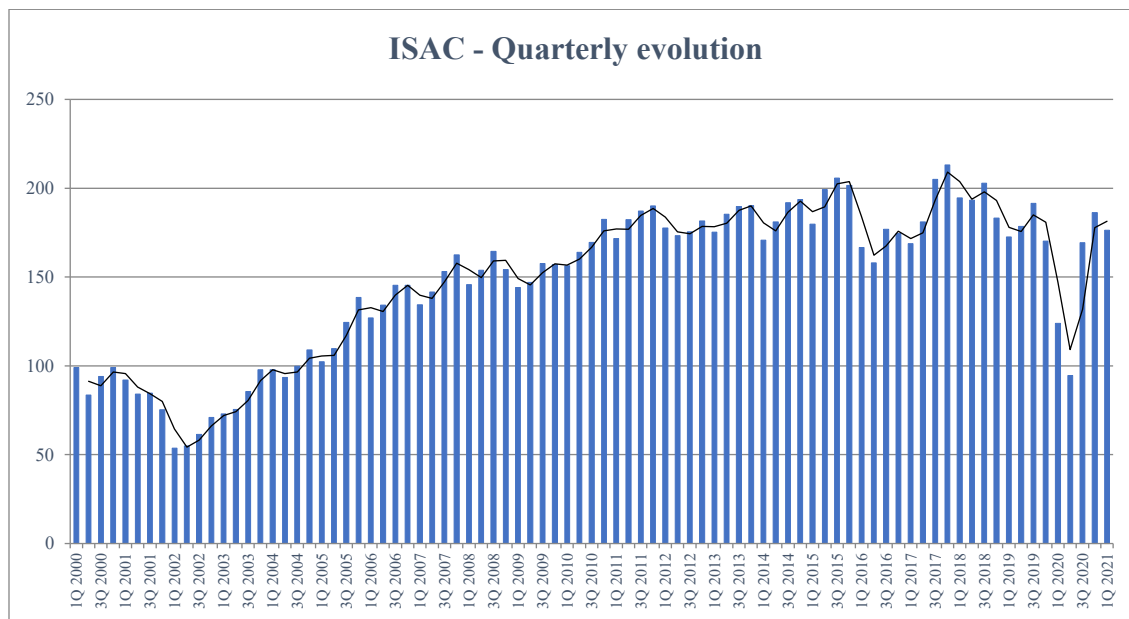
## THE ARGENTINE INFRASTRUCTURE MARKET

### The Argentine Construction Market

The construction industry has a significant impact on the Argentine economy and represented approximately 4.6% of GDP for 2019, according to INDEC. Although it was the intention of the Macri administration since the end of 2015 to drive the growth of the economy through a large-scale investment plan in public works, the volatility of the economy has not lent itself to the evolution of the construction industry. Although major project execution plans were announced in the road, rail, energy, gas and oil, water and sanitation and social housing sectors, among others, macroeconomic changes, the impossibility of implementing financing for public-private participation projects (PPP), agreements with the IMF and budgetary restrictions, among other reasons, significantly reduced investments in infrastructure by the Argentine government and the provinces. This translated into a decrease in construction activity that was evident from the second half of 2018 and extended until 2020. As of March 2020, the preventive isolation and social distancing measures taken to contain the spread of COVID-19 made the development of construction activities extremely difficult, despite having qualified as an essential activity. However, as of August 2020, following the agreement for the restructuring of Argentine sovereign debt, suspended works have gradually restarted. The Argentine Government has announced an infrastructure plan intended to reactivate the construction sector, to the extent that the spread of COVID-19 and the country's macroeconomic conditions allow it. In this sense, the national budget for 2021 contemplates an investment in public works of close to 2.2% of GDP, doubling what had been forecast in the national budget for 2019 that continued in force during 2020.

The Synthetic Index of Construction Activity ("ISAC"), published by INDEC, considers the evolution of the most representative metrics of the sector. The following graph shows growing activity since the end of 2016 with peaks in 2017, and a decrease in activity from the fourth quarter of 2018 that continued in 2019, with a sharply accelerated decline in the first half of 2020. Although the construction activity decreased 19.5% in 2020 as compared to the already declining 2019 values, the ISAC shows a recovery since the last quarter of such year.

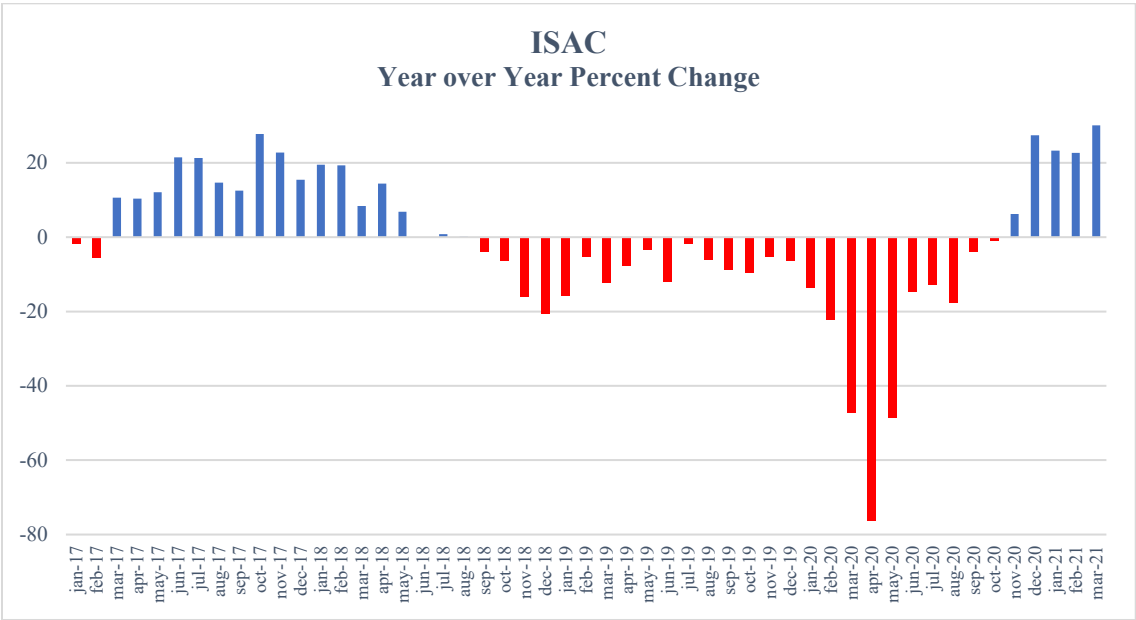
Graph: ISAC. Quarterly average, base 2004=100. Data until March 2021.



Source: INDEC

The following graph demonstrates the contraction of construction activity, with 24 consecutive months of year-over-year decline of the ISAC, with a strong recovery since December 2020.

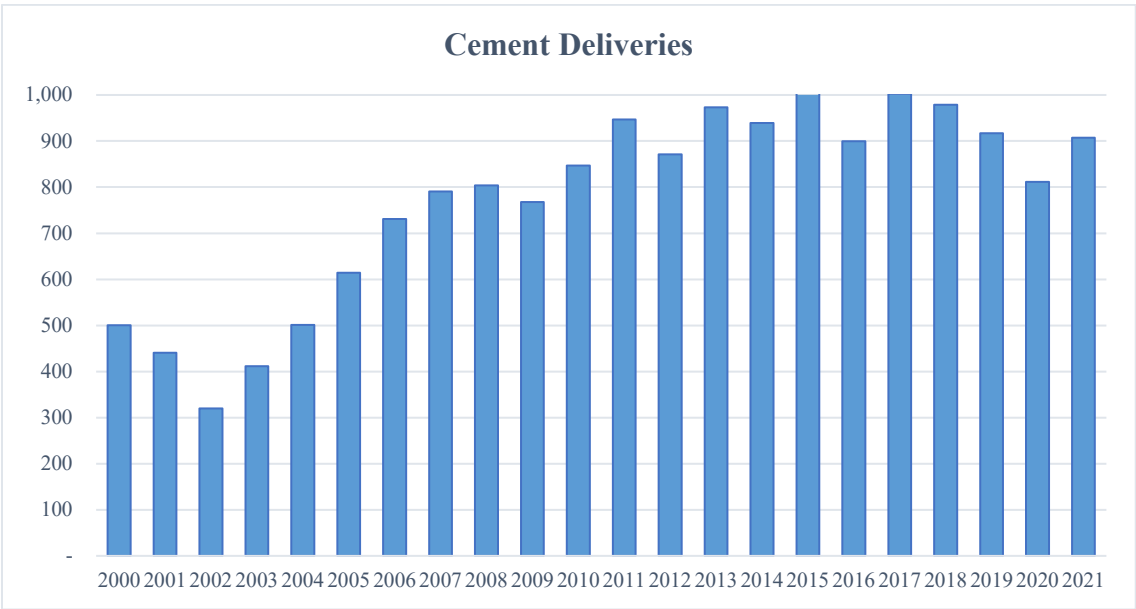
Graph: ISAC. Percentage variation compared to the same month of the prior year, base 2004=100. Data from January 2017 until March 2021.



Source: INDEC

The delivery of portland cement for the domestic market is a representative indicator for the performance of the construction industry. The following graph shows that, following a record high in 2017, cement deliveries began to decrease alongside the contraction of the construction industry, with year-over-year declines of 2.4% in 2018, 6.3% in 2019 and 11.5% in 2020. However, the 38.6% increase recorded in deliveries in the first quarter of 2021 compared to the same period in 2020 signals an uptick in activity.

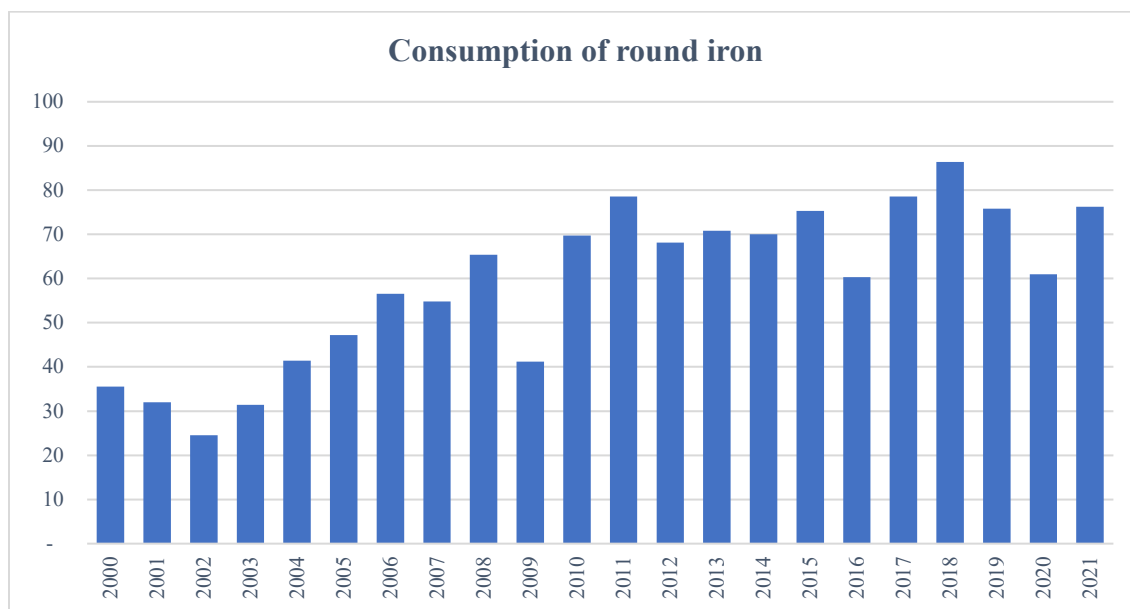
Graph: Cement deliveries in thousand tons. Monthly average of each year from 2000 until April 2021.



Source: Portland cement Manufacturers Association

The consumption of round iron suffered a year-over-year decrease of 12.2% in 2019 and 19.6% in 2020. As of January 2021, the information available shows an increase of 30.8% as compared to January 2020.

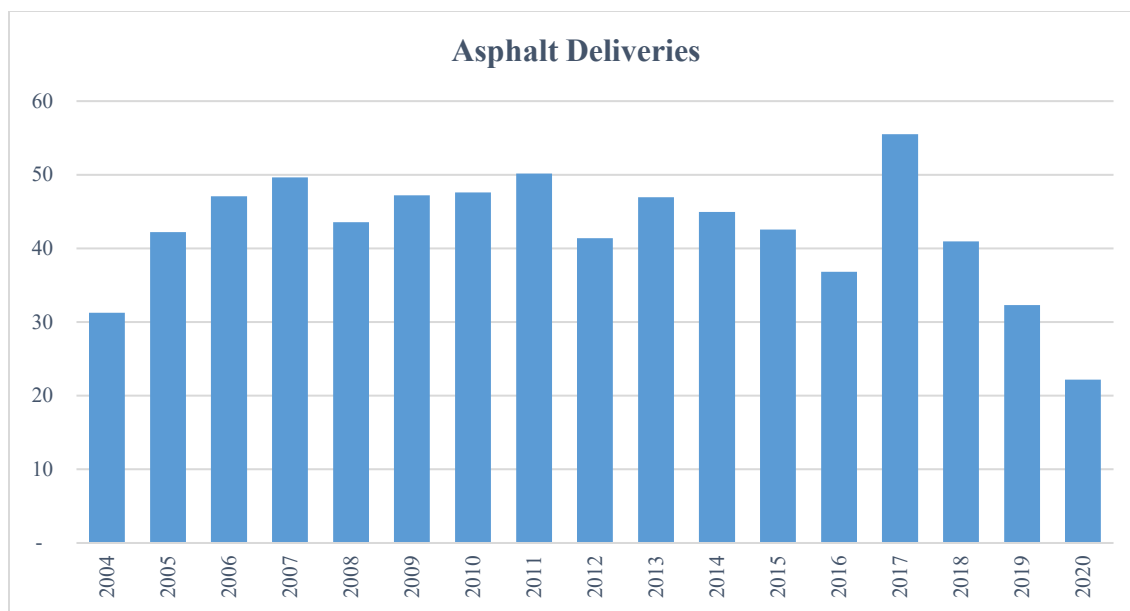
Graph: Consumption of round iron for construction in thousand tons. Monthly average of each year since 2000 until January 2021.



Source: INDEC

Another important raw material in construction is asphalt. Following record annual consumption in 2017 above 660,000 tons, the upward trend reversed in 2018, with decreases of 26%, 21% and 31% in 2018, 2019 and 2020, respectively. However, figures show a recovery in the last quarter of 2020, with a near 70% increase as compared to the same period of 2019.

Graph: Asphalt delivery in thousand tons. Monthly average of each year since 2004 until December 2020.

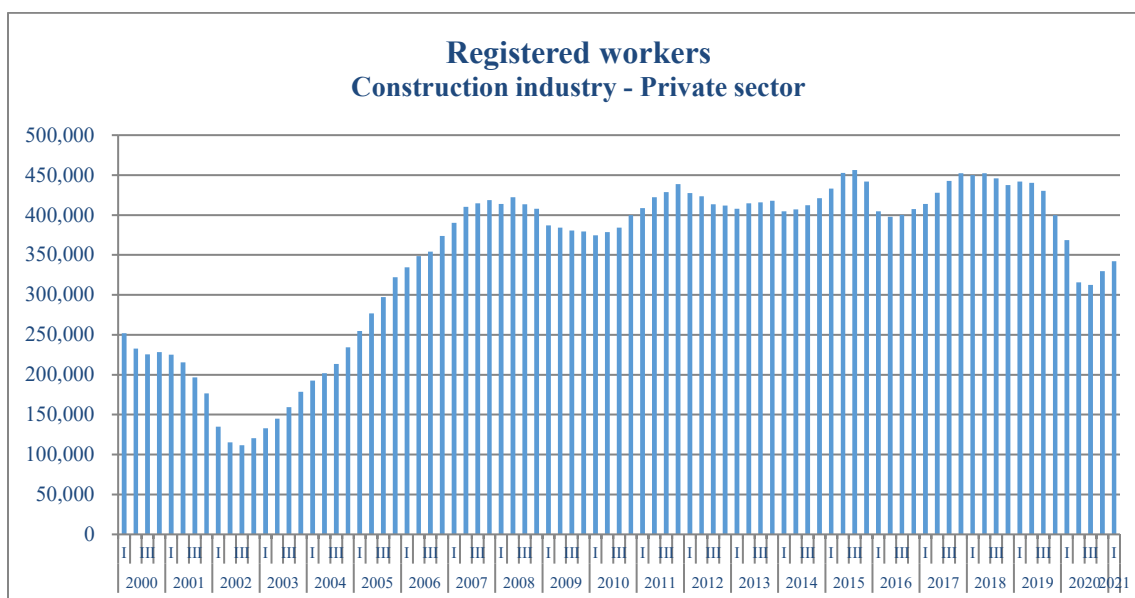


Source: IERIC National statistical series. Delivery of materials - Asphalt

As the construction industry is labor-intensive, the sector employment index also confirms activity levels. Following historically high employment in 2017 (more than 458,000 registered jobs in November 2017), the graph below shows a decline in employment beginning in 2018 which deepened in the first nine months of 2020, but began to recover in the last quarter of 2020.

In 2019, the construction sector employed approximately 428,000 people on average according to INDEC data, a decrease of 4.1% compared to 2018, which meant the loss of approximately 18,000 jobs. In 2020, as a consequence of the drastic decrease in activity as a result of the isolation measures in the face of the COVID-19 pandemic, the industry lost around 22.4% of its formal jobs, with 331,500 workers on average in the year. In the first two months of 2021, the construction sector employed approximately 342,000 people on average which, even reflecting a year-over-year decrease of 7.2%, shows an increase in employment with respect to the prior months.

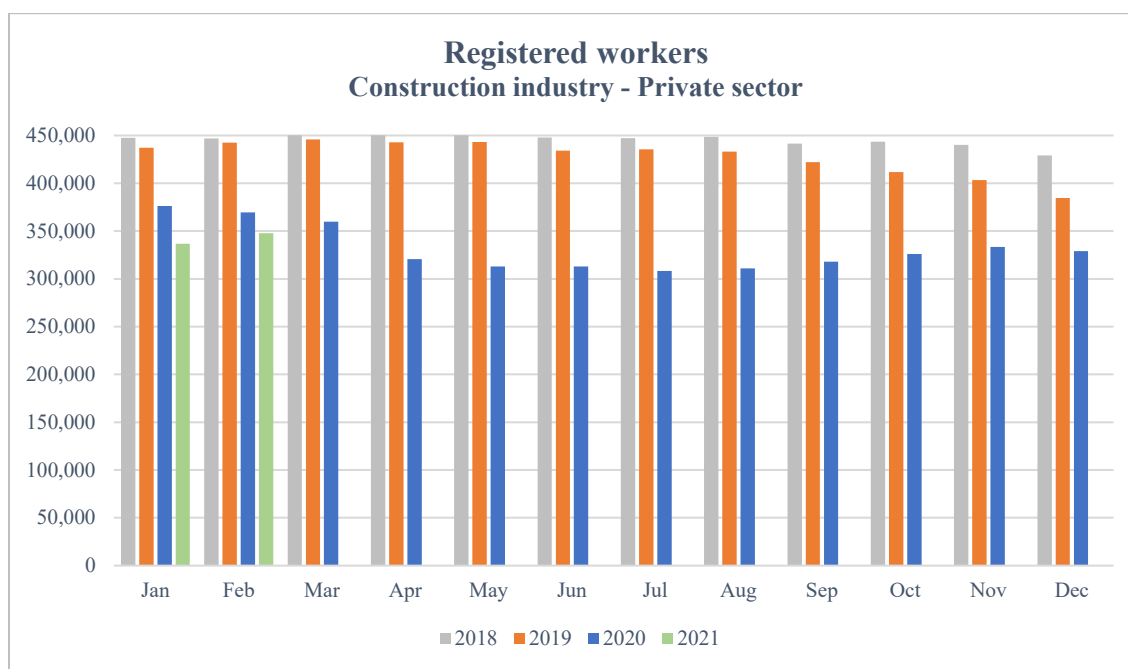
Graph: Registered jobs in the private construction sector. Quarterly average.



Source: INDEC

In order to appreciate the behavior of employment in the construction industry, the graph below shows month-to-month changes in the number of jobs in the private construction sector during 2018, 2019 and 2020. The data shows a decrease in employment levels since September 2018 which accelerates from the last quarter of 2019 and deepens in the second quarter of 2020, with year-over-year decreases of 28% on average, as a consequence of the drastic decline in activity as a result of the isolation measures resulting from the COVID-19 pandemic. In line with the recovery of the construction industry, employment levels show a slight recovery since the last quarter of 2020.

Graph: Registered Jobs in the private construction sector. Monthly since January 2018 until February 2021.



Source: INDEC

## The Argentine Waste Management Market

Originally, waste management services in Argentina were almost exclusively provided by the public sector and financed by local taxes. However, by the mid-1980s, municipal governments began to privatize urban waste management services and, consequently, the private sector began to serve the population in urban areas and deliver urban waste collection, street sweeping services, public square maintenance services, etc. Today, according to our estimates, approximately 65% of the population in Argentina (including towns with more than 70,000 inhabitants) is served by private sector urban waste management operators, while local municipalities continue to provide collection service to the remaining 35% of the population.

As urban waste services continue to be financed by public funding, municipalities are the clients of private operators. Currently, urban waste management services are provided, regardless of the volume of the waste collected. Through this, fees are collected per served area, per services effectively provided or per amount of served blocks. Consequently, amounts invoiced do not depend on the amount of waste collected but on the services effectively provided.

Decree No. 9,111/1978 issued by the Government of the Province of Buenos Aires requires that waste final disposal of any kind originated in the AMBA be made in landfills. The decree also created Coordinación Ecológica Área Metropolitana Sociedad del Estado (CEAMSE, per its acronym in Spanish), the state-owned entity with participation in the Province of Buenos Aires and the City of Buenos Aires, which is responsible for coordinating

residential solid waste management in the AMBA. Currently, landfill construction and landfill operations are also mainly handled by private operators. According to research conducted for the development of the National Strategy for the Comprehensive Management of Urban Solid Waste (*Estrategia Nacional de Gestión Integral de Residuos Sólidos Urbanos*), approximately 34% of urban solid waste produced daily in Argentina is disposed of in landfills while 15% is eliminated in controlled landfills.

Growing concerns on environmental protection since the early 1990s set the basis for a new line of business that would take into account these industry needs, particularly in the private sector.

As environmental awareness continues to develop, the federal and provincial governments have continued to pass laws and regulations to protect the environment, such as:

- General Environmental Law No. 25,675, Law No. 25,612 governing comprehensive industrial waste management and other services, Law No. 25,916 on residential waste management;
- National Laws No. 24,051 and hazardous waste regulated by Decree No. 831/93, Law No. 24,449, as amended, in connection with transportation of hazardous substances, regulated by Decree No. 779/1995 on transportation of hazardous and toxic waste by road (Annex S) and the laws of the Province of Buenos Aires No. 13,592, as amended, regarding urban solid waste management, No. 11,723, as amended, on protection, conservation, improvement and restoration of natural resources and the environment in general;
- Narcotics Law No. 23,737, regulated by Decree No. 1,095/96 and Law No. 26,045 which creates the National Registry of Chemical Precursors;
- within the Province of Buenos Aires, Law No. 11,338 on chemical precursors, Law No. 11,347 on pathogenic waste management, as amended by Law No. 12,019 and regulated by Decrees 450/94 and No. 403/97 on pathological waste management and Law No. 11,720 on hygiene, handling, storage, transportation, treatment and disposal of special toxic waste, regulated by Decree No. 806/1997; and
- Law No. 14,321 on sustainable management of waste of electric and electronic devices.

### **The Argentine Transportation System**

The Argentine transportation system is well developed in comparison to the transportation system of other Latin American nations. Argentina has more than 200,000 km of roads and the public transportation system, which includes subways, suburban railways and buses, is extensive.

AMBA is a large urban area and the market in which we operate. The metropolitan area comprises the City of Buenos Aires and 42 municipalities which make up the metropolitan territory of Buenos Aires. The surface of this territory exceeds 13,900 km<sup>2</sup>, with an urban area of 2,400 km<sup>2</sup>, with an estimated population of 15 million people, who represent about 35% of the Argentine population.

Given the interjurisdictional nature of the AMBA, the Argentine government is also involved in the development of this urban area more than in any other urban area in the country and, in particular, in the transportation sector. Therefore, the Metropolitan Transportation Agency (*Agencia Metropolitana de Transporte*), a consulting agency which includes representatives of the Argentine government, the Province of Buenos Aires and the City of Buenos Aires, whose duty is coordinating mobility and road safety policies among the three governments in order to solve interjurisdictional transportation issues. As of the date of this Exchange Offer Memorandum, the agency is not fully functioning, though it is expected to relaunch its activities in the future.

As of the date of this Exchange Offer Memorandum, the AMBA transportation system was comprised of the following:



- 8,000 km of roads used by buses;
- 108 km of Metrobus infrastructure;
- Automotive public transportation system with 325 lines;
- 57 km of subways;
- 830 km of railway network, with eight railway lines;
- 7 km of Premetro;
- 50,000 taxis and private transportation cars; and
- 267 km of protected roads for cyclers in the City of Buenos Aires.

Together, this system, prior to the restrictions imposed to limit the spread of COVID-19, served approximately 21 million passengers per day, divided among the different kinds of transportation.

Since their privatization in 1994, the ground and underground railway transportation systems have experienced an increase in passengers, at the expense of the automotive transportation. The increase is made clear by the comparison of the AMBA paying passenger numbers of 1993 (the last year of government management of ground and subway railway services) with the numbers surveyed between 2016 and 2020 (in millions):

<b>Year</b>	<b>Subway + Premetro</b>	<b>Railway</b>	<b>Automotive Passenger Transportation</b>	<b>Total</b>
1993.....	145.3	212.1	2,036.5	2,393.9
2016.....	303.9	358.0	1,599.0	2,260.9
2017.....	319.0	387.4	1,581.0	2,287.4
2018.....	338.9	423.2	1,518.0	2,280.1
2019.....	326.4	435.5	1,536.4	2,298.2
2020.....	74.0	141.3	604.3	819.5

The following table sets out participation shares (in percentages):

<b>Year</b>	<b>Subway + Premetro</b>	<b>Railway</b>	<b>Automotive Passenger Transportation</b>	<b>Total</b>
1993.....	6.1	8.9	85.1	100.0
2016.....	13.4	15.8	70.7	100.0
2017.....	13.9	16.9	69.1	100.0
2018.....	14.9	18.6	66.6	100.0
2019.....	14.2	18.9	66.9	100.0
2020.....	9.0	17.2	73.7	100.0

(\*) Passengers transported by national jurisdiction line.

Prior to the privatization of the ground and subway railway systems, the SBAs were operated by SBASE, while the passenger railway lines operating in Buenos Aires, including the Urquiza Line, were operated by Ferrocarriles Metropolitanos S.A. (“FEMESA”), a company owned by the Argentine government. On June 14, 1991, the National Executive approved a regulatory framework for the concession and development of railway and subway services in the AMBA, and issued a public call for bids for the granting of such concessions. Metrovías was the first public service to be privatized, in December 1993, and all railway lines were privatized within the following 17 months.

Currently, and after several amendments to the concession agreements and legal framework, the passenger railway system in AMBA and the subway system of the City of Buenos Aires are operated as follows:

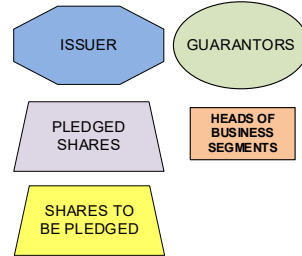
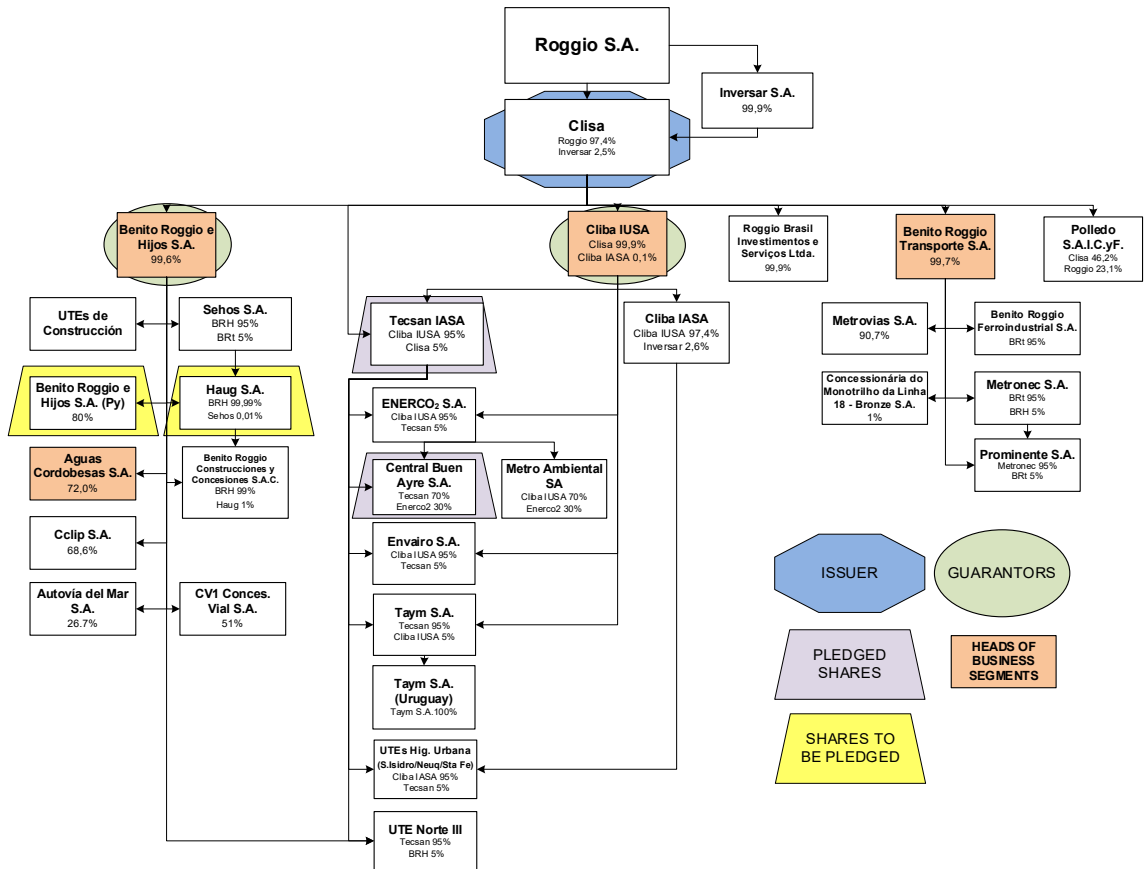
- Metrovías is in charge of:

- (i) Operating and maintaining the Subway and Premetro Public Service of the City of Buenos Aires, within the framework of the AOM entered into in April 2013 with SBASE (and its addenda), within control of the GCBA. The AOM is effective until the consortium composed of Metrovías and BRt, which was awarded the bidding process for the operation and maintenance of the Subway and Premetro, takes possession of the service.
  - (ii) exclusively managing and operating the Urquiza Railway, under a concession agreement executed with the Argentine government.
- Ferrovías S.A. is in charge of exclusively managing and operating Belgrano Norte Railway, under a concession agreement originally executed by the Argentine government.
- The Argentine government, through Sociedad Operadora Ferroviaria (“SOFSE”), is in charge of the comprehensive operation, administration and management of the Sarmiento Railway as of October 24, 2013 and the Roca, Belgrano Sur, San Martín and Mitre Railways, as of February 28, 2015.

## BUSINESS

### Overview

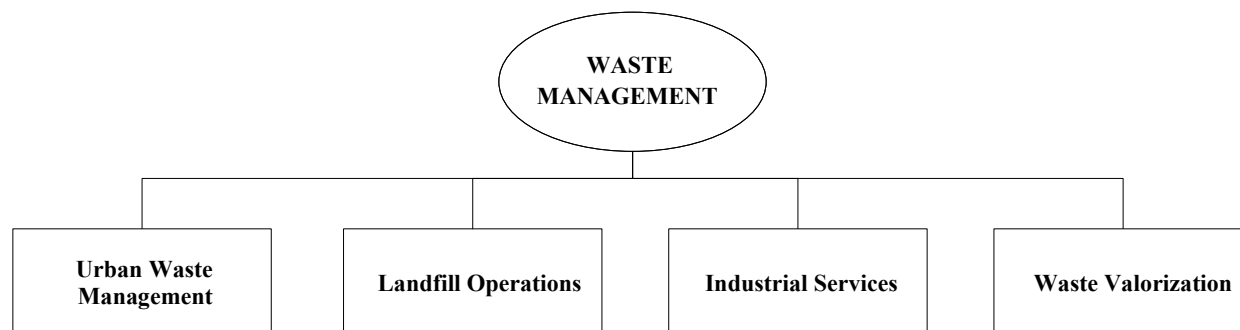
The chart below presents our ownership structure as of the date of this Exchange Offer Memorandum, in relation to our most relevant subsidiaries and affiliated companies.



## Waste Management Segment

### General

We have operations in four major waste management businesses: (i) urban waste management, (ii) landfill operations; (iii) industrial services; and (iv) waste valorization. The chart below illustrates these sectors.



For the three-month period ended March 31, 2021, consolidated revenues for our waste management activities amounted to Ps.5,819.3 million, broken down by sector as follows: (i) urban waste management: 45.4%; (ii) landfill operations: 38.3%; (iii) industrial services: 9.7%; and (iv) waste valorization: 6.6%.

For the fiscal year ended December 31, 2020, consolidated revenues for our waste management activities amounted to Ps.23,268.1 million, broken down by sector as follows: (i) landfill operations: 44.1%; (ii) urban waste management: 40.5%; (iii) industrial services: 8.0%; and (iv) waste valorization: 7.4%.

For the fiscal year ended December 31, 2019, consolidated revenues for our waste management activities amounted to Ps.24,628,0 million, broken down by sector as follows: (i) landfill operations: 47.9%; (ii) urban waste management: 37.3%; (iii) waste valorization: 7.5%; and (iv) industrial services: 7.3%.

For the fiscal year ended December 31, 2018, consolidated revenues for our waste management activities amounted to Ps.24,798.9 million, broken down by sector as follows: (i) landfill operations: 42.6%; (ii) urban waste management: 42.2%; (iii) industrial services: 7.8%; and (iv) waste valorization: 7.3%.

### History

We started our waste management operations in 1986 when we were awarded our first urban waste management contract to serve the City of Córdoba. We later expanded this business through bids for urban waste management services in the City of Buenos Aires (1987), San Isidro (1991) and other cities, and we eventually provided waste management services in sixteen cities in Argentina, four cities in Uruguay, as well as in Puebla (Mexico), La Paz (Bolivia), and São Paulo (Brazil).

Since 2008, we decided not to renew our contracts or participate in new bidding processes for certain municipalities where we believed that the profitability of providing services or the client's financial conditions were not satisfactory. Consequently, between 2008 and 2010, we stopped providing services in the municipalities of Tres de Febrero, Ituzaingo, Quilmes, Bahía Blanca and the City of Córdoba. Finally, in 2013 we stopped providing services in the City of Rosario.

In 1994, through UTE Norte III, we were awarded a project for the construction, management and operation of a landfill at the Norte III site, where we still continue working. The Norte III landfill receives solid waste from the City of Buenos Aires and 27 districts from the Greater Buenos Aires area, generated by a population of approximately 11.7 million people (approximately 29% of the total Argentine population).

Our services in Norte III started in 1994 with the construction and operation of module “Norte III,” which received 10.5 million tons of solid waste. After that, we developed modules “Norte IIIA” (10.5 million tons), “Norte IIIB” (14.8 million tons), “Norte IIIC” (24.5 million tons), “Norte III B+C” (6.0 million tons), the “Norte III Unification of Modules A+B” (12.4 million tons). We are now operating “Norte IIID.”

In December 2010, Tecsán entered into a contract with what was then called the National Secretariat of Environment and Sustainable Development (*Secretaría de Ambiente y Desarrollo Sustentable de la Nación*, or “SAyDS”) and the Municipality of General Pueyrredón in order to design, build and manage a Final Disposal Center for Urban Solid Waste and Associated Systems in the City of Mar del Plata. In October 2018, after successive temporary extensions granted after the end of the original term of the contract due to the need not to interrupt the provision of services CEAMSE took over the operation of the landfill and entrusted Tecsán with the continuity of the operational tasks of final waste disposal in the existing sector and the construction of the necessary infrastructure for the expansion of the current disposal module. In October 2020, Tecsán made the final delivery of the facility due to the expiration of the term of its agreement with CEAMSE. In addition, in September 2016, we entered into a contract with the National Ministry of Tourism for the cleanup of an open dumpsite in the city of Mar del Plata, with an execution period of eight months, within the framework of the Urban Solid Waste Management Program partially financed by the Inter-American Development Bank.

Additionally, in December 2013 we signed a contract with SAyDS and the government of the Province of Mendoza for the design, construction and subsequent operation of a final disposal center for solid waste, urban facilities, associated systems and two transfer stations for the eastern zone of the Province of Mendoza, which lasted until January 2019. In July 2014 we entered into a contract with the Municipality of Neuquén for a period of eight years with an option to extend for an additional year, for the design, construction and operation of an environmental complex in the City of Neuquén. In November 2019, we transferred the contract to another operator with the authorization of the City Council of the City of Neuquén, in charge of the Municipal Executive Body.

In December 2016, through Tecsán, we signed an agreement, currently in progress, with SAyDS to build a landfill in the Province of Jujuy, within the framework of the Urban Solid Waste Management Program partially funded by the Inter-American Development Bank. In March 2017 we were awarded the contract for the construction of a landfill in Villa Carlos Paz, Province de Córdoba within an international bidding process promoted by the Ministry of Tourism of Argentina, which was completed in the course of 2018.

In addition to the usual urban waste management services, through our subsidiary Metro Ambiental S.A. and within the framework of a national public tender, between June 2017 and January 2019 we provided waste cleaning and disposal services and the promotion of the comprehensive management of urban solid waste in the Matanza and Riachuelo river basins, which covers the City of Buenos Aires and several municipalities of the AMBA.

We began providing industrial services through cleaning contracts for railway concessionaires in the AMBA. Subsequently, we expanded the activities of Taym, and more recently Envairo, each industrial and commercial waste management service providers owned by us, to service the manufacturing sector throughout Argentina.

We began our waste valorization business in December 2005 with an agreement between our subsidiary Ecoayres and CEAMSE, whereby we were given the right to invest in the extraction of biogas generated at the Norte IIIB site within the framework of the Clean Development Mechanism under the Kyoto Protocol. In December 2010, UTE Norte III executed an agreement with the CEAMSE for the construction, operation and maintenance of a plant for the biological and mechanical treatment of urban solid waste, with a capacity of at least 310,000 tons per year. Finally, through CBA, our subsidiary, we built and are currently operating a generation plant powered with biogas produced in the landfill with a nominal capacity of 11.8 MW.

## ***Urban Waste Management***

### ***General***

We provide a variety of urban waste management services through different subsidiaries and UTEs which include waste collection, street sweeping (manual & mechanical), road washing, maintenance of containers and unblocking and clearing of drains, among others.

We believe that, through our ownership interest in several subsidiaries and UTEs between those subsidiaries, we are one of the largest urban waste management operators in Argentina in terms of population served, providing services to six municipalities. As of March 31, 2021, we served approximately 1.7 million people.

Revenues from these services were Ps.2,640.6 million, Ps.9,430.9 million, Ps.9,188.6 million and Ps.10,472.9 million for the three-month period ended March 31, 2021 and the fiscal years ended December 31, 2020, 2019 and 2018, respectively.

Our urban waste management contracts were awarded through public bids. The following table briefly describes the services provided under our main contracts:

City	Population Served	Our Interest in Project (%)	Services (1)
Buenos Aires (Zone 2) .....	613,000	100%	A/B/C/D
San Isidro .....	292,000	100%	A/B/C/D
Neuquén.....	426,000	100%	A/B/D
Santa Fe (Zone 1).....	292,000	100%	A/B/D

- (1) Services:  
A — Waste collection  
B — Street sweeping (manual & mechanical)  
C — Road washing  
D — Other services

*City of Buenos Aires.* We have provided urban waste management services in the City of Buenos Aires since 1987. We currently provide services through Cliba in “Zone 2” of the city, including the neighborhoods of Recoleta, Palermo, Belgrano, Colegiales and Nuñez. We are in charge of waste collection and transportation to the transfer stations and street sweeping (manually and mechanically), among other services. For the three-month period ended March 31, 2021 and the year ended December 31, 2020, our contract with GCBA represented 61.2% and 61.2% of our revenues from contracts with customers from urban waste management services, respectively. As of March 31, 2021, we employed 1,330 people for these tasks and we used 200 pieces of heavy and light machinery, such as crushers, dredges, roll-off trucks, dump trucks and light trucks.

*City of Neuquén.* We provide urban waste management services in the City of Neuquén through a joint venture between Tecsán and Cliba IASA called Cliba Neuquén, since the year 2000. Our services include waste collection, street sweeping (manually and mechanically) and sewer cleaning, among others. As of March 31, 2021, Cliba Neuquén employed 390 people and had 55 pieces of heavy and light machinery (crushers, dredges, roll-off trucks, dump trucks, light trucks, etc.).

*Municipality of San Isidro.* We provide urban waste management services in the Municipality of San Isidro in the Province of Buenos Aires through a joint venture between Tecsán and Cliba IASA called Cliba San Isidro, since 1991. Cliba San Isidro is in charge of the collection, street sweeping (manually and mechanically), public space maintenance (parks, squares and open spaces), and the collection of leaves and branches. As of March 31, 2021, Cliba San Isidro employed 435 people and had 68 pieces of heavy and light machinery.

*City of Santa Fe.* We provide urban waste management services in Zone No. 1 of the City of Santa Fe through a joint venture between Tecsán and Cliba IASA, called Cliba Santa Fe, since 1996. Our services consist of the collection and transportation of residential and commercial urban waste, street sweeping, assistance and elimination of small dumps and unblocking and clearing of drains. As of March 31, 2021, Cliba Santa Fe employed 255 people and had 41 pieces of heavy and light machinery.

*Other locations.* In addition, through Cliba IASA we provide urban waste management services in the Province of Neuquén in the towns of Centenario and, since July 1, 2020, San Patricio del Chañar which together serve a population of approximately 75 thousand.

*Contractual features.* The scope, specifications, type of services and duration of urban waste management service contracts vary from one city to another. Under these contracts, the municipality usually pays a monthly fee directly to us, which is determined by the size of the area served, either in terms of number of blocks (served with sweeping or collection services), or by a fixed monthly fee.

*Service Contract Term.* Services usually terminate at the end of a contract term, which is set out in the bid terms. These terms normally allow for an extension at the client's option. The terms of our current contracts are as follows:

- The contract for services to Zone 2 of the City of Buenos Aires was awarded in December 2013, after GCBA called for a national and international bid. The contract became effective on October 1, 2014 and is in force for a ten-year term, with an extension of twelve additional months at the option of the GCBA.
- The contract for services in the Municipality of San Isidro has expired, although the provision of services, billing and collection continues on a regular basis through purchase orders in force until June 30, 2021. The Municipality of San Isidro called for bids for the provision of urban waste management services, for which the Company submitted an offer with the best technical and economic qualifications. However, through Decree No. 1556/2020 dated November 13, 2020, the Municipality of San Isidro decided not to continue with the process due to the fact that the offers presented greatly exceeded its official budget. We believe that this contract will be renewed through purchase orders for consecutive short-term periods until the municipality calls for new bids.
- The current contract for services in the City of Neuquén has an eight-year term, starting in January 2016, with an extension option for one additional year. It was awarded under a bidding process called by the Municipality of Neuquén.
- The contract for services for the City of Santa Fe has been renewed until there is a call for bids. As of the date of this Exchange Offer Memorandum, there has been no announcement as to the start date for the bidding process. However, on October 29, 2019, we notified the City of Santa Fe of our intention to terminate the contract in light of significant overdue payments owed to us by the City of Santa Fe. After entering into an agreement with us on September 1, 2020, the Municipality of Santa Fe paid for the amounts owed for our services, and we revoked our declaration of unilateral termination of the contract, so the provision of services, billing and collection continues on a regular basis.
- The contract for services in Centenario in the Province of Neuquén has a term of five years, starting in December 2018, with an extension option for two additional years. The contract for services for San Patricio del Chañar also has a term of five years, starting in July 2020. Both contracts were awarded through a bidding process.

### *Competition*

Because of the cost of machinery and equipment, the start-up costs for waste management services are very high. We believe we have a competitive advantage over other companies, especially new companies, because we already have the experience and know-how of operations and the cost structure as well as the required equipment from our other contracts. Our most relevant competitors are Covelia, Transportes 9 de Julio, Martín y Martín, Urbaser, IMPSA and AESA.

As of March 31, 2021, we estimate that we rank among the top five companies in terms of market share in the urban waste management market in Argentina, with a 7.5% market share (in terms of population served among cities with more than 70,000 residents in which private operators provide services). The leader has a 12.2% market share, while our closest competitors have a market share of 11.9%, 11.8% and 9.1%.

## ***Landfill Operation***

### ***General***

We provide a wide range of services in our landfill operation area, which include civil works and construction of infrastructure for the final disposal of residential waste, the disposal of waste through different mechanisms (either by directly depositing the waste from the trucks or by compacting the waste first), the treatment of leachate and solid waste in the landfill, the transportation of waste from the transfer stations to the landfill and the composting of organic waste.

We currently operate the CEAMSE landfills in the Norte III complex through a single contract through UTE Norte III, and we estimate we are the market leader in landfill operation services (based on tons of waste disposed). Revenues from these services were Ps.2,229.4 million, Ps.10,259.4 million, Ps.11,786.7 million and Ps.10,558.7 million for the three-month period ended March 31, 2021 and the fiscal years ended December 31, 2020, 2019 and 2018, respectively.

The Norte III landfill, one of the largest landfills in South America according to our estimates based on publications specializing in reporting waste disposal, receives solid waste from the City of Buenos Aires and 27 districts from the Greater Buenos Aires area, whose population of approximately 11.7 million residents represents approximately 29% of the total Argentine population. We receive payment for many services rendered to CEAMSE under these operations, the most important of which are waste disposal and waste transportation from the city of Buenos Aires and other sites in the AMBA. Revenues are based on tons of disposed waste or transported, as the case may be.

Our services in Norte III started in 1994, with the construction and operation of module “Norte III,” which received 10.5 million tons of solid waste. After that, we developed modules “Norte IIIA” (10.5 million tons), “Norte IIIB” (14.8 million tons), Norte IIIC (24.5 million tons), Norte III B+C (6.0 million tons) and “Norte III Unification of Modules A+B” (12.4 million tons). We are currently operating “Norte IIID,” through which we disposed of approximately 450,000 tons of waste on average per month during 2019. However, as a result of the contraction of economic activities and the health emergency arising from the COVID-19 pandemic, the amount of disposed waste has been fallen to approximately 386,000 tons of waste on average per month in the twelve months prior to March 31, 2021. As of March 31, 2021, this module still has capacity to receive approximately 8.2 million cubic meters of waste, which at the current rate will allow for approximately 20 months of operation as long as the disposal techniques are not optimized or some type of extension to the module currently in operation is agreed.

In addition to this landfill operation, on December 20, 2016, Tecsán signed an agreement with SAYDS to build a landfill in the Environmental Center of Chanchillos in the Province of Jujuy, within the framework of the Urban Solid Waste Management Program partially funded by the Inter-American Development Bank. The agreement provides for the construction of an organic waste composting area, a waste transfer facility in San Pedro, and the treatment of open waste dump sites in Palpalá and El Pongo. As of the date of this Exchange Offer Memorandum, the works are approximately 80% completed.

### ***Competition***

We estimate that we are the market leader in Argentina in controlled treatment and disposal of urban solid waste in landfills (based on tons of waste disposed according to our own estimates). We estimate that we handled approximately 53% of the waste that is disposed of through this procedure. We believe that none of our competitors, which include companies like Estrans, Arcillex, Impsa, Urbaser, Agrotécnica Fueguina, Resicom and AESA, has a market share above 10%.

## ***Industrial Services***

### ***General***

Through Envairo, we implement tailor-made environmental solutions for regional and national companies and industries, providing services such as comprehensive waste management, non-hazardous commercial and



industrial waste collection and transportation from large companies in the Province of Buenos Aires and the City of Buenos Aires with a special fleet for the activity, technical and civil cleaning, maintenance of green spaces and blending.

In addition, through Taym, our subsidiary, we provide cleaning services in Uruguay. Taym also operated a treatment and final disposal plant for hazardous and industrial waste located near the City of Córdoba. However, operations were impacted by an extraordinary weather phenomenon at the end of March 2017.

Revenues from these services were Ps.567.1 million, Ps.1,862.3 million, Ps.1,799.4 million and Ps.1,946.1 million for the three-month period ended March 31, 2021 and the fiscal years ended December 31, 2020, 2019 and 2018, respectively.

### *Competition*

The market for industrial services is comprised of various specialized services. We are currently focusing our efforts on the transportation of non-hazardous commercial and industrial waste and on special services which provide our clients with an added value in their production activities, such as the comprehensive waste management, technical and civil cleaning, maintenance of green spaces and blending. Our main competitors in waste transportation are Veolia, Chamental, Contenedores Hugo, Transporte Marino and Sertec, while in the rest of the services our competitors are Sertec, Servieco, Rex, Gestam, Linser and Iscot.

### ***Waste Valorization***

#### *General*

We started our waste valorization activities with a greenhouse gas emission reduction project. The project was registered on April 27, 2007 by the United Nations Framework Convention on Climate Change (“UNFCCC”), and it is based on a contract entered into with CEAMSE for the extraction of biogas generated in the Norte IIIB landfill, and its potential use. The project was classified under the Kyoto Protocol as a Clean Development Mechanism and obtained the approval of UNFCCC for the issuance of 2,423,954 emission reduction certificates, each of which is equal to one ton of carbon dioxide.

On December 23, 2010, UTE Norte III entered into an agreement with CEAMSE for the construction, operation and maintenance of a mechanical and biological treatment plant for urban solid waste, to treat at least 310,000 tons of urban solid waste per year. The plant has been operating since October 2012 for a 15-year term, and UTE Norte III will have the option to extend it for a 15-year additional period. Approximately 347,000 tons of urban solid waste were treated in the twelve months prior to March 31, 2021 .

In addition, through Ecoayres, we have exclusive rights over biogas production in the landfill Norte IIIB, plus the extension thereof.

Likewise, in December 2015, the GCBA pre awarded Tecsán the bid for the design, construction, operation and maintenance of a biological and mechanical treatment plant of urban solid waste in the south of the City of Buenos Aires. Tecsán participates this project through an UTE together with Sorain Cechini Tecno España S.L. The term is for ten years with the possibility of extending it for another ten years. As of the date of this Exchange Offer Memorandum, the GCBA has yet to define a schedule to award the new contract and the date of commencement.

Furthermore, in December 2010, as part of an Argentine government initiative to increase electric energy generation through renewable sources, Tecsán was awarded, through a bidding process, a contract by Energía Argentina S.A. (currently named Integración Energética Argentina S.A., or “IEASA”) for the provision of power generated through biogas extracted from the Norte IIIC landfill. The project is carried out by our subsidiary CBA, which constructed and currently operates and maintains a 11.8 MW-biogas-operated power plant. The contract is in force until the year 2026, with an extension option of 18 additional months, at the Argentine Federal Secretariat of Energy’s option. In addition, since August 2019, in the context a reorganization and optimization process of the electric market supported by the Argentine Federal Secretariat of Energy, IEASA transferred to CBA its contractual position as generator in the energy supply agreement to the wholesale electricity market which had been previously

entered into by IEASA with the *Compañía Administradora del Mercado Electrico Mayorista S.A.* (“CAMMESA”). Approximately 73,000 MW were generated and supplied to the electrical grid in the twelve-month period ended March 31, 2021.

Revenues for waste valorization were Ps.382.2 million, Ps.1,715.4 million, Ps.1,853.2 million and Ps.1,821.2 million for the three-month period ended March 31, 2021 and the fiscal years ended December 31, 2020, 2019 and 2018, respectively.

### *Competition*

Our biogas power plant, operated by CBA, now the largest landfill-generated biogas power plant in Argentina based on capacity, doubles the generation capacity of the other three plants currently operating in another module of the Norte III landfill and in the landfills of González Catán and Ensenada, all located in the Province of Buenos Aires.

Additionally, the mechanical and biological treatment plant was the first of its kind in Argentina and is the largest, based on installed treatment capacity. There is another mechanical and biological treatment plant in Ensenada which treats waste generated in La Plata, Ensenada, Berisso, Magdalena and Brandsen. Also, several medium-sized cities in the country operate with separation plants of their own at a municipal level with a capacity for approximately 50 daily tons each.

### *Property, plant and equipment*

Generally, the operating facilities for waste management services are owned by the municipalities and must be returned at the end of the contract. However, we own property in San Isidro in the Province of Buenos Aires used for urban waste management in this municipality; property in Montevideo, Uruguay, used for operations in that country; property in the Province of Córdoba used for a hazardous waste landfill; and plots of land in the Partido de la Costa, the Province of Buenos Aires, formerly used for our activities in such area.

We have a substantial fleet of heavy and light machinery. We own a number of trucks with different types of mounted equipment (compactors, roll-offs, sweepers, clam cranes, dump trucks, among others) used to collect residential waste and industrial waste. We also own heavy equipment such as bulldozers, backhoes, motor-graders and soil compactors that are used for disposal of waste at different landfills. Maintenance of the fleet is conducted by us and third-party contractors engaged for this purpose.

As of March 31, 2021, we owned property, plant and equipment used in these services with a book value of Ps.10,163.4 million.

### *Revenue*

Under our urban waste management and landfill contracts, we are entitled to an adjustment in the price of our services in the event there is a change in our costs.

Our urban waste management contracts contain price adjustment clauses whereby, upon a certain change in the cost structure, which varies from 5% to 7% depending on the contract, we are entitled to a price adjustment. Once the mechanism is activated, we file for the price correction with our client, who evaluates our request and eventually authorizes the adjustment in prices. Normally, there is a delay between the approval of our claim and the actual payment, but we are always provided with a retroactive payment to cover such delay period.

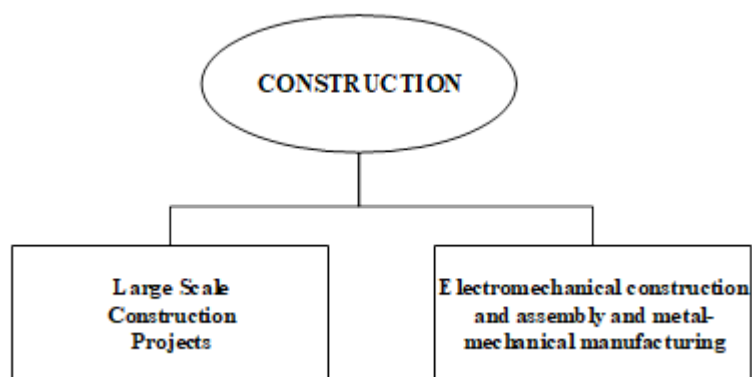
Under our landfill operation contract, we have a right to an adjustment after a fixed period of time. Normally, there is a delay between the date of triggering of the price adjustment mechanism and the date of approval of our claim and the actual payment, but we are always provided with a retroactive payment to cover such delay period.

In our industrial activities, we negotiate price adjustments on an individual basis with each private client.

## Construction Segment

### General

We have more than 110 years of experience providing a wide variety of construction services in Argentina. We also have projects in Peru, Paraguay, Chile and Brazil through various subsidiaries and affiliated companies. In addition, we have participated in several toll road concessions in Argentina and in other Latin American countries. Below is a diagram showing our major areas of business in this sector.



We hold a 99.6% equity interest in BRH, a construction company that has operated for over 110 years. BRH provides a broad range of construction services, including work related to road and railway construction, underground transportation, water treatment and port infrastructure, electricity lines and industrial infrastructure, among others. BRH's construction activities are carried out either (i) directly by BRH; (ii) through UTEs (similar to joint ventures) in which we may have a majority participation, a minority participation or even a participation similar to that of our partners, which are other non-affiliated construction companies; (iii) through a minority interest in other affiliated companies; and (iv) through other subsidiaries of BRH. Some projects, like public-private partnerships, commonly require the incorporation of special purpose vehicles which we may or may not control. Larger projects usually require that we associate with other non-affiliated construction companies, either through a UTE or a special purpose vehicle which we may or may not control.

Sehos is a subsidiary of BRH that specializes in civil maintenance services for hospitals, other public buildings and private industrial plants and carries out a variety of general architecture works and, in particular, railway infrastructure services, such as the renovation and revamping of railway stations, renovation of level crossings, elevation of platforms, delimitation of operating areas, among others. Through BRH and Sehos, we also hold a 100% interest in the capital stock of Haug, a Peruvian corporation we acquired in 2010, which is engaged in electromechanical construction and assembly and metal-mechanical manufacturing. Likewise, through our shareholding in Benito Roggio Paraguay, we develop several construction activities, including road projects. Finally, through our branch in Brazil, we are paving a 112 km-long tranche of Federal Road BR163, between Campo Verde and Rurópolis, in the State of Pará in the north of Brazil. We have also completed civil works in passenger stations for Line 15 of the Metro in the city of São Paulo.

Revenues from construction-related activities for the three-month period ended March 31, 2021 and the fiscal years ended December 31, 2020, 2019 and 2018 were Ps.3,568.2 million, Ps.13,129.5 million, Ps.27,645.4 million and Ps.29,258.9 million, respectively.

### Large Scale Construction Projects

#### General

Our main clients in large scale construction projects are the Argentine government, the GCBA, the provincial governments and their ministries and secretaries, and other governmental agencies, such as the DNV and the ADIF, state-owned companies such as SBASE or Autopistas Urbanas S.A., or specific entities that perform special programs financed by international sources such as the World Bank and the Inter-American Development Bank, among others.

We have completed numerous construction projects, including: the IBM corporate building in Buenos Aires; the Buenos Aires Sheraton Hotel; the International Airport in Santiago, Chile; the Piedras Moras dam in the Province of Córdoba; the Mario Alberto Kempes (formerly known as Chateau Carrera) soccer stadium in the City of Córdoba, Province of Córdoba; the Telecom corporate building in Buenos Aires; the Western Access Expressway in the Province of Buenos Aires; the Conrad Hilton Hotel & Casino in Punta del Este, Uruguay; port facilities in the Province of Santa Cruz; the beltway in the City of Córdoba; the Pichi Picún Leufú hydroelectric dam in the Province of Neuquén; communications antennas to provide mobile telephone services across the Argentine territory for CTI; the 9 de Julio Norte Highway in Buenos Aires; the Hilton Hotel in Puerto Madero in the City of Buenos Aires; the extension of Subterráneos de Buenos Aires Lines B, D and E and several subway stations; the Antel Telecommunications Tower in Montevideo, Uruguay; the prison facilities for men and women in the Province of Córdoba; the Paso de Jama road in the Province of Jujuy; various tranches of the Córdoba-Rosario highway; the passenger Transfer Center in the district of Moreno, Province of Buenos Aires; hospitals in the Province of Entre Ríos; the Southern Access to San Salvador de Jujuy, and the elevated railway viaduct of Gral. Mitre Railway in the City of Buenos Aires.

The ongoing need for public investment to improve and expand the road infrastructure in Argentina has helped us to further expand one of our stronger business sectors. Our strategy has been to focus on the sectors in which we have a large amount of both human resources and equipment. We do not participate in housing construction projects because we believe that our engineering and management capabilities do not give us a competitive advantage as compared to other smaller companies in this overly competitive market.

### *Operations*

We provide construction services through BRH and its subsidiaries to a wide variety of industrial clients, both individually and through joint ventures. We develop different types of projects, which are briefly described below:

*Road and Railway Infrastructure.* Road projects are currently the most important component of our construction business. Our clients include the DNV and the provincial road authorities of several provinces. We are also involved in the reconstruction of various railway tracks, and our main railway client is the Argentine government through its different entities. We have also taken part in road and/or railway works in Panama, Brazil and Paraguay.

*Architecture.* Our construction projects include office buildings, residential ventures, hospitals, hotels and vacation resorts, parking lots, shopping malls, stadiums, airports and bus stations for clients including the National Ministry of Public Works, the Government of the Province of Córdoba, the Planning Authority of the Province of Mendoza, the Government of the Province of Buenos Aires, the Argentine Catholic University, Antel (the telecommunications company of Uruguay), Metrovías, Telecom Argentina S.A., Empalme S.A. and Concesionaria de Entretenimientos y Turismo S.A.

*Water and Port Infrastructure and Water Treatment.* Our projects related to water infrastructure and water treatment include the construction of hydroelectric dams, ports, water channels, wastewater treatment plants and sewage systems. Our clients in this sector include the Ministry of Economy of the Province of Santa Cruz, the Government of the Province of Entre Ríos, the water system company in Paraguay (*Corporación de Obras Sanitarias, Paraguay*), Santiago del Estero Water and Sanitation Agency, provincial water companies such as Aguas Provinciales de Santa Fe, ACSA and Aguas y Saneamientos Argentinos S.A., the Yacretá Binational Entity and the National Ministry of Public Works.

*Industrial Infrastructure.* We have worked on gas pipelines, oil and by-product processing plants and power distribution networks. BRH's clients in this sector include the Provincial Electric Power Company of Córdoba (*Empresa Provincial de Energía de Córdoba*), Edesal S.A., Transportadora Gas del Sur S.A. and Distribuidora de Gas Cuyana S.A.

*Electricity Projects.* Through different companies in which BRH has a 45% equity interest, we have constructed a 219 km-long 500 KV power line, between Recreo and La Rioja, extension works on the 132 KV power line between the same locations together with a transformer station (from 500 to 132 KV), and two 220 KV power lines, which are 277 km long in the southern region of Argentina, together with a 60 MVA 220KV transformer station.

*Underground Transport Projects.* We have participated in four projects associated with subway extensions in the City of Buenos Aires, where our main clients are SBASE and the Federal Secretariat of Transportation.

*Hospital, School and Industrial Plant Maintenance.* Through Sehos, we provide preventive, corrective, and operational civil maintenance services, as well as clean-up services in five hospitals and 15 community health centers in the City of Buenos Aires under contracts for services with the GCBA. Sehos has also been awarded contracts for the maintenance and minor works for 68 schools in the City of Buenos Aires and an industrial plant in the Province of Buenos Aires.

BRH and Sehos have both received an ISO 9001:2015 quality certification with respect to most of their services and ISO 14001:2015 (Environmental Management) and OHSAS 18001:2007 and ISO 45001:2018 (Occupational Safety and Health) certifications. We believe these quality certifications show their commitment to the best performance in their respective projects.

### *Revenues*

BRH's revenues for the three-month period ended March 31, 2021 and the fiscal years ended December 31, 2020, 2019 and 2018 were Ps.1,440.3 million, Ps.3,906.3 million, Ps.13,987.5 million and Ps.21,079.7 million, respectively.

In Argentina, there are mechanisms designed to offset increased costs in our projects, under which we can demand an adjustment in the price of works from the government when actual costs exceed the pre-determined percentages. Different public clients use these compensation schemes, and we believe these adjustments have been crucial in maintaining reasonable profitability levels.

An example of one of these regulations was Decree No. 1,295/2002, which was applicable to public works executed under National Law No. 13,064, as modified (the "Public Works Law" or *Ley de Obras Públicas*), until May 2016. Under the Public Works Law, we were permitted to request a new price determination every time the main costs of the public works increased over 10%. The adjustment then applied to the outstanding portion of the contract, except for 10% of the original price which remained unchanged throughout the maturity of the contract.

The effectiveness of Decree No. 1,295/2002 was affected by general price increases, restrictions on supply imports and the time consuming procedure inherent in the new contract price redetermination, which paralyzed or significantly delayed many key public works. In May 2016, Decree No. 691/2016 amended the methodology of price redetermination of public work contracts executed under the Public Works Law, allowing requests for a price redetermination if costs related to the particular public works increase more than 5%; this percentage may be modified by joint resolution by those responsible for the then-named Ministries of the Interior, Public Works and Housing, Transport and Energy and Mining, with the prior favorable approval of the Commission for Control and Monitoring of the Regime for Redetermination of Contracts for Public Works Contracts and of Public Works Consulting of the National Public Administration. In addition, adjustments of prices will be applied to 100% of the outstanding balance of the contract pending completion.

Normally, there is a delay between the approval of our request for an increase and the actual payment, and this usually results in retroactive payments to cover the unpaid period.

### *Backlog*

"Backlog" is the total projected revenues under construction contracts executed to a certain date, less the total revenues already accrued to that same date for these contracts. The following table shows the backlog of BRH and its construction subsidiaries (except for Haug), affiliates and UTEs as of March 31, 2021. Where applicable, backlog figures represent BRH's ownership interest in those entities.

Project	Type of project	Grantor	Backlog (in million Ps.)	% of Progress (*)	Contract Termination Date
<b>BRH's Backlog</b>					
Construction of Villa María By pass - Province of Cordoba	Road	National Road Authority (DNV)	3,838.6	4%	February, 2022
Buenos Aires Salado river capacity expansion - Section IV - Stage III	Water infrastructure	Under-Secretariat of Water Resources, Secretariat of Public Works, Ministry of the Interior, Public Works and Housing	2,278.3	11%	April, 2022
Signaling Systems in the Mitre and Sarmiento Railways - Victoria/Capilla del Señor Branch	Railroad	Railway Infrastructure Administration (ADIF)	2,178.6	8%	December, 2019 (6)
Signaling Systems in the Mitre and Sarmiento Railways - Moreno/Mercedes Branch	Railroad	Railway Infrastructure Administration (ADIF)	2,139.7	7%	December, 2019 (6)
Widening and repaving of National Roads No. 9 (Section: Jesús María - Border with Santiago del Estero) and No. 60 (Section: Junction Road No. 9 - Border with Catamarca), Córdoba	Road	National Road Authority (DNV)	1,881.4	40%	September, 2011 (6)
Signaling Systems in the Mitre and Sarmiento Railways - Villa Ballester/Zarate Branch	Railroad	Railway Infrastructure Administration (ADIF)	1,734.7	7%	December, 2019 (6)
Construction of Gran Tulum water channel - Province of San Juan	Water infrastructure	Obras Sanitarias Sociedad del Estado - San Juan	1,166.0	14%	March, 2022
Repaving of National Road No. 76 – Quebrada Santo Domingo – Pircas Negras section, Province of La Rioja	Road	La Rioja Provincial Road Authority	681.5	25%	October, 2014 (6)
Civil Works in Lithium Carbonate Plant - Salar de Olaroz – Province of Jujuy	Engineering	Sales de Jujuy S.A.	442.0	71%	August, 2020 (6)
Works for Tulum UT - Water plant	Water infrastructure	Obras Sanitarias Sociedad el Estado San Juan	343.4	0%	August, 2022
Roadway duplication works in the Provincial Roads No. 11 and No. 56 in the Province of Buenos Aires	Road	Industry and Public Services Ministry of the Province of Buenos Aires	301.4	85%	September, 2019 (6)
Widening of bridges over Suquia River - Av. Spilimbergo Dist.- Provincial Road N°5 Dist Tranche - Cordoba City Beltway	Road	Camino de Las Sierras S.A.	166.9	0%	September, 2015 (6)
Repaving of National Road No. 127 - Province of Entre Ríos	Road	National Road Authority (DNV)	161.4	26%	December, 2017 (6)

Project	Type of project	Grantor	Backlog (in million Ps.)	% of Progress (*)	Contract Termination Date
Electric and control engineering for Río Turbio coal mine - Province of Santa Cruz	Electricity	Secretariat of Mining - Ministry of Energy and Mining	156.9	42%	November, 2016 (6)
Recovery and Maintenance Contract ("C.Re.Ma.") Grid No. 308 - National Road No. 150, Provincial Natural Park of Ischigualasto and National Road No. 79 in the Provinces of La Rioja and San Juan	Road	National Road Authority (DNV)	129.0	22%	July, 2021
Paving and improvement works on Secondary Roads Network S-130 - Las Peñas - Los Mistoles Tranche- Province of Cordoba	Road	Road Consortium - Province of Cordoba	124.2	0%	September, 2021
Recovery and Maintenance Contract ("C.Re.Ma.", for its acronym in Spanish) Grid No. 303 -National Roads No. 38 and 75 - Province of La Rioja	Road	National Road Authority (DNV)	90.5	91%	April, 2022
Works for Tulum UT - Water channels	Water infrastructure	Obras Sanitarias Sociedad el Estado San Juan	69.8	3%	July, 2022
Rosario Beltway, Río Paraná – Junction with Belgrano Ave., Section km 1,310-km 29,395 – Province of Santa Fe	Road	National Road Authority (DNV)	64.2	96%	January, 2014 (6)
Construction of a weir on the Salado River and a water channel to connect with Canal de Dios - Province of Santiago del Estero	Water infrastructure	Ministry of Water and the Environment of the Province of Santiago del Estero	61.2	94%	July, 2019 (6)
Underpass crossing Triunvirato Street and former General Roca Railway tracks - Quilmes, Province of Buenos Aires	Railroad	Municipality of Quilmes	31.6	0%	18 months since the start of the works
Rehabilitation of Los Molinos channel, Province of Córdoba	Water infrastructure	Agencia Córdoba Inversión y Financiamiento S.E.M.	20.7	2%	30 months since the start of the works
Pavement of Rodovia BR-163/PA - Campo Verde - Rurópolis, State of Pará, Brazil (5)	Road	National Transportation Infrastructure Department – Brazil	19.1	75%	April, 2020 (6)
Rehabilitation of Los Molinos channel, Province of Córdoba	Water infrastructure	Agencia Córdoba Inversión y Financiamiento S.E.M.	0.1	100%	September, 2017 (6)
<b>Backlog - Subsidiaries</b>					
Benito Roggio e Hijos S.A. (Paraguay) (1)(5)	Road	Ministry of Public Works and Communications (Paraguay) and others	4,489.8	64%	January, 2025 (7)
Benito Roggio e Hijos S.A. (Paraguay) (1)(5)	Electricity	Various	903.2	19%	June, 2023

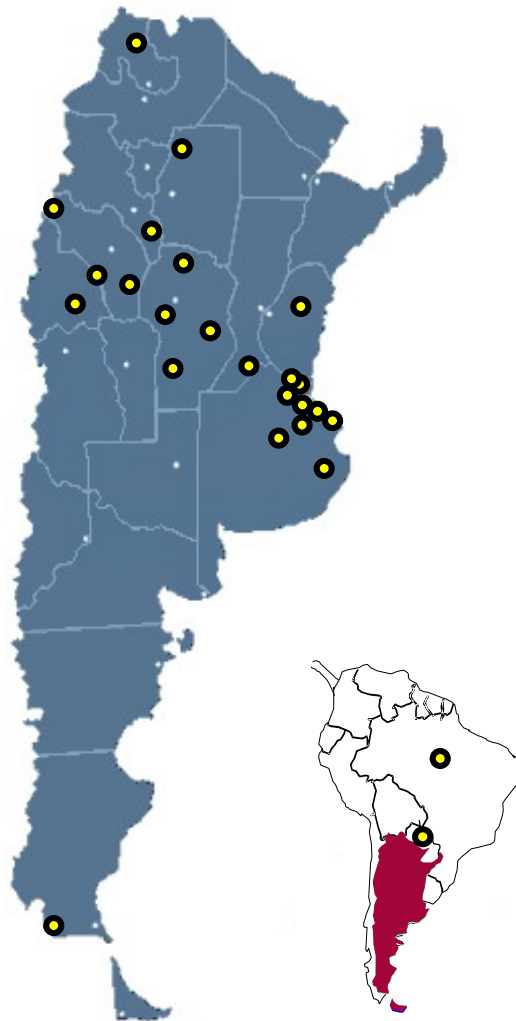
Project	Type of project	Grantor	Backlog (in million Ps.)	% of Progress (*)	Contract Termination Date
Benito Roggio e Hijos S.A. (Paraguay) (1)(5)	Others	Various	2,151.8	9%	December, 2025
Sehos S.A. (3)	Hospital building maintenance	GCBA	612.3	73%	June, 2022
Sehos S.A. (3)	School building maintenance	GCBA	351.8	26%	March, 2021
Sehos S.A. (3)	Civil maintenance	Ternium S.A.	176.5	23%	August, 2021
Sehos S.A. (3)	Engineering	Various	14.4	28%	June, 2021
<b>Backlog – Affiliated companies, pursuant percentage of participation</b>					
CV1 Concesionaria Vial S.A. (2)	Road	National Road Authority (DNV)	865.5	37%	December, 2016/February, 2018 (6)
<b>Total (8)</b>			<b>27,646.4</b>		

(\*) Represents the ratio between the total amount of earned income and the total amount of each contract

- (1) BRH has a 80% equity interest in Benito Roggio Paraguay.
- (2) BRH has a 51% equity interest in CV1 Concesionaria Vial S.A.
- (3) Clisa has an indirect interest of 100% in Sehos.
- (4) Contracts denominated in *Reais*.
- (5) Contracts denominated in *Guaranies*.
- (6) Term under extension process.
- (7) Average Term.
- (8) Data included in backlog correspond to the Company's internal information. Prices referred to herein do not include value-added tax nor include pending contract price redetermination.



The following map shows the location of the projects listed above.



Backlog includes only price adjustments approved by customers and does not reflect accumulated inflation since the date of such adjustments. According to our estimates, there are, for works in Argentina, price adjustments pending approval by clients for approximately Ps.7,292 million as of March 31, 2021. As of the same date, the estimated amount of backlog including the price adjustments not yet approved would be approximately Ps.34,938.3 million.

In addition, BRH through subsidiaries and joint ventures in which it participates, has submitted the lowest bid for projects in Argentina and Paraguay, that have not yet been awarded or for which contracts have not yet been entered into. These works would represent estimated revenues for the Company in an amount of Ps.3,753.0 million. This figure does not include accumulated inflation since the date of the bids. As of the date of this Exchange Offer Memorandum, the granting authorities have yet to determine the results of the bidding processes.

The backlog amounts listed in the table above may not be indicative of the revenues that BRH will receive for the related project. In calculating our backlog, we assume that (i) neither BRH nor any of its clients will default on any of their contractual duties and (ii) payments to BRH under the contracts will be made in a timely manner.

Although backlog only includes contracts already signed or awarded, we cannot assure you that these projects will actually be completed or that the terms thereof will not be cancelled or modified.

BRH obtains its construction contracts through public and private bids and through direct contracts with public and private parties. In recent years, most contracts have been obtained through public bidding processes.

For further information about the UTEs in which we participate through our subsidiaries, please see note 2.2.3 to our Unaudited Condensed Interim Consolidated Financial Statements. Additionally, for a description of the risks associated with our participation in the UTEs, see *“Risk Factors—Risks Related to Our Business—Our participation in UTEs could expose us to risks derived from the other participants’ economic and financial situation.”*

### *Competition*

BRH is one of the market leading construction companies in Argentina. Its reputation has developed over more than 110 years of activity, positioning it as a traditional Argentine company that competes mainly in the Argentine infrastructure sector with companies such as Techint Compañía Técnica Internacional S.A.C.I. and José Cartellone Construcciones Civiles S.A.

There are other companies that are also very active in the Argentine infrastructure sector such as SACDE S.A., Supercemento S.A.I.C., Dycasa S.A., J. Chediack S.A.I.C.A., and Rovella Carranza S.A., among others, with whom BRH either competes or participates in association in various types of infrastructure projects.

Foreign companies are also active in the Argentine infrastructure sector, including Queiroz Galvão (Brazil) and certain Chinese companies such as Powerchina Ltd., China Gezhouba Group Company Limited, China Communications Construction Company Ltd. and China Machinery Engineering Corporation. All of these companies are very active in the sector, especially in energy generation, gas and oil, sanitation and transportation. The participation of the Chinese companies in general includes financing, and they often work temporarily jointly with local construction companies. For further information see *“Risk Factors—Risks Related to Our Business—The industries in which we operate are highly competitive. If we are unable to successfully compete in these markets, our margins could be materially adversely affected.”*

### ***Electromechanical Construction and Assembly and Metal-mechanical Manufacturing***

#### *General*

Through Haug, a leading Peruvian company with over 70 years of experience, we provide engineering, construction services and assembly to premium clients in the mining, hydrocarbons, energy and industrial sectors, both in the Peruvian market and in Chile, and to a lesser extent in Argentina and Central America.

Haug’s projects include the different disciplines of civil, mechanical and electrical construction, with a special focus on the assembly of processing plants and production facilities, such as, for example, metallurgical processing plants, thickeners, flotation cells, crushers, mills, filters, conveyor belts, waste liquid treatment plants, storage and process tanks, pipelines, truck shops, industrial buildings, port terminals, etc., in mines, refineries and hydrocarbon logistics terminals, especially.

Haug has a leading metal-mechanical manufacturing division in Peru, with a modern plant located in Lima with an area of just over 80,000 square meters, where it manufactures equipment (thickeners, clarifiers, flotation cells), metal fabrication (hoppers, chutes), tanks, pipes, metal structures and pressure pipes, always for the mining, hydrocarbons, energy and industrial economic sectors.

Haug also offers maintenance services for the facilities and equipment within such industries.

Its clients are leading companies, many of them global, such as Southern Copper, Angloamerican, Glencore, MMG, Chinalco, Newmont, Buenaventura, to name a few within the mining sector, and Pluspetrol, Terminales del Perú, Enap, GMP, Oiltanking, Repsol, in the oil and gas sector. These companies sometimes contract with Haug directly, and in other instances under the advice of global engineering and project management companies, such as

Bechtel, Fluor, Ausenco, Wood, Jacobs, M3, to name a few. Likewise, Haug's services are also engaged by technological companies, such as Flsmidth, Outotec, Tenova, Delkor, Thyssenkrupp, Aker Solutions, among others.

### *Operations*

Haug has high quality, safety and environmental standards, and a recognized track record of commitment and compliance upheld throughout over 70 years of existence. This, in addition to its ability to integrate different construction disciplines in the same company (mechanical, civil and electrical), in addition to its own manufacturing plant, gives it an edge that on several occasions is a significant competitive advantage in its activities.

Haug has received an ISO 9001:2015 quality certification with respect to all of its services, which has been recertified with its several updates since the year 2002. It has also obtained ISO 14001:2015 (Environmental Management), which maintains since 2010, ISO 45001:2018 (Occupational Safety and Health) certifications and other certifications issued by *API* (*American Petroleum Institute*) and *ASME* (*American Society of Mechanical Engineers*). It has also received national awards for occupational safety and health, work environment and corporate-social responsibility.

Haug is currently looking to further develop its three business areas in Peru, consolidate in Chile and expand its construction and assembly activities and its maintenance services into other Latin American countries, particularly, Panama, Costa Rica, the Dominican Republic and Argentina. For such purpose, in addition to its head office in Lima, it also has commercial offices in Santiago (Chile), Buenos Aires (Argentina) and, more recently, in Panama.

### *Revenues*

Haug's revenues for the three-month period ended March 31, 2021 and the fiscal years ended December 31, 2020, 2019 and 2018 were Ps.838.5 million, Ps.3,564.6 million, Ps.8,764.7 million and Ps.4,437.7 million, respectively.

### *Backlog*

Haug's backlog as of March 31, 2021 amounted to U.S.\$41.2 million and included mainly projects in Peru. The total overall execution term of Haug's most relevant current projects is approximately 36-month.

### *Competition*

Haug is leader in the metal-mechanical manufacturing segment for structural use in Peru (based on revenues for the year 2018, as per the ranking published in "Peru: The Top 10,000 Companies 2020"). In this sector, its main competitors are the Peruvian companies Esmetal, Imecon, Fima, IMCO, Técnicas Metálicas, FGA, AyD and Fabertek.

In its electromechanical construction and assembly division, Haug usually competes for the adjudication of its projects with local companies, such as Graña y Montero, Cosapi, JJC, San Martín and HLC; Chilean such as Sigdo Koppers, Echeverría Izquierdo and Puma; Spanish such as Sacyr, OHL, Felguera IHI and Nervión; and from other countries, such as CB&I, Techint, Mota Engil, Serpetbol and Conduto.

In maintenance services, the main competitors are the Colombian Confipetrol, the Peruvian IMCO and Cymi, the Chilean Sigdo Koppers, Nexxo and Erres and the Spanish Masa.

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

The head office of our construction segment in Argentina is located near the airport of the City of Córdoba. This property is owned by BRH and it includes BRH's head offices, workshops and the warehouse for the storage of construction equipment. As of the date of this Exchange Offer Memorandum, this property is subject to an attachment for the total amount of Ps.659.0 million in Case No. 1614/2016 pending before National Federal Court in Criminal and Correctional Matters No. 7. For more information, see "*Business—Legal Proceedings—BRH.*"

Benito Roggio Paraguay owns the property in the City of Asunción where its head office, the workshops and the warehouse for construction equipment are located, as well as land and other smaller properties in several districts of the country. Several of the properties, including the its headquarters, have been transferred in trust as guarantee of the BRCC Notes.

In addition, Haug owns a metalmechanic manufacturing plant in the Lurin district of Lima, Peru, that also serves as its corporate offices. The property consists of four plots, three of which are security for credit lines with Peruvian financial institutions, while the remaining one has been assigned in trust to secure the BRCC Notes.

We own specialist equipment for the construction industry for (i) large-scale works, such as milling machines, backhoes, motor graders, asphalt and concrete plants, rollers, air compressors, and cement feeders, among other assets, and (ii) and metalmechanic constructions, such as boom lifts, automatic drilling lines, shot blasting equipment, water jet cutters and welding machines, among others. We also provide maintenance services for this equipment.

As of March 31, 2021, property, plant and equipment used in the Construction segment amounted to Ps.18,189.3 million.

## **Toll Road Concessions**

### ***General***

Our operations in the toll road industry began in the early 1990s when the Argentine government implemented a plan of concessions of major sections of federal roads. At that time, different companies in which we had an ownership interest were awarded concessions for the renovation and maintenance of a total of approximately 2,500 km of federal roads. In October 2003, our concession agreements for the management of four major roads expired, and we returned these assets to the Argentine government. Subsequently, until 2018, we were part of the concessionaire of one of the national road corridors tendered in 2010. We also have actively participated in toll road concessions in some of the main access roads to the City of Buenos Aires, and have had an interest in toll road concessions in Brazil, Ecuador and Paraguay.

Below follows a brief description of the different road concessions in which we have participated which, while effective, were included in this segment:

### ***National Corridor No. 1***

CV1, a company in which BRH holds a 51.0% interest, had the purpose to operate through the toll concession system National Corridor No. 1, which included a total of 1,290 km of national roads, mainly in the Province of Buenos Aires. The initial term was six years from taking of possession of the corridor, which occurred on April 22, 2010. After successive extensions, on July 31, 2018, CV1 signed with the DNV the acceptance protocol of Road Corridor 1 and consequently the new concession holders took possession of the roads under concession.

According to the work schedule established by the DNV, CV1 will continue with the work agreed prior to the end of the contract. As of the date of this Exchange Offer Memorandum, most works have started, while another project is still awaiting definition by the DNV.

Because we hold joint control in the company involved in the concession, we have not consolidated its operations on a line by line basis in our financial statements, in accordance with applicable financial standards. Accordingly, revenues and costs related to our Construction segment do not include revenues and costs of such company.

### ***Atlantic Integrated Road System***

Autovía del Mar S.A., a company in which BRH holds a 26.67% ownership interest, was engaged in a toll concession for the operation of the Atlantic Integrated Road System for a 30-year term beginning on July 1, 2011. The Atlantic Integrated Road System, a road network approximately 1,140 kilometers long, gives access to different cities and seaside resorts on the Atlantic coast of the Province of Buenos Aires.

In November 2016, Autovía del Mar S.A. signed a letter of agreement with the Ministry of Infrastructure and Public Services of the Province of Buenos Aires, pursuant to which: (i) the Province of Buenos Aires, through Autopistas de Buenos Aires S.A., took control of the operation and maintenance of the Atlantic Integrated Road System as of December 1, 2016; (ii) the payment of investments pending amortization was set in six semi-annual installments for a total of Ps.200 million, the last of which was paid in September 2019; (iii) Autovía del Mar S.A. would continue to execute certain road works for the sum of approximately Ps.4,832 million, at March 2016 prices, payable directly by the Province of Buenos Aires through work certificates; and (iv) the parties waived any pending claims between them.

Because we do not hold majority interests in the company involved in the concession, we have not consolidated its operations on a line by line basis in our financial statements. Accordingly, revenues and costs related to our Construction segment do not include revenues and costs of such company.

#### *Buenos Aires – La Plata Expressway*

Coviare, a company in which we have a 31.78% direct and indirect equity interest through Polledo and its subsidiaries, is a public works concessionaire established for the execution, maintenance, repair and upkeep of the La Plata – Buenos Aires Expressway (the “La Plata – Buenos Aires Expressway”). The La Plata – Buenos Aires Expressway unites the City of Buenos Aires with La Plata, the capital of the Province of Buenos Aires. The concession term of 22 years commenced on July 1, 1995.

In February 2013, the Province of Buenos Aires assumed the role of grantor of the concession contract that until then the Argentine government held. Coviare did not obtain a response to its attempts to renegotiate the contract, which has been pending since the 2001 Argentine economic crisis, and to urge compliance by the Province of Buenos Aires with other contractual duties. The Province of Buenos Aires, through Provincial Decree No. 419/13, unilaterally terminated the Coviare concession contract, on grounds of breach of contract by the concessionaire. Coviare rejected the termination, denying with grounds the contractual breaches alleged, and in December 2013, it filed an action against the Province of Buenos Aires and the Argentine government before the Argentine Supreme Court of Justice, claiming the invalidity of the administrative act in which the termination was resolved as well as a compensation for damages. In addition, as of June 2014, Coviare commenced a reorganization procedure (*concurso preventivo de acreedores*).

Afterwards, Decree No. 13/2015 established that any matters related to concessions and licenses of public services will fall under the realm of different ministerial areas. In that context, the DNV (today under the Ministry of Transportation) initiated talks with Coviare’s executives to discuss the possibility of an out-of-court settlement of the conflict and to create an evaluation committee to consider the matter. As a result of these negotiations, the bankruptcy court decreed the consecutive extensions of the exclusivity period, the last one of which ended June 30, 2018 and, in addition, all procedural deadlines were suspended in any actions filed by Coviare against the Argentine government and the Province of Buenos Aires until the evaluation committee issues its final opinion. After AFIP appealed the last extension of the deadline, the National Court of Appeals ordered the judge of the court in first instance to order the continuity of the corresponding procedural acts. Coviare filed an extraordinary appeal before the Supreme Court of Justice of the Nation, which was dismissed on August 2, 2018.

As of March 31, 2021 we have valued our investment in Coviare at Ps.0 (zero). Moreover, we have recorded our investment in Coviare at such value since the fiscal year ended in December 31, 2011. Although we consider that the final outcome of the negotiations would be favorable, there is no certainty that such investment would be recoverable in the short or medium term. According to IFRS, if there is objective evidence that an investment will not be recoverable, an impairment must be recorded.

#### *Buenos Aires - Mar del Plata Expressway*

Covisur S.A. (“Covisur”), a company in which BRH holds a 25% ownership interest, became the concessionaire for the maintenance, improvement and operation of Provincial Road No. 2, in the Province of Buenos Aires under a toll system. On December 4, 2015, the Ministry of Infrastructure of the Province of Buenos Aires, Covisur and Autovía del Mar S.A. mutually signed a termination of the concession contract, whereby Autovía del Mar S.A. took over the section in charge of Covisur as of December 10, 2015.

As of the date of this Exchange Offer Memorandum, Covisur is in a position to meet its obligations, collect its receivables and address any potential administrative and legal issues.

#### *Rosario – Victoria Bridge*

Puentes del Litoral S.A. (“PDL”), a company in which we hold a 20% equity interest through BRH, was responsible for the construction, conservation and maintenance of a road nearly 60 km long connecting the cities of Rosario, in the Province of Santa Fe, and Victoria, in the Province of Entre Ríos. The term of the concession was to expire on September 13, 2023.

As a result of Argentina’s economic crisis in 2001, the economic and financial conditions of the concession contract were substantially altered, and an extensive contractual renegotiation started. In May 2014, PDL commenced legal proceedings against the Argentine government in order to declare the concession contract’s termination under the exclusive fault of the grantor, and requested damages deriving from the Argentine government’s refusal to compensate based upon the initial economic and financial equation of the concession. In addition, in June 2014, the shareholders of PDL resolved to dissolve and liquidate the company. On August 29, 2014 the DNV notified PDL of the termination of the concession agreement and PDL surrendered the concession on September 1, 2014. The DNV’s resolution was then challenged by PDL and extended the ongoing legal proceedings for termination of contract. As of the date of this Exchange Offer Memorandum, the settlement process continues and PDL’s proceedings against the Argentine government is in the trial stage.

As of March 31, 2021 we have valued our investment in PDL at Ps.0 (zero). Moreover, we have recorded in our investment in PDL at such value since the fiscal year ended June 30, 2006. Although we believe the legal proceedings will be decided in our favor, there is no certainty that such investment would be recoverable in the short or medium term. According to IFRS, if there is objective evidence that an investment will not be recoverable, an impairment must be recorded. We did not furnish any guarantees as security for the performance of PDL’s obligations.

#### *9 de Julio Highway - Northern Section*

Covimet, a company in which we hold a 31.8% equity interest indirectly through Polledo and its subsidiaries, held a concession dated December 21, 1993 for the construction, maintenance and development of the 9 de Julio Highway – Northern Section in the City of Buenos Aires.

On February 25, 2003, the GCBA issued Decree No. 149/GCABA/2003 which declared the rescission of the agreement, invoking a breach by the concession holder. Covimet filed a claim against GCBA for the termination of the concession agreement. Following the unfavorable judgment issued by the court of first instance for Covimet, in the second instance, it decided to ratify the validity of the aforementioned decree and to partially allow the appeal filed by Covimet only in relation to the recognition of the line item claimed as settlement of pending accounts, deferring the determination of the amount for the execution stage of the ruling. In addition, on November 8, 2017, the bankruptcy of Covimet was declared.

As of March 31, 2021 we have valued our investment in Covimet at Ps.0 (zero). Moreover, we have recorded in our investment in Covimet at such value since the fiscal year ended December 31, 2010. Although we believe the legal proceedings will be decided in our favor, there is no certainty that such investment would be recoverable in the short or medium term. According to IFRS, if there is objective evidence that an investment will not be recoverable, an impairment must be recorded.

#### ***National Roads***

On October 31, 2003, Covicentro S.A., Covinorte S.A., Concanor S.A. and Red Vial Centro S.A., companies in which BRH holds a 53.77%, 38.47%, 38.46% and 57.00% equity interest, respectively, returned the assets relating to their respective road concessions to the Argentine government. Generation of revenue and maintenance and exploitation duties ended on that date. However, the concession grantor and those companies have not yet expressly agreed to the full termination of the concession contract, and there are administrative and legal actions still pending among the parties that aim to address pending contractual issues. The concessionaires’ shareholders jointly guarantee any difference that may arise as a consequence of the termination process.

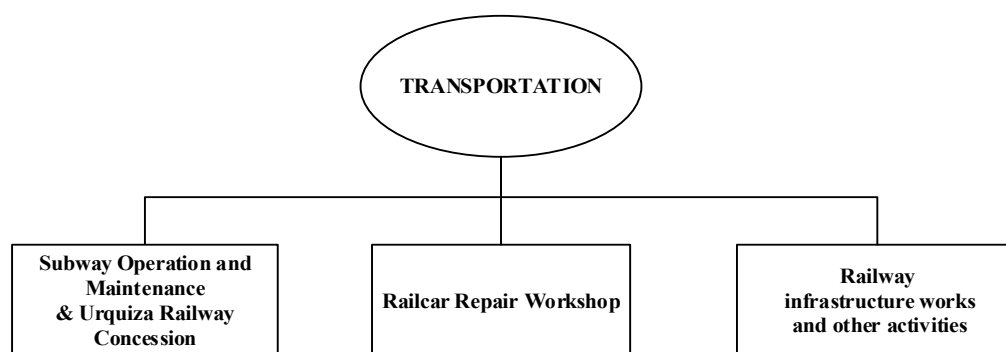
The termination of these contracts could result in additional rights and obligations not currently disclosed in our financial statements which could have a negative or positive impact on our financial condition or results of operations. Even though we are unable to estimate the amount such impact may have, the termination of such contracts could not derive in significant losses or obligations.

Considering the current negotiation status, our management has decided to value our interest in Covinorte S.A., Red Vial Centro S.A., Concanor S.A. and Covicentro S.A. at Ps.0 (zero) as of March 31, 2021. Moreover, we have recorded our investments in such companies at such value since the fiscal year ended December 31, 2009.

## Transportation Segment

### General

Through our interest in BRt, we participate in ground and underground rail transportation in Argentina. BRt also operates a railcar repair and maintenance workshop, executes railway infrastructure works and has provided technical assistance to other railway operators. It also holds a minority interest in transportation businesses in Brazil. The table below summarizes the activities in our Transportation business.



### *Subway Network Operation and Maintenance Contract - Urquiza Railway Concession*

#### General

Metrovías, a company in which BRt holds a 90.66% equity interest, provides ground and underground railway transportation services in the AMBA. In April 2013, Metrovías entered into the AOM, whereby pursuant to Law No. 4,472, SBASE granted Metrovías the exclusive operation and management of Subterráneos de Buenos Aires (SBA) and Premetro. The AOM remains effective until the awardee of the national and international public tender called by the GCBA to grant the concession for the operation and maintenance of the Subway and Premetro network of the City of Buenos Aires for a period of twelve years renewable for an additional period of three years takes effective possession of the service. The Company, through a consortium comprised of Metrovías and BRt, was awarded the contract under the bidding process and, at the date of this Exchange Offer Memorandum, is conducting the formal steps required in the tendering process prior to execution of the concession contract and the start of operations. For further information regarding the new concession, please see “*Business—Transportation Segment— New Concession Contract - Subway and Premetro Network*”.

In addition, Metrovías is the holder of the concession granted by the Argentine government to manage and operate the Urquiza Railway on an exclusive basis. While the term of the concession ended on December 31, 2017, the Argentine government established that Metrovías would continue with the provision of the service for consecutive 18-month terms, the last of which will expire on September 30, 2021. Unless the Argentine Government provides for the termination of the concession at that date, such extension term is renewable for an additional 18-month period or until the new operator awarded in the bidding process for the new concession of the service takes possession. As of the date of this Exchange Offer Memorandum, the bidding process is in a preliminary phase and the Argentine government has not set any further timeline.

The SBA is comprised of six subway lines totaling 57.0 km of two-rail tracks with 90 stations, whereas the Premetro is more than 7 km long with 18 stations. The fleet has 601 train carriages available for use and a total of 772 train carriages in all. Metrovías carried approximately 326.4 million paying passengers on the SBA and Premetro in 2019, however, as a result of the restrictions on travel and use of public transportation imposed in connection with the COVID-19 pandemic, the number of passengers decreased to approximately 74.0 million in 2020 and approximately 14.4 million in the first quarter of 2021.

The Urquiza Railway, linking the City of Buenos Aires with the suburb of San Miguel in the Province of Buenos Aires, is 26 km long and has 23 stations and has 96 train carriages available for service and a total fleet of 128 train carriages. A total of 26.6 million paying passengers were carried on the Urquiza Railway in 2019, however, as a result of the restrictions on travel and use of public transportation imposed in connection with the COVID-19 pandemic, the number of passengers decreased to approximately 8.5 million in 2020 and approximately 2.4 million in the first quarter of 2021.

Revenues of Metrovías were Ps.277.0 million, Ps.1,536.8 million, Ps.8,241.4 million and Ps.7,308.1 million during the three-month period ended March 31, 2021 and the fiscal years ended December 31, 2020, 2019 and 2018, respectively. These figures do not include subsidies received in compensation for cost increases.

#### *Concession Contract - Background*

Before 1994, the Subway Network was operated by SBASE, owned by the former Municipality of the City of Buenos Aires, and passenger railway lines providing services in Buenos Aires, including the Urquiza Railway, were operated by FEMESA, a company owned by the Argentine government.

With the intention of reverting the acute deterioration that the Subway Network service as well as suburban railways suffered at that time, on June 14, 1991, the Argentine government approved the regulatory framework for the concession of the exploitation of railway services in AMBA, together with underground railway services, and a public bid was called for the award of such concessions that included investment programs to be executed by the concessionaires.

On November 25, 1993, Metrovías executed with the Argentine government the concession agreement for the provision of the passenger railway services in the SBA and Premetro and the Urquiza Railway. National Executive Decree No. 2608/93 dated December 22, 1993 passed and gave full force and effect to the concession agreement.

On April 16, 1999, Metrovías entered into an addendum with the Argentine government in order to amend the concession contract. The addendum created a more ambitious project schedule and a new fare schedule, both for the SBA and for the Urquiza Railway. However, the addendum was executed only in part due to the shortage of budget resources of the Argentine government. The rate increases were therefore delayed until the Decree of Railway Emergency No. 2,075/2002 of October 16, 2002, eventually declared a state of emergency in the passenger (ground and subway) railway system in the AMBA, which led to the temporary suspension of the works scheduled and the planned rate increases. Subsequently, the Argentine government ordered the approval of the emergency investment programs (National Railway Investment Program (*Plan Nacional de Inversiones Ferroviarias*, or “PLANIFER”)) related to suburban railway lines and the subway and gave priority to projects and works that were most urgent and necessary. Additionally, and separately from PLANIFER, Metrovías used its own funds to install modern ticketing equipment in the SBA, including turnstiles that use magnetic cards (*Smartcards*), as well as multitrip magnetic tickets.

Ever since the railway emergency was declared as explained above, the Argentine government has taken a number of emergency actions aimed at regulating the relations arising from the concession contract to ensure a continued service on a provisional basis until a comprehensive contractual renegotiation was held. The renegotiation process never concluded, despite requests made by Metrovías. Emergency measures included, among others, suspension of the original investment plan explained above and the payment of subsidies to Metrovías in compensation for the suspended fare increases as set forth in the concession contract.

#### *Operation & Maintenance Agreement – Subway and Premetro*



During November 2011, the Argentine government publicly declared its intention to transfer control of SBA and Premetro services operated by Metrovías to the GCBA. Accordingly, in January 2012, the Argentine government entered into an Agreement with the GCBA, pursuant to which, effective January 2012, the GCBA accepted to take control over the SBA and Premetro concession contract and become the sole legal authority to set tariffs for those services. The Agreement did not involve the services of the Urquiza Railway regulated by the Metrovías concession contract.

There were significant differences of interpretation between the Argentine government and the GCBA regarding the terms and conditions of the Agreement. Throughout 2012, Metrovías filed many requests and made several claims to the signatories to such Agreement, considering that the rights acquired were impaired as a result of this situation.

On December 19, 2012, pursuant to Law No. 4,472, the Buenos Aires City Legislature resolved, among other issues, that the GCBA would take control of the public passenger transportation service involving the subway and ground railway system operating exclusively in its jurisdiction, as well as of any new lines or expansions of existing lines as may be built in the future after January 1, 2013, that such service was at the time in a state of emergency and that Metrovías would be convened to be awarded, on a direct basis, for the provisional operation of the service.

During the first quarter of 2013 until the execution of the AOM, Metrovías continued providing the SBA and Premetro services based on the terms set forth in the concession contract entered into with the Argentine government, in compliance with Law. No. 4,472.

Finally, on April 5, 2013, Metrovías and SBASE entered into the AOM pursuant to which SBASE awarded to Metrovías on an exclusive basis the contract for the operation and maintenance of the Subway and Premetro Public Service within the City of Buenos Aires, including Lines A, B, C, D, E, and H, and the Premetro, as well as those eventually added to the network during the term of the AOM; excluding the operation of any collateral services (see “—Revenue derived and subsidies received from the Concession and from the Operation & Maintenance Agreement—Other revenue derived from contracts—Revenue from collateral operations”), and the performance of works and investments.

Notwithstanding the terms agreed upon, Metrovías set forth in the AOM its reservation of rights in relation to the fact that the execution of the AOM did not purport a waiver or acknowledgment in favor of the Argentine government regarding the rights acquired by the company in light of the original concession contract and the related amending addendum signed with the Argentine government.

The initial term of the AOM, which was two years from the date of execution, was successively extended through amendment addenda entered into with SBASE on February 26, 2016, December 28, 2017 and December 28, 2018.

Finally, on December 27, 2019, the board of SBASE, through Resolution 3360/19 and for reasons of urgent necessity, resolved to order the continuance of the AOM until the successful bidder of the tender for the service concession takes effective possession. By virtue of this resolution, on the same date, Metrovías signed a fourth addendum to the AOM with SBASE.

#### *New Concession Contract - Subway and Premetro Network*

On February 20, 2018, the *Official Gazette of the City of Buenos Aires* published the call for bids for National and International Public Tender No. 212/18 at the request of SBASE to grant the concession for the operation and maintenance of the Subway and Premetro network of the City of Buenos Aires.

On December 29, 2020, through Resolution No. 3382/20, SBASE awarded the Company, through a consortium made up of Metrovías and BRT, the abovementioned bidding process, in which two other consortia with the participation of international rail operators were also involved.

As of the date of this Exchange Offer Memorandum, the Company is taking the formal steps set forth in the bidding terms and conditions for the execution of the contract, including the incorporation of the concession company. SBASE have already notified the Company of the approval of the draft of the articles of incorporation and the bylaws of the new concessionaire. In addition, the Bidding Terms and Conditions state that, during the transition stage before taking possession of the service, the Company and SBASE must set out an adjusted work plan for the first two years of the concession, in terms of investments, maintenance plans, service programs, and other obligations of the concessionaire, a revision that becomes even more relevant given the impact of COVID-19 on service operations.

The new concession is for a term of twelve years from the date of taking possession of the service, extendable for three additional years at the option of SBASE.

Under the terms of the new contract, the concessionaire will be remunerated based on the number of commercial car-kilometers (“CKC” for the Spanish initials of “*coche-kilómetro comercial*”) traveled. CKC is a measure of rail transport supply representative of the distance in kilometers traveled by the sum of rail cars carrying passengers. The fare paid by subway users will continue to be received directly by the concessionaire but will be computed on account of the CKC-based compensation to be paid by SBASE. The Bidding Terms and Conditions also include an incentive to the operator for the increase in the ridership as a result of its management, and further provide for the compensation of fixed costs incurred by the concessionaire in case of loss of revenues for CKCs not traveled due to an event attributable to SBASE, an act of God, or force majeure.

The new contract provides for a CKC price redetermination clause, which is triggered upon a variation of more than 4% in operating costs, measured based on representative price indicators. Any request for redetermination made by the concession company must be approved or rejected by SBASE within 30 business days.

The Bidding Terms and Conditions provide that the compensation will be subject to review two years after the effective date of the contract based on CKC operation projection for the next four years, which will be furnished by SBASE to the concessionaire for such purpose. Subsequent reviews will be made every four years until the end of the concession as well as based on the investments and extension of the Subway network or the reformulation of the quality guidelines as may be set by SBASE.

The new concession also introduces new expenditures to be financed by the concessionaire. Thus, the Company will assume, in addition to operating expenses, the comprehensive maintenance of rolling stock every seven years (currently under the charge of SBASE). Moreover, the concessionaire assumes the obligation to make certain investments in infrastructure in a total estimated amount of approximately U.S.\$87.0 million throughout the term of the concession, aimed at both increasing the availability of rail cars, through expansion and improvements in workshops and a predictive maintenance plan, and improving user experience in trains and stations. The latter include implementation of smart stations consisting of renewable energy, LED signs, temperature sensors, a luminescent system, new signage, interactive digital totems, and a new payment system. We are confident that these investments will help improve the travel experience of users and our operational efficiency, resulting in a higher value for the concession in the medium and long term, although in the short term they will imply greater financing needs and reinvestment of profits.

On the other hand, SBASE will continue to be responsible for: (i) investments in infrastructure, purchase of rolling stock, and network expansion works; (ii) the definition of quantitative and qualitative parameters of the services provided to users; (iii) the safety of service users in trains and stations; and (iv) the management and revenues derived from advertising, fiber optic lines, space and store rentals, and any other commercial use that may take place in the subway network, as also set forth by the AOM.

We expect that in the first few years, the business model of the new contract will involve, in summary, a deterioration in profits from the contract and higher financial constraints, which we expect to overcome in the mid and long term as operational efficiency targets in the investment and management plan are achieved.

### *Concession Contract: Urquiza Railway*

Notwithstanding the situation regarding the SBA and Premetro, Metrovías continues operating the Urquiza Railway under the concession agreement entered into in 1993 with the Argentine government. This fact was ratified by the Agreement entered into between the Argentine government and Metrovías on June 11, 2013.

In January 2002, Law No. 25,561 declared a public emergency with respect to social, economic, administrative, financial and exchange matters, establishing, among other issues, the inapplicability of indexation clauses in contracts and authorizing the National Executive to renegotiate public works and services contracts that contain such clauses. As a result, the term for renegotiation was extended repeatedly until December 31, 2017. As the concession expired on that date and since the contract provided for a potential extension of ten years, Metrovías reiterated the request for an extension it had already made before the Renegotiation Commission created under National Executive Decree No. 367/16, and within the ongoing renegotiation begun in January 2002. Even though the renegotiation process had not finished, the Argentine government, through Resolution 1,325 - E/2017 of the Ministry of Transportation dated December 18, 2017, ordered to dismiss the request for a contractual extension from Metrovías, established the need to design a new contractual relationship scheme between the Argentine government and the private sector for the operation of the Urquiza Railway and resolved that Metrovías will continue to operate the service until an awardee is selected in the bidding process to be carried out for the new concession of the service, which term should not exceed 18 months from the date of such resolution.

On June 18, 2019, through Decree No. 423, the Executive Branch called for a bidding process to grant the concession for the construction, maintenance and operation of the Urquiza and Belgrano Norte Lines. On the same date, the Ministry of Transportation issued Resolution No. 360/2019 through which it extended the term provided in the aforementioned Resolution 1325-E / 2017 until March 31, 2020 or until the new operator takes over the railway service awarded in the tender, whichever occurred first. On March 26, 2020, the Ministry of Transportation, through Resolution No. 76/2020, again resolved to extend the term provided in Resolution No. 1325/2017 for the award of the Urquiza Line concession for another 18-month term, which will expire on September 30, 2021. Unless the Argentine Government decides against it, this term is renewable for the same term or until the new operator to whom the service has been awarded takes control. As of the date of this Exchange Offer Memorandum, the bidding process is in a preliminary stage and the Argentine government has yet to define a schedule for its continuance.

In addition, pursuant to Resolution No. 748/12 issued by the then Ministry of the Interior and Transport (“MIyT”), a technical committee within the AMBA, in conjunction with the Renegotiation and Analysis Unit of Public Service Contracts (*Unidad de Renegociación y Análisis de Contratos de Servicios Públicos*, or “UNIREN”) completed the evaluation of the cost structure required to render the railway services of the Urquiza Railway (the “Operation Account”), which came into effect upon release of Resolution No. 1,604/2014 of the MIyT, dated December 16, 2014, which approved: (i) a new operation account as of July 1, 2014 and a new monthly subsidy; (ii) the gradual hiring of new employees and a new operation account to be considered upon completing all such new hirings; (iii) a “Leveling Plan” including “Works & Maintenance Tasks” and “Necessary Investment Works”; and (iv) the method for assessing the standard fare, subsidy, and/or operating cost compensation to adjust the Operation Account, in the event there is an increase of over 6% in any of the cost items comprising it, other than the cost of personnel, which is assessed every time there are changes in the related collective bargaining agreement and/or upon the hiring of new employees. On May 10, 2018, the Ministry of Transportation through Resolution No. 404/18 approved a new methodology for redetermining the subsidy and/or adjustments to the Operation Account.

### *Revenue derived and subsidies received from the Concession and from the Operation and Maintenance Agreement*

Under the terms of the concession contract in effect so far in relation to the Urquiza Railway and the AOM for the SBA and the Premetro, Metrovías receives: (i) fare-related revenues; (ii) subsidies in compensation for cost increases; and (iii) other revenue derived from contracts. For information regarding revenues derived from the new concession for the operation and maintenance of the Subway and Premetro, please see “*Business—Transportation Segment— New Concession Contract - Subway and Premetro Network*” in this section.

#### Fare-related revenue

The fare paid by the subway user is Ps.30, effective as of April 18, 2021. In the past, the fares in effect were (i) Ps.25, effective from March 19, 2021 to April 17, 2021; (ii) Ps.21, effective as of November 25, 2020 through March 18, 2021 (iii) Ps.19, effective from April 9, 2019 to November 24, 2020; (iv) Ps.16.50 from February 15, 2019 through April 8, 2019; (v) Ps.15.50 from January 15, 2019 through February 14, 2019; (vi) Ps.14.50 from December 15, 2018 through January 14, 2019; (vii) Ps.13.50 from November 20, 2018 through December 14, 2018; (viii) Ps.12.50 from August 3, 2018 through November 19, 2018 and (ix) Ps.7.50 from October 31, 2016 through August 2, 2018, in all cases for payment with contactless cards, with a discount as of the 21<sup>st</sup> trip.

The Urquiza Railway has implemented three different fares based on the length of the trip, in effect from March 15, 2019, of Ps.8.00, Ps.11.00 and Ps.13.25. In the past, the applicable fares were: (i) Ps.7.25, Ps.10.00 or Ps.12.00 from February 14 through March 14, 2019; (ii) Ps.6.50, Ps.9.00 or Ps.10.75, from January 12 through February 13, 2019; (iii) Ps.5.75, Ps.8.00 and Ps.9.50, from October 15, 2018 through January 11, 2019; (iv) Ps.5.00, Ps.7.00 and Ps.8.50, from September 15 through October 14, 2018; (v) Ps.4.25, Ps.6.00 and Ps.7.25, from August 15 through September 14, 2018; (vi) Ps.3.50, Ps.5.00 or Ps.6.00 from June 1 through August 14, 2018; (vii) Ps.3.25, Ps.4.50 or Ps.5.50, from April 1 through May 31, 2018. In all cases, fares are charged for trips paid with the SUBE card, a plastic smart card issued by the state that holds credit to be used to travel on the different transportation systems, including subways and trains.

As of February 1, 2018, the Argentine government implemented the SUBE Network, a new system that integrates all modes of public transport (buses, trains and subways) of the AMBA to offer a 50% discount on the second trip and 75% from the third trip onwards to those who make up to five combinations in a period of two hours. These discounts are combined with those already existing in the SBA and Premetro from the 21<sup>st</sup> trip onwards.

Below are the numbers of paying passengers for the SBA, Premetro and Urquiza Railway from 2000 to 2020:

	SBA and Premetro	Urquiza Railway
2000 .....	258,824,602	25,115,427
2001 .....	241,743,735	22,572,083
2002 .....	222,067,124	21,855,349
2003 .....	228,503,679	26,816,631
2004 .....	241,186,229	28,307,109
2005 .....	253,319,033	27,704,721
2006 .....	267,256,700	27,472,881
2007 .....	265,064,631	24,860,919
2008 .....	286,682,956	24,212,123
2009 .....	289,094,324	22,639,350
2010 .....	295,737,481	22,669,914
2011 .....	310,667,921	18,509,348
2012 .....	236,648,525	18,963,418
2013 .....	252,310,907	15,419,209
2014 .....	241,966,082	12,585,106
2015 .....	272,723,210	18,530,364
2016 .....	303,943,934	20,440,782
2017 .....	319,016,144	22,472,864
2018 .....	338,903,268	28,940,219
2019 .....	326,393,638	26,634,984
2020 .....	73,977,194	8,526,317

Source: National Commission for Transport Regulation ("CNRT," as per its acronym in Spanish)

Metrovías' fare revenues were Ps.256.5 million, Ps.1,388.5 million, Ps.7,636.5 million and Ps.6,453.8 million for the three-month period ended March 31, 2021 and the fiscal years ended December 31, 2020, 2019 and 2018, respectively.

#### *Subsidies Received Compensating Cost Increases*

The concession contract entered into with the Argentine government in 1993 provided for three mechanisms to adjust the economic financial equation of the concession and thus increase revenues received by Metrovías: (i) recalculation of the fare, (ii) reduction of royalty payments, and (iii) payment of a compensation for higher

operating costs. As a consequence of the economic crisis suffered in Argentina towards the end of 2001, the Argentine government opted to pay a subsidy to Metrovías for the increase in the cost of services on a monthly basis.

After the execution of the AOM, Metrovías receives a subsidy in compensation for operating costs not covered by the fare-related revenue for the SBA and Premetro service provided. This subsidy is adjusted if there is an increase or decrease above 7% in operating costs measured based on a baseline structure including price indexes representative of such costs, or also in case new tasks and activities are added to meet the operation and maintenance commitments, or if there are variations in the baseline cost structure. Any redetermination request from Metrovías must be approved or rejected by SBASE within 30 business days. The monthly subsidy corresponding to March 2021 amounted to Ps.1,122.7 million. Since the effective date of the AOM addendum dated as of February 26, 2016, seasonality is considered to calculate the monthly subsidy, therefore the subsidy amount varies from month to month. As of the date of this Exchange Offer Memorandum, subsidies in the amount of Ps.231.4 million for 2019, 2020 and 2021 are pending payment.

The subsidy from the Argentine government received by Metrovías for the operation of the Urquiza Railway is based on the same terms and conditions of the original concession contract, but quantified based on the new Operation Account, that came into effect upon release of the abovementioned Resolution No. 1,604/14 of the MIyT. This subsidy is adjusted in the event there is evidence of an increase of over 6% in any of the line items in the Operation Account, other than personnel costs, the assessment of which occurs upon changes in the sector's labor agreements or the hiring of new employees. According to Resolution 36/21 issued by the National Secretariat of Transportation Management on February 4, 2021, the monthly subsidy amounts to Ps.211.2 million effective as of October 2020, except for December 2020 when it reached Ps.263.7 million due to the inclusion of 50% of the "13th month bonus" ("*aguinaldo*"). In addition, there are adjustments pending approval by the Argentine government, which amount to Ps.390.0 million as of March 31, 2021.

Subsidies received by Metrovías in compensation for cost increases were Ps.4,536.9 million, Ps.16,443.0 million, Ps.13,446.6 million and Ps.14,196.8 million during the three-month period ended March 31, 2021 and the fiscal years ended December 31, 2020, 2019 and 2018, respectively. Subsidies are not recorded together with the other revenues of Metrovías, and are instead subtracted from costs of the provision of services, administrative expenses and marketing expenses and/or other operating expenses, as the case may be.

#### *Other revenues derived from the contracts*

#### Revenue from Project Management

Under the Investment Plan that Metrovías executed pursuant to the original concession contract, both costs and revenues in connection with works performed were recognized in Metrovías' income statement. However, since PLANIFER came into effect in 2003, only the management fee charged by Metrovías and the related costs were recorded in the income statement.

The AOM expressly excludes works and investments in the SBA and Premetro, which are currently within the exclusive competency of SBASE. Therefore, revenue from project management only includes fees charged by Metrovías derived from specific agreements entered into with the Argentine government or SBASE to coordinate certain works under the concession or the AOM, such as the technological update of the SUBE card, adaptation of the infrastructure by incorporating new rolling stock fleet or renovating stations.

Metrovías' revenue from project management were Ps.11.9 million, Ps.101.6 million, Ps.381.3 million and Ps.642.8 million during the three-month period ended March 31, 2021 and the fiscal years ended December 31, 2020, 2019 and 2018, respectively.

#### Revenue from collateral operations

Pursuant to the concession contract entered into with the Argentine government, Metrovías was entitled to use, lease or grant a concession for the retail spaces and kiosks located in the stations, including in the platforms, waiting rooms, corridors and other passenger areas. In 2000, Metrovías entered into a contract with Metronec, an

entity controlled by us, under which, in return for a fee, Metrovías granted an exclusive sub-concession to Metronec for the commercial operation of the retail spaces.

The AOM prohibits the operation of any collateral services by Metrovías in the SBA and Premetro, except for the charge of trip cards or other devices. Consequently, Metrovías' revenues from collateral operations currently derive from the fees for travel cards and/or other devices in the SBA and Premetro and the Urquiza Railway and from the fees paid by Metronec for the commercial operation only of the areas within Metrovías' concession in the Urquiza Railway.

Metrovías' revenue from collateral lines of business were Ps.8.7 million, Ps.46.8 million, Ps.223.6 million and Ps.211.5 million during the three-month period ended March 31, 2021 and the fiscal years ended December 31, 2020, 2019 and 2018, respectively.

### *Service Quality*

From the beginning of the concession, Metrovías has shown a special interest in service quality. In October 2000, Metrovías became the first subway operator in Latin America to affirm its management, operation and maintenance quality policies in subway Lines A, B, C, D, E and the Premetro of the City of Buenos Aires and in the Urquiza Railway through an IRAM 9002/1994 certification. In 2003, the company received the ISO 9001 certification for subway Lines A, B, C, D and E, Premetro and Urquiza Railway, and in the year 2010 obtained this certification for Line H, which was a formal acknowledgment by an external organization that Metrovías complies with quality requirements verified through permanent audits. In 2016, Metrovías obtained the certification for the new version of the ISO 9001:2015 standard while in 2017, reaffirmed its commitment to the environment and obtained ISO 14001:2015 Environmental Management System for Line H.

Additionally, since 2003, Metrovías has been part of NOVA International Railway Benchmarking Group, under which permanent surveys and analyses regarding improvements and best practices followed by world subway lines are conducted in conjunction with leading world metros and the transportation school of the Imperial College of London.

The average number of failures recorded for every 100,000 railcar-km travelled decreased 89.9% from 1991 to 2020, from 69 failures every 100,000 railcar-km in 1991 (according to information from the terms and conditions of the bid) to only seven in 2020.

### ***Other Activities Related to Transportation***

#### *Railway infrastructure works*

BRT has a 63.78% interest in a joint venture with Siemens S.A., which in June 2018 was awarded an auction called by SBASE for the improvement of the electrical system of Subway Lines C and D of Buenos Aires. Additionally, BRT was awarded in two auctions for the works on the power and traction facilities in subway Line E and the installation of the ATS system in all the formations of the Urquiza Railway. BRT's backlog for these works as of March 31, 2021 amounted to approximately Ps.711.9 million.

#### *Railcar Repair Workshop*

BRT, through its subsidiary BRf, has developed and operates a railway maintenance and repair workshop located in Juárez Celman (Province of Córdoba) to service the needs of the domestic railway market. BRf started doing business in February 2008 in a railway plant that was designed and fully constructed by the company.

BRf provides solutions for the industry by performing reconditioning and repair works on cargo railcars, passenger railcars (electric or towed), locomotives, bogies, and other pieces of rolling stock, among others. BRf has a direct railway deviation from the mainline of the former Belgrano Railway, as well as the equipment and machinery required for any intervention on railway material and agricultural and road machinery. The company has opened a new division that currently develops major high-tech electronic components.

Since its founding in 2008 through March 31, 2021, BRF has been awarded contracts to repair 157 cargo railcars, 233 passenger railcars, 13 locomotives, and several mechanical, pneumatic, electric, and electronic components of rolling stock, as well as 352 km of ultrasound rail inspection.

In addition, BRT and BRF, through a UTE, undertook general repair works of rolling stock involving 78 Nagoya passenger railcars under a contract awarded through public tender by SBASE in August 2013.

BRF has made investments and conducted research work for developing improvement solutions on existing railway infrastructure and rolling stock. As a result, the company has been awarded a contract to install the ATS system in all of the formations of the Urquiza Railway, a dead man's vigilance device system, and 51 train event recorders, as well as over 300 signs with equipment that indicates the arrival time of the trains and development of the web server system. It has also entered into a contract for the provision, installation, technical assistance and commissioning of the station and closing of doors warning system for twelve formations of the Urquiza Railway.

### *Technical Assistance*

BRT holds a minority interest in the consortium that has been awarded the public concession for constructing, equipping, and operating the new São Paulo Metro Line 18 (also known as the “bronze line”) that will link this city to the district of São Bernardo do Campo. The Government of the State of São Paulo is still set to authorize the commencement of the works, which consist of a monorail about 15 km long, travelling across the municipalities of São Paulo, São Caetano do Sul, Santo André, and São Bernardo do Campo. BRT will also provide technical assistance in urban rail transport implementation, operation, and management processes, thus contributing its expertise in the railway sector.

In addition, BRT has a minority interest in the VLT Carioca Consortium, holder of the concession for the implementation, operation and maintenance of a light rail, known in Brazil as VLT (*veículo leve sobre trilhos*), in the port and central area of the city of Rio de Janeiro, which started its operation in June 2016. BRT provided operational, technical, strategic, commercial and financial assistance in the stages of project engineering, construction, commissioning, operation and maintenance from the drafting of the Expression of Interest Proposal submitted to the Prefecture of Rio de Janeiro through the end of December 2017.

### *Competition*

The main competition for our subway and railway operations is public automotive passenger transportation in the AMBA. For further information, see “*The Argentine Infrastructure Market—The Transportation Market in Argentina.*”

There is another private train operator within the AMBA, Ferrovías S.A., which runs the North Belgrano Railway.

The following table shows the changes in the market share within the AMBA transportation system for each railway operator since 2016.

<b>Year</b>	<b>Metrovías</b>	<b>Ferrovías</b>	<b>SOFSE</b>	<b>Total Railway Transportation</b>	<b>Automotive Transportation</b>	<b>Total</b>
2016.....	14.3%	1.1%	13.8%	<b>29.3%</b>	70.7%	100.0%
2017.....	14.9%	1.1%	14.8%	<b>30.9%</b>	69.1%	100.0%
2018.....	16.1%	1.1%	16.2%	<b>33.4%</b>	66.6%	100.0%
2019.....	15.4%	1.2%	16.6%	<b>33.1%</b>	66.9%	100.0%
2020.....	10.1%	1.4%	14.8%	<b>26.3%</b>	73.7%	100.0%

## ***Real Estate and Advertising***

On September 7, 2000, Metrovías entered into an agreement with Metronec, a company 95% controlled by BRT, which granted Metronec the exclusive right to the commercial operation of the retail areas which are part of Metrovías' concession. Under this sub-concession, Metronec was allowed to use, lease and grant operating permits in several areas including subway stations, corridors and passenger waiting areas, and to lease any available spaces for advertising in stations, train carriages and other concession property.

The AOM expressly excluded the performance of any other collateral activities by Metrovías in the SBA and the Premetro, except for fees for the recharge of trip cards and/or other devices, which have remained as part of the operator's compensation mentioned above. In spite of having claimed the reservation of its rights over such items in various notes and filings before the SBASE, the company has discontinued recognizing other revenues from those items. At present, Metronec earns revenues only from the commercial operation of the areas within Metrovías' concession in the Urquiza Railway.

Metronec's revenues were Ps.2.6 million, Ps.10.1 million, Ps.13.1 million and Ps.14.9 million during the three-month period ended March 31, 2021 and the fiscal years ended December 31, 2020, 2019 and 2018, respectively.

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

We own the railway workshop Planta Juárez Celman (Province of Córdoba) and all the machinery and equipment used in that facility.

The property received by Metrovías at the beginning of the concession continues to be owned by SBASE and ADIF, a company into which FEMESA has been merged. Accordingly, such property has not been added to the company's assets. Upon termination of the concession or AOM, this property and the assets that may have replaced, expanded, or improved such property will be delivered to the enforcement authority. In the same way, at the beginning of the new concession for the operation of the Subway and Premetro in the City of Buenos Aires, the concessionaire will become the holder, on behalf of SBASE, of the concession assets, that will have to be returned to the latter upon expiration of the concession.

## ***Water Supply Services Segment***

### ***General***

ACSA, a company in which BRH has a 71.98% equity interest and the main subsidiary of this segment, provides services for the collection, purification, preservation, transportation, distribution and commercialization of water for domestic, business and industrial consumption in the City of Córdoba. The Water Supply Services segment had revenues of Ps.1,170.5 million, Ps.3,997.0 million, Ps.4,240.7 million and Ps.4,192.1 million during the three-month period ended March 31, 2021 and the fiscal years ended December 31, 2020, 2019 and 2018, respectively.

### ***The Concession***

ACSA holds a 30-year concession granted in 1997 by the Province of Córdoba. The concession area falls within the municipal boundaries of the City of Córdoba. ACSA can carry out activities and works outside this area only for the purposes of collection, purification and transport of water to render its services. In addition, the concessionaire must provide bulk water to certain cities outside the concession area in the same conditions as the Provincial Bureau of Water and Sanitation did before the concession.

At the end of 2019, the government of the Province of Córdoba informed ACSA of its intention to decentralize the drinking water provision service, pointing to procedures for transferring services to municipalities contemplated in the provincial regulatory framework. On December 16, 2019, the Province of Córdoba signed an agreement with the Municipality of Córdoba for the transfer of ownership of the existing drinking water supply service within the radius of its territorial jurisdiction and the transfer of the contractual position that it held in the Concession Contract of the Public Drinking Water Supply Service of the City of Córdoba. The agreement was ratified by the Province of Córdoba through Law No. 10,682, by the Municipality of Córdoba through Municipal Ordinance No.



13,022 / 2020, as well as by the boards of ACSA and Public Utilities Regulatory Agency (“ERSeP”). Finally, on March 2, 2020, the Province of Córdoba and the Municipality of Córdoba signed the act in which the transfer of ownership of the service to the Municipality of Córdoba became effective.

Through two purification plants, 26 pressure stations, and over 4,700 km of distribution network, ACSA currently provides drinking water to approximately 1.36 million residents. There are two raw water supply sources: (i) the San Roque Reservoir, with a 201 cubic hectometers (“hm<sup>3</sup>”) capacity, and through which raw water is driven to the water intakes in La Calera, and (ii) Los Molinos reservoir, with a 307 hm<sup>3</sup> capacity, and through which raw water is driven to the water intakes in Los Molinos Channel. Los Molinos Reservoir is farther away and therefore poses transportation challenges. In this sense, the government of the Province of Córdoba is performing works to replace the last 40 km of the water channel that transports raw water. On the other hand, San Roque Reservoir, although more contaminated, is more reliable in terms of supply.

While the Municipality of Córdoba is the owner of the concession assets, an operator appointed under an agreement with ACSA is in charge of the management and technical operations, which includes supervising and auditing, either by itself or through third parties, the management of ACSA in all economic, financial and technical aspects. In addition, the operator may oppose any administrative act that it believes is not appropriate for the concession. ACSA must pay the operator 6% of the gross operating margin, but it can request technical assistance from the operator, including specific surveys and analysis. Since December 22, 2006, BRH has served as the operator.

ACSA and its shareholders are responsible to the service owner for all obligations under the contract. ACSA’s shareholders are secondarily liable to the Municipality of Córdoba and jointly liable among themselves. If any of ACSA’s shareholders fails to comply with their joint obligations, the remaining shareholders are liable to the extent not covered by the non-complying shareholder, in proportion to their participation.

On August 22, 2018, the Province of Córdoba decided to reinstate the concession fee and royalty payments for both raw water drawn from all water intakes and wells and for the transport of raw water through Los Molinos water channel, which application had been suspended since January 2006 when the concession contract was renegotiated. In accordance with the provisions of the concession contract to resume these charges, the concession grantor had to recognize the impact of the fees on the cost structure of the concession and, consequently, on the tariff levels applicable to the service. For this reason, on October 2, 2018, General Resolution ERSeP 69/2018 approved an additional tariff increase of 10.58% applicable as of January 1, 2019.

The concession contract has a mechanism to review and define the goals and objectives every three years through a Service Improvement and Expansion Plan (“PMES,” for its acronym in Spanish). The PMES includes: (i) a management and results plan which contains operating commitments and efficiency levels as well as any action necessary to achieve the management goals and objectives; and (ii) an investment plan, which contains (x) the applicable investments for preventive and remedial repairs and maintenance necessary to deliver service, (y) the quality levels required under the contract and (z) the different investment scenarios necessary for ACSA to meet its obligations under the contract, detailing in each case, the tariff requirements and the financing scheme for each scenario.

ACSA has submitted to ERSeP the PMES required for the three-year periods 2008 through 2010, 2011 through 2013, 2014 through 2016, 2017 through 2019 and 2020 through 2022 to ERSeP for its consideration and approval. ACSA has also requested compensation from the Province of Córdoba for different circumstances which have substantially affected the contractual terms and which have caused losses to ACSA since 2006. ACSA also filed a request for compensation with the concession grantor for failure to approve and execute the successive PMES filed for reasons not attributable to ACSA. In relation to these pending claims, the agreement transferring ownership of the drinking water supply service provided that the Province of Córdoba and ACSA would each appoint two representatives within a period of six months from the approval of the agreement to address these claims. ACSA appointed the two representatives while the Province of Córdoba has not done so as of the date of this Exchange Offer Memorandum. ACSA has also initiated administrative actions for unreasonable delay in relation to the two main claims presented, to which the provincial Superior Court of Justice has ordered the Province of Córdoba to respond in this regard.

Under the tariff levels established by the concession contract, ACSA only has to perform the preventive and remedial repairs and maintenance works necessary to provide service within the quality parameters required by the concession contract, according to the amount of assets applied to service as of December 31, 2005, plus the meters installed in 2006 and 2007. At any time, the Province of Córdoba or the Municipality of Córdoba, as applicable, may introduce additional investments about the infrastructure for the collection, purification or distribution of water, but it must provide ACSA with the necessary financing or execute the work on its own or through third parties. From the transfer of the concession contract to the Municipality of Córdoba, the investments related to the capture of raw water and purification become the responsibility of the Province, while the works on the distribution network are the responsibility of the Municipality. All of these improvements are considered concession assets once completed. ACSA must modify the PMES once these assets become part of the concession, and it must clearly identify the impact of these investments on the cost of operation. In October 2020, ACSA submitted to the Province and to the Municipality of Córdoba notes with the necessary work plans for the years 2021 through 2027, which are part of the PMES submitted, that should be approved and financed with the funds generated through the payment of royalties or the Infrastructure Fund for the Supply of Drinking Water (“FISAP”) which is further explained.

Regarding financing mechanisms for works, in August 2010, through Decree No. 1284/2010, the Province of Córdoba approved an additional 18% tariff charge, to be applied progressively (the “Tariff Charge”) for the installation of meters and other necessary works for a three-year term beginning September 2010. During 2011, 2012 and 2013, meters were installed, connections were renovated, and supplementary works were performed according to the programs authorized by the ERSeP. Provincial Decree No. 1268/13 published November 28, 2013, approved the extension of the Tariff Charge for an additional term of five years. In November 2018, when the extension deadline was met, the Tariff Charge was not renewed. In this stage, the works to be financed with the funds generated by the Tariff Charge, pursuant to the plan agreed with the ERSeP and the Province of Córdoba Public Utilities Secretariat, included lifting stations, trunk and distribution networks and renewal of meter connections. The Tariff Charge was collected by ACSA, which had to deposit the funds in a specific allocation account from which the works were paid. Although they were executed and recognized as intangible assets by ACSA, the works to be financed with the Tariff Charge were determined and approved by the grantor with a bid, award and payment regime controlled by ERSeP. As of the date of this Exchange Offer Memorandum, ACSA has executed all the agreed works and, upon the request of ERSeP, expects to execute additional works during 2021 with the remaining funds from the Tariff Charge.

In December 2019, through Law No. 10,679, the FISAP was established through December 31, 2020, later extended through Law No. 10,724/2020 until December 31, 2021, which will be applied mainly to the financing of new or pre-existing infrastructure works, aimed at guaranteeing the provision of drinking water service and water works in the area of the City of Córdoba. The FISAP is integrated with a mandatory contribution from all users equivalent to 9% of the amount billed from January to June 2020 and 16% from July 2020 to December 2021. ACSA is in charge only of the collection of the mandatory contribution. The grantor is responsible for the execution of the works.

## **Revenues**

Under the basic tariff scheme, customers are charged at a fixed tariff based on cadastral parameters, and if the service is metered, they are further charged a consumption fee if they exceed 25 cubic meters per month. Moreover, ACSA charges an infrastructure fee for service connection, disconnection and reconnection. ACSA may suspend or discontinue the service for any delay in payment, irrespective of its right to collect additional charges, compensatory and penalty fees and charges for any legal actions.

There are tariff review mechanisms in place:

- *A cost increase review:* ACSA can request an increase in the tariff from ERSeP when it records an increase equal to or higher than 8% for the costs of the service, or when six months have elapsed since the last review, whichever occurs first. The requested adjustment, after being subject to a public audience, must be approved by the ERSeP. The 29 tariff revisions made so far have represented a 4,075.1% cumulative tariff increase for residential clients and 5,075.9% for non-residential clients that compensate for cost increases occurred between February 2006 and November 2020.

- *Regular reviews:* These reviews define the PMES, and they must include alternative tariffs and financing options. The adjustments are based on an assessment of the costs of services under the proposed scenario.

### ***Operations***

ACSA has obtained ISO 9001:2015 quality certifications regarding the collection, purification, conservation, transport, distribution and commercialization of water. It also obtained ISO 14001:2015 (Environmental Management), ISO45001:2018 (Occupational Health and Safety Management System), ISO17025:2018 (Laboratory Competence Management System) and adhered to ISO26000:2010 (Corporate Social Responsibility Management System) certifications.

According to recent technical audits, approximately 99.0% of the residents in the City of Córdoba receive water from ACSA. As for the continuity of service, 934 cuts in water supply were reported during 2020, 815 in 2019 and 909 in 2018. The general customer satisfaction rate based on company surveys was 88.8% in 2020, 87.7% in 2019 and 87.2% in 2018. Finally, there is a Revenue Participation Program in place for employees, which is calculated as 4% of net income.

### ***Competition***

As ACSA is the exclusive concessionaire for the distribution of drinking water in the City of Córdoba, it has no competitors in the area. There are currently few private providers of Water Supply Services in the major Argentine cities.

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

The head office of the Water Supply Services segment is a property located in the City of Córdoba and is owned by us. Assets related to these services, including water filtration plants, pumping stations and distribution networks, were transferred to ACSA, who became the holder of the assets under Argentine law. In addition, any assets acquired or constructed by ACSA related to its Water Supply Services must be returned to the Province of Córdoba upon expiration of the concession. All these assets may not be attached or given as a guarantee, and they must be kept in good repair during the life of the concession. These assets have not been recognized under the line item “Property, plant and equipment,” but were classified as “concession rights” under “Intangible assets.”

### ***Other Activities***

Other business activities of Clisa included in our Other Activities segment are described below. This activity has accounted for (i) 0.9% and 0.8% of our total consolidated revenues for the three-month period ended March 31 2021 and the year ended December 31, 2020, respectively, and (ii) 1.5% and 1.5% of our total consolidated assets as of March 31, 2021 and December 31, 2020, respectively.

### ***Information Technology Services***

Prominente is an information technology (“IT”) company that has been providing software solutions and IT services for over 30 years. Prominente began providing services to the group’s companies and then expanded its client portfolio to include companies from different sectors of the economy. It currently manages and maintains software projects and provides data center, technical support and help desk services, to name a few, at its offices in Córdoba and Buenos Aires.

Revenues from the Other Activities segment for the three-month period ended March 31, 2021 and the years ended December 31, 2020, 2019 and 2018 were Ps.102.9 million, Ps.339.0 million, Ps.416.3 million, and Ps.500.0 million, respectively.

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

Prominente owns a property in the City of Cordoba where its head office is located, which has been mortgaged to secure a loan described in “*Other Company Indebtedness—Indebtedness of the Construction Segment.*”

## **Government Regulation**

### ***General***

Generally, except for the terms determined by governmental agencies in our concession contracts, we are not subject to any special governmental regulation. We believe that we have complied with Argentine laws and regulations applicable to our business in all material respects.

### ***Construction Segment***

Our main clients in our construction activities are the Argentine government, the GCBA, the provincial governments and their ministries, departments and other governmental agencies, such as the DNV, ADIF, and SBASE. The procedures upon which the government elects the constructor are regulated at federal and local level. The public tender is an administrative procedure in which the public administration invites the interested parties to submit offers to be presented in accordance with the conditions set out in the invitation to bid. The bidder submitting the most attractive offer will be selected to perform the public works. At the federal level, the basic framework for public tenders is provided by the Public Works Law.

In our toll road concessions similar considerations apply. At the federal level, Law No. 17,520 sets out the basic framework for concessions for construction, maintenance and operations of public works through the collection of tolls or tariffs.

In addition, Law No. 27,328, enacted in November 2016, and Regulatory Decree No. 118/2017 approved a new public-private participation system, which establishes a framework for cooperation between the public and private sector for investment in Infrastructure projects. Public-private participation contracts are an alternative modality to contracts regulated by the Public Works Law No. 17,520 and by the National Administration Contracting System established by Decree No. 1,023/2001.

### ***Waste Management***

Our activities are subject to the general framework established by the General Environmental Law No. 25,675, as amended (*Ley General del Ambiente*, or the “General Environmental Law”), which sets out minimum standards for the adequate and sustainable management of the environment, the preservation and protection of bio diversity and the implementation of sustainable development, as well as to Provincial regulations. Urban waste management contracts, which comprise collecting residential waste, sweeping streets and the final disposal of waste, are regulated by national and provincial environmental law. Law No. 25,916 provides minimum standards for environmental protection that must be observed in the management of residential waste. Activities associated with the collection and treatment of pathogenic and industrial waste are regulated by specific provisions at federal and provincial levels, which include provisions requiring the registration of an operator, inspection and control. At the federal level, Law No. 24,051 on hazardous waste provides the regulatory framework regarding the generation, handling, transportation and treatment of this type of waste under federal jurisdiction. Likewise, Law No. 25,612 on the management of industrial waste and other services provides minimum environmental protection standards for such activities.

In addition, the General Environmental Law, Decree No. 447/2019, as well as other provincial and municipal rules and regulations applicable to us provide that any individual or legal entity, whether government- or privately-owned, performing activities that pose a threat to the environment, ecosystems, and related components, is required to provide sufficient insurance to guarantee that the necessary funds are available for remediation in case of potential damage. As set forth in the laws and regulations on environmental insurance, our waste management activities fall within those requiring environmental insurance. Alternatively, the law authorizes companies to set up an environmental remediation fund to facilitate the implementation of remediation actions.

## ***Transportation***

On November 25, 1993, Metrovías entered into a concession contract with the Argentine government to provide passenger railway services in the SBA and Premetro and the Urquiza Railway. In January 2012, the Argentine government and the GCBA entered into an agreement whereby the GCBA assumed (or agreed to assume), as of January 2012, control and oversight of the entire concession contract with respect to the SBA and the Premetro, as well as full exercise of the power to set the service rates. The differences between the Argentine government and the GCBA's interpretation of the terms and conditions of the agreement prevented performance of the contractual terms set. On March 28, 2012, pursuant to Law No. 26,740, the Argentine Congress confirmed the transfer of the Subway and Premetro Transportation Services to the City of Buenos Aires, and understood that the City of Buenos Aires was the appropriate entity to have exclusive jurisdiction over the services and exercise control over those services.

The GCBA did not accept the Argentine Congress' terms until December 19, 2012, when the Buenos Aires City Legislature passed Law No. 4,472, for the Regulation and Restructuring of the Rail Transport System in the City of Buenos Aires, which provides the legal framework for rail (underground and surface) transport in the jurisdiction of the City of Buenos Aires. The law states, among other things, that: (i) the GCBA would take control of the public passenger transportation service involving the subway and ground railway system operating exclusively in its jurisdiction, as well as of any new lines or expansions of existing lines as may be built in the future after January 1, 2013; (ii) the service involved a utility; (iii) the utility service was at the time in a state of emergency; (iv) SBASE would be the authority responsible for enforcing the rules and controlling operations; and (v) a maintenance and investment fund would be set up from which the GCBA would obtain funds. Law No 4,472 also provides the general guidelines to guarantee the continuity, regularity, uniformity and quality of service, and sets the concessionaire duties and the subsidy adjustment mechanism, among others.

On April 5, 2013, Metrovías and SBASE entered into an AOM for the SBA and the Premetro whereby, within the terms of Law No. 4,472, SBASE awarded to Metrovías, on an exclusive basis, the operation and maintenance of the SBA and Premetro Public Service and set the rules that govern Metrovías activities.

The initial term of the AOM was two years from the date of execution, and it could be extended by SBASE provided, however, that the aggregate duration of the AOM did not exceed the effective term of emergency declared by Section 6 of Law No. 4,472. The emergency period was initially set for two years, extendable for one additional year at the discretion of the GCBA Executive Branch. On April 6, 2015, SBASE notified Metrovías of the extension of the effective term of the AOM for one additional year. Law No. 4,472 was later amended by Law No. 4,790 which determined the emergency period at four years as of December 2012, and that the GCBA would be entitled to extend such period for one additional year. This determination was subsequently confirmed and supplemented by the GCBA's Executive Branch through Decree No. 127/16. As a result, on February 26, 2016, Metrovías and SBASE signed an addendum amending the AOM in order to extend the term of operation through December 31, 2017, among other purposes.

Subsequently, during the regular session held on November 2, 2017, the Legislature of the City of Buenos Aires passed Law No. 5,885 enacted by the GCBA Executive Power through Decree No. 469/17, whereby (i) the latter was authorized to grant the operation and maintenance of the Subway and Premetro network of the City of Buenos Aires under a concession legal regime, and (ii) the emergency period established in Section 6 of Law No. 4,472 was extended until December 31, 2018. Pursuant to this amendment, on December 28, 2017 Metrovías signed a new amendment addendum with SBASE that extended the AOM until December 31, 2018, which in part requires that Metrovías ensure the regularity and continuity of the provision of services.

Meanwhile, on February 20, 2018, the Official Gazette of the City of Buenos Aires published the call for bids for National and International Public Tender No. 212/18 at the request of SBASE to grant the concession for the operation and maintenance of the Subway and Premetro network of the City of Buenos Aires for a period of twelve years renewable for an additional three years.

During the regular session held on December 6, 2018, the Legislature of the City of Buenos Aires passed Law No. 6,102 amending Law No. 5,885, enacted by the GCBA Executive Power through Decree No. 444/18, whereby the current AOM was extended until the awardee of the ongoing bidding process for the concession of the

service takes effective control, which extension cannot go beyond December 31, 2019. Accordingly, Metrovías signed a third addendum with SBASE amending the AOM dated December 28, 2018.

Finally, on December 27, 2019, the board of SBASE, through Resolution 3360/19 and for reasons of peremptory necessity, resolved to order the continuance of the AOM until the successful bidder of the ongoing tender for the service concession takes effective possession. By virtue of this resolution, on the same date, Metrovías signed a fourth addendum to the AOM with SBASE.

The applicable legal system for the National and International Public Tender No. 212/18 for the operation and maintenance of the Subway and Premetro network of the City of Buenos Aires, which was awarded by SBASE to the consortium made up of Metrovías and BRT, is made up of: the Constitution of the City of Buenos Aires, Law No. 4,472 on Regulation and Restructuring of the Surface and Underground Passenger Rail Transport System, Law No. 5,885, the Price Redetermination Law No. 2,809 of the City of Buenos Aires, as amended and regulated, Law No. 20,705 on State-owned Companies, the Argentine Companies Law No. 19,550, as amended, the Civil and Commercial Code of Argentina, and the Bidding Terms and Conditions, including annexes and explanatory circulars.

SBASE is the enforcement authority in relation to the Subway and Premetro public service in the City of Buenos Aires; therefore, SBASE is responsible for monitoring and supervising the AOM and the new concession contract. SBASE is a State Company of GCBA responsible for the management, performance, and expansion of the subway network, as well as the oversight of service operation.

Notwithstanding the situation regarding the SBA and Premetro, Metrovías continues operating the Urquiza Railway under the rules of the concession contract entered into force by National Executive Branch Decree No. 2,608/93 dated December 22, 1993 and amended by means of an addendum approved by Decree No. 393/99 dated April 21, 1999. On June 11, 2013, the Argentine government and Metrovías signed a letter of agreement passed by National Executive Decree No. 1,145/45, whereby in respect to the Urquiza Railway, the full force and effect of such concession contract between the parties was ratified, and whereby the Argentine government maintained its capacity as concession grantor. For further information regarding the duration and the latest amendments to the concession contract see *“Business—Transportation Segment—Subway Network Operation and Maintenance Contract—Urquiza Railway Concession.”*

At the national level, Law No. 27,132, enacted in May 2015, set forth guidelines for the administration of the railway infrastructure by the Argentine Executive Branch, public and private participation in the provision and operation of public rail transport services, access to the national rail network of cargo and passengers, interconnection of railway systems and the intermodality of transport services, maximization of investments and resources used for the provision of a railway service under conditions of efficiency and safety, incorporation of new technologies and management modalities that contribute to the improvement of the provision of the railway service and protection of user rights. In turn, the Argentine Executive Branch resumed the full administration of railway infrastructure throughout the national territory and the management of train traffic control systems and was granted the power to review all existing concessions, including the Urquiza Railway concession contract. Previously, Law No. 26,352, enacted in February 2008, introduced horizontal separation of the rail system, differentiating the management of the rail infrastructure from the operation of the passenger rail services, for which the ADIF and SOFSE, respectively, were created.

The agency responsible for enforcing the rules and controlling operations of the railway and transportation services is the CNRT, a self-regulated body created in 1996 by Decree No. 1,388. The CNRT has jurisdiction over automotive and railway transportation of passengers and cargo. CNRT also regulates compliance with transport policies but does not have any responsibility for determining such policies and only acts under the regulatory guidelines provided by the controlling authority.

### ***Water Supply Services***

ACSA provides its services under the concession contract, the offer, bidding terms and conditions and its explanatory circulars, the Córdoba Provincial Water Code (*Código de Aguas de la Provincia*), the Regulations for Water Service Users, resolutions passed by ERSeP, the Department of Water Resources and Coordination, and Provincial Decree No. 529/1994. Under these regulations, the water supply services must be maintained in a manner

that guarantees its continuity, regularity, quantity and quality. Additionally, we are generally required to ensure the protection of public health and the environment.

ERSeP regulates and controls public utilities in the Province of Córdoba, except for national and municipal utilities, including the water supply services provided by ACSA. ERSeP is an autonomous agency within the Ministry of Water, Environment and Public Services of the Province of Córdoba (“MAAySP”) and was created on March 28, 2000, through Provincial Law No. 8,835.

### ***Labor Legislation***

We must comply with labor legislation enacted by the Argentine government and numerous provisions enacted by the Ministry of Labor and Social Security and other agencies. Employment contracts are governed by Law No. 20,744, as amended, which sets out certain rules that must be observed in all labor contracts, including provisions on their effective term, holidays and termination. In addition, business and union representatives of the different industrial sectors may from time to time negotiate collective bargaining agreements. In addition to wages and salary, an employee is entitled to receive an annual bonus which is paid in two installments in June and December, and the value of such installments is 50% of the highest monthly salary received in the immediately preceding six-month period. An employer is also required to contribute amounts equal to a certain percentage of its total payroll to the National Institute for Social Security and to other agencies. Argentine legislation does not currently require companies to implement a profit-sharing program.

Argentine law No. 24,557, known as the Occupational Risk Law, provides a mandatory insurance plan for coverage of occupational accidents and diseases. Additionally, we must observe Law No. 19,587, as amended, on occupational health and safety. These laws provide minimum standards which must be observed by all employers, and refer to matters including health and safety conditions at the work place, employee life conditions, ventilation of the facilities, handling of tools and machinery and environmental and sound pollution.

On December 13, 2019, the Argentine government, through Decree of Need and Urgency No. 34/2019 declared a public occupational emergency for a term of 180 days, which was then successively extended by Decree No. 39/2021 as from December 31, 2021. During the term of the public occupational emergency established by the government, in the event of dismissal without cause, the affected worker will be entitled to receive twice the applicable severance pay which cannot exceed Ps.500,000. and will apply to all compensation items due to dismissal until December 2021.

Further, within the framework of the health emergency resulting from the COVID-19 pandemic and the public occupational emergency, the Argentine government, through Decree of Need and Urgency No. 329/2020, prohibited dismissals without cause and those based on the lack or decrease of work and force majeure for an initial term of 60 days, which was successively extended by several Decrees and extended until December 31, 2021 by Decree No. 413/2021. Such prohibitions are not applicable to labor relations initiated in the private sector as of December 14, 2019 nor to the National Public Sector defined in article 8 of Law No. 24,156, nor to those who are included in the legal work regime for personnel in the construction industry of Law No. 22,250. Moreover, Decree No. 413/2021 established that, until December 31, 2021, the COVID-19 disease will presumptively be considered an occupational disease -not listed- in the terms of section 2, subsection b) of the Article 6 of Law No. 24,557, with respect to employees who have effectively performed tasks in their usual places, outside their private home.

In addition, on August 14, 2020, the Argentine Congress enacted Law No. 27,555 on the Legal Framework of Teleworking, aimed at establishing the minimum legal requirements for the regulation of teleworking in those activities that qualify due their nature and specific features. The requirements will be provided under bargaining collective agreements given that the only applicable regulation was International Labour Organization (ILO) Home Work Convention No.177 dated 1999. Since the enactment of Law No. 27,555, certain provisions relating to remote work were introduced in the contract of employment set of regulations, such as the working hours, work elements, and workers' rights and obligations, among others.

According to Resolution No. 54/2021 of the National Ministry of Labor, Employment and Social Security, the Legal Framework for Remote Work become effective on April 1, 2021. Through Resolution No. 142/2021 the

National Ministry of Labor clarified that, as long as sanitary measures or recommendations issued by public authorities are in force, non-attendance to the workplace for that reason cannot be interpreted as constituting the telework contract.

## Employees

As of March 31, 2021, December 31, 2020, 2019 and 2018, we had 14,869, 14,913, 16,656 and 14,971 employees, respectively.

*Construction Segment.* As of March 31, 2021, our Construction segment had 2,640 employees, of which 247 were members of trade unions. As of December 31, 2020, 2019 and 2018, this segment employed 2,826, 4,728 and 3,309 people, respectively.

*Waste Management Segment.* As of March 31, 2021, our Waste Management segment had 5,079 employees, of which 2,576 were members of trade unions. As of December 31, 2020, 2019 and 2018, this segment employed 4,943, 4,654 and 4,589 people, respectively.

*Transportation Segment.* As of March 31, 2021, our Transportation segment had 6,421 employees, of which 2,763 were members of trade unions. As of December 31, 2020, 2019 and 2018, this segment employed 6,427, 6,525 and 6,323 people, respectively.

*Water Supply Services Segment.* As of March 31, 2021, our Water Supply Services segment had 553 employees, of which 389 were members of trade unions. As of December 31, 2020, 2019 and 2018, this segment employed 551, 564 and 566 people, respectively.

*Other Activities Segment.* As of March 31, 2021, our Other Activities segment had 171 employees, none of which were members of trade unions. As of December 31, 2020, 2019 and 2018, our Other Activities segment employed 163, 181 and 181 people, respectively.

As of the date of this Exchange Offer Memorandum, the Company meets employee payment obligations on a regular basis.

Since the ASPO was imposed in March 2020, several of Clisa's subsidiaries have accessed the mechanisms established by the Argentine Government to govern employment relationships within the context of the COVID-19 pandemic. As a result, several subsidiaries have adhered to the agreements executed between unions and business chambers and/or companies to enforce section 223 *bis* of Law No. 20,744, as amended. In the case of employees exempted from attending their work place, which fall into the provisions of section 24 of Decree No. 792/20 (employees over sixty years old, pregnant women and the at-risk groups therein established), the subsidiaries have the possibility of paying them a non-remunerative compensation equivalent to their regular compensation.

The Issuer is not a beneficiary of the ATP Program. Nonetheless, some of its subsidiaries have adhered to the program which was created to help alleviate the economic impact caused by the COVID-19 pandemic. Pursuant to this program, the Argentine Government has paid a compensatory salary representing a portion of the salary paid to workers and, among other measures, it has allowed the relevant subsidiaries to postpone and/or reduce the payment of certain employer contributions. For further information regarding Clisa's subsidiaries that have adhered to the ATP Program and the obligations entailed by it, see "*Management's Discussion and Analysis—Main Factors That Affect Our Results of Operations—Impact of COVID-19 on our Operations.*"

## Unions

As of the date of this Exchange Offer Memorandum, there are two trade unions that represent certain of our construction workers: *Unión Obrera de la Construcción de la República Argentina* ("UOCRA") and *Unión Empleados de la Construcción y Afines de la República Argentina* ("UECARA"). These unions comprise BRH's entire workforce and are duly registered and acknowledged by the Argentine government under Unions Law No. 23,551 (*Ley de Asociaciones Sindicales*) as amended. Each union has a collective bargaining agreement in effect that specifically governs the relationship between the workers/employees and their employer, which is supplemented by Employment Contract Law No. 20,744 (*Ley de Contrato de Trabajo*), as amended, which provides for benefits and



rights for workers. For construction workers there is also a construction regulation (*Estatuto de la construcción*) in place that provides guidelines for the construction activity. Collective bargaining agreements may be renegotiated every two or more years by Business Chambers and the Unions. Construction worker unions and their collective bargaining agreements are effective nationwide.

There is also an unemployment fund for the construction workers who have terminated their employment relationship. This fund receives a monthly contribution from the employers for every active worker and replaces the termination payment required under the labor regimes applicable to other activities.

With respect to *Sehos*, employees are also represented by UOCRA, UECARA and, in addition, by the *Sindicato de Obreros de Maestranza* that represents workers who perform cleaning and maintenance tasks in the City of Buenos Aires and the Province of Buenos Aires.

In our Waste Management segment, several unions represent workers, depending on the tasks performed. In urban waste management, the waste collection branch of the teamsters union (*Sindicato de Choferes de Camiones*) encompasses operating workers. In each jurisdiction there is a local teamsters union which are collectively grouped into the Truck Drivers Federation (*Federación de Camioneros*) at the national level.

With respect to landfill operation services, the operating personnel are represented by UOCRA while the operating workers in our waste valorization activities are represented by the union that encompasses CEAMSE workers (*Asociación Gremial de Obreros y Empleados de la Coordinación Ecológica Área Metropolitana Sociedad del Estado*, or “AGOEC”).

Workers performing activities related to the industrial services in Argentina are represented both by the teamsters union and by the *Sindicato de Obreros de Maestranza*. On the other hand, in Uruguay there are Salary Councils (*Consejos de Salarios*), bodies composed of representatives from the government, businessmen and workers called for the fixing of minimum salaries, categories and other benefits for each activity group. The employees of our waste management activities in Uruguay fall within the activities group No. 19, mostly in the subgroup 07 “Cleaning Companies,” where they are represented by the *Sindicato Único de Empleados de Limpieza (SUEL)* union. The rest of the employees fall within subgroup 06 “Waste Collection” and 16 “Green Areas” and are represented by the *Sindicato de Trabajadores de Recolección de Residuos* and the *Sindicato Único de Trabajadores de Poda y Áreas Verdes* unions, respectively.

With respect to the SBA and Premetro, employees are represented by two unions: the *Asociación del Personal de Supervisión de la Empresa Subterráneos de Buenos Aires* (“APSESBA”), and the *Unión Tranviarios Automotor* (“UTA”). APSESBA represents supervisors and UTA represents low-skilled workers, each in the operating services sectors. There is also a third union, the *Asociación Gremial de Trabajadores de Subterráneos y Premetro*, which has a simple registration before the National Ministry of Labor and Social Security and which is disputing UTA’s current legal recognition.

In the case of the Urquiza Railway, workers are represented by four unions, depending on their specialization: La Fraternidad, for train drivers, *Asociación de Señaleros Ferroviarios Argentinos*, for signal operators, *Unión Ferroviaria*, for the rest of the operating workers and *Asociación del Personal de Dirección de Ferrocarriles Argentinos*, which represents certain categories of senior personnel.

Operating personnel at BRf are represented by *Unión Obrera Metalúrgica de la República Argentina*.

Workers in our Water Supply Services segment are represented by three unions: *Sindicato de Obras Córdoba*, whose union agreement applies to the provincial area, UOCRA and UECARA.

Over the last five years, the unions that represent most of the workers in our Waste Management and Transportation segments have taken different actions consisting mainly of work stoppages, to demand salary increases and improvements in their working conditions. These measures did not extend over long periods of time and have not had a significant impact on our operations and financial conditions. Notwithstanding the foregoing, see “*Risk Factors—Risks Related to Our Business—Our business could be materially adversely affected by trade union action.*”

Our human resources policy is to work in conjunction with our employee representatives for appropriate management of the employment relationship to achieve improvements in working conditions for the benefit of our employees and their families.

## **Insurance**

We consider our insurance coverage to be adequate both in terms of risk and amounts for the type of activities we conduct. The risks for which we have obtained insurance may be classified as follows:

*Liability:* for property damage and bodily injuries to third parties, resulting from our business.

*Operating Risk:* damage to our property or property for which we are legally responsible or which is under our care, control or custody, including transportation, electric equipment, damage caused by water and glass.

*Property Damage:* total and partial loss due to an accident, fire or theft occurring to our fleet of vehicles, automotive equipment and trucks, including liability coverage.

*Technical Insurance:* all risk to electronic equipment and computer accessories, including installation and assembly of electromagnetic turnstiles at SBA stations.

*Theft of valuables:* theft of valuables from the safety box, petty cash, dispenser machines, ticket dispensers, counter box or register box.

*Performance bond:* insuring the development of services provided under concession contracts, the performance of agreed work, the performance of maintenance and agreed operations.

*Transportation:* transported goods, materials, machinery and other property inherent in our activities.

*Occupational:* we are insured by occupational risk administrators and other insurance companies. The coverage taken with occupational risk administrators consists of medical care, unpaid wages, disabilities, death and occupational diseases. This insurance program is in accordance with Law No. 24,557. We also have coverage with other insurance companies providing mandatory life insurance, regulated under Decree No. 1,567/1974, which covers all employees, regardless of the cause of death.

*Environmental:* Pursuant to General Environmental Law, prior to performing any tasks or activities that, within the Argentine territory, may harm the environment and/or any of its components, or significantly affect the quality of life of the population, the Company conducts an environmental impact assessment procedure and, as required, obtains sufficient insurance to guarantee that the necessary funds are available for remediation in case of potential damage. We also take out environmental insurance if requested by our customers in the bidding documents.

## **Intellectual Property**

The National Institute of Industrial Property (*Instituto Nacional de la Propiedad Industrial*), is the government agency responsible for the granting and registration of patent and trademark rights in Argentina. We have a large number of registered trademarks (*marcas*) including the following: “CLISA,” “Benito Roggio e Hijos,” “CLIBA,” “TECSAN,” “Benito Roggio Ambiental,” “Metrovías,” “Aguas Cordobesas,” “Haug,” “TECSAN Ingeniería Ambiental,” “Benito Roggio Transporte,” “Ecoayres Argentina” and “Sehos.”

## **Legal Proceedings**

### ***General***

We are a party to several administrative, legal and out-of-court proceedings that have arisen in the ordinary course of our business. The parties to such proceedings are our subsidiaries and/or affiliates. We do not believe that these proceedings, individually or on aggregate, will have a material adverse impact on our financial condition or on our results of operations, given that we have provisioned for contingencies in our financial statements. For further

information on our accounting policies regarding the provisions for legal proceedings and contingencies, please see note 2.28 to our 2020 Audited Condensed Consolidated Financial Statements.

Below follows a summary of relevant contingencies related to our subsidiaries and affiliates, specified in note 21 (b) to our Unaudited Condensed Interim Consolidated Financial Statements and note 28(b) to our 2020 Audited Condensed Consolidated Financial Statements. For further information on pending contractual disputes under administrative proceedings, see “*Business—Toll Road Concessions—National Roads.*”

### ***Metrovías***

The GCBA imposed a Ps.3.2 million fine on Metrovías for alleged health and safety violations. This decision was appealed by Metrovías. Even though the court of first instance reduced the fine to Ps.2.5 million, Metrovías appealed the ruling considering that the fine was arbitrary and unfounded. In September 2016, the appeal filed by Metrovías was rejected. In this context, Metrovías filed an ordinary appeal with the Superior Court of Justice of the City of Buenos Aires, which was rejected, and after that an extraordinary appeal, which was also rejected. Metrovías then filed an appeal (*recurso de queja*) before the Supreme Court of Justice of Argentina. Such appeal was denied and, as a result, Metrovías is awaiting the determination of the updated charges, and consequently has provisioned them.

In June 2017, AFIP challenged Metrovías’ income tax statements for the fiscal periods ended December 31, 2009, 2010 and 2011, claiming the incorporation of alleged interests for operations carried out on behalf of Ferrometro S.A. AFIP’s claim entails a difference of Ps.2.3 million in the tax amount payable. Metrovías filed an appeal with the National Tax Court, which Metrovías believes will be decided in its favor.

Moreover, AFIP has submitted claims against Metrovías over differences in the applicable rate for the calculation of the contributions to the *Régimen Nacional de Seguridad Social*, claiming the applicability of a 21% rate in respect of remunerations instead of the 17% considered by us. The claims refer to the monthly periods between November 2012 to November 2019, for a principal amount of Ps.603.6 million. Metrovías appealed such claims, and AFIP denied such appeals. Metrovías is currently evaluating possible actions against such denials to obtain a favorable outcome for us which, in accordance with our legal and tax advisers, is supported in legislation applicable to such circumstances.

### ***Covisur***

In November 1995, Covisur filed an appeal for the recovery of VAT on collected indemnities between February 1993 and October 1995 in an amount of Ps.1.3 million, which was rejected by AFIP in November 2000. In addition, in December 2001, AFIP ordered Covisur to pay Ps.6.1 million as VAT and interest on indemnities collected in December 1995 and November 1999.

Covisur filed an appeal before the National Tax Court, which was decided in favor of Covisur and required the tax authorities to make a settlement. Following several extensions and appeals, on July 10, 2019, Covisur accepted AFIP’s settlement, but the form of payment and interest update is still pending a decision.

AFIP also demanded that Covisur pay income tax on indemnities charged for a total of Ps.3.6 million. Covisur filed an appeal with the National Tax Court after which a ruling seemingly favorable to Covisur was issued. For that reason, Covisur eventually filed a motion for clarification, which was resolved in an ambiguous way, although the outcome continues to seem favorable. This issue is being heard jointly with the actions on VAT.

### ***BRH***

On May 8, 2018, Federal National Court in Criminal and Correctional Matters No. 7, through Court Office No. 13, ruled in Case No. 1614/2016, among other issues, to prosecute the then-president of BRH, Aldo Benito Roggio, and to attach his assets and the assets of BRH for the sum of Ps.574.0 million. Subsequently, Mr. Roggio resigned as president and director of BRH.

On February 27, 2019, the court decided to increase the attachment of his assets and those of BRH for the sum of Ps.511.0 million. An appeal was filed and on August 30, 2019, the Court of Appeals reduced the amount of the new attachment to the sum of Ps.85.0 million, which in addition to the attachment ordered on May 8, 2018, totals Ps.659.0 million. BRH offered to replace the attachments with the property of its registered office in the City of Córdoba (including BRH's head offices, workshops and warehouse), which the court accepted, and the attachment was duly registered. A conviction of the person prosecuted could result in a civil claim that, if successful, could result in a seizure of assets. See *“Risk Factors—Risks related to Our Business—Our former indirect controlling shareholder is subject to a legal proceeding, and this could materially adversely affect our reputation, business, financial condition and results of operations.”*

### **Taym**

As a result of the unusual weather phenomenon that occurred at the end of March 2017, which affected the operation of Taym's hazardous and industrial waste treatment and final disposal facilities located in the vicinity of the City of Córdoba, administrative and judicial proceedings were initiated.

First, the MAAYSP created a committee comprised of several provincial officials from the environmental and water resources areas, which determined that the Los Molinos water treatment plant was not polluted and that it had found no evidence of an environmental impact from the event in question.

In addition, the MAAYSP initiated a summary proceeding against Taym for (i) the alleged violation of environmental conservation regulations, which was dismissed, and (ii) administrative irregularities in waste management, as a result of which it decided to apply a fine of Ps.0.5 million, and the company paid through a payment plan.

Finally, in the context of a case arising from complaints from environmental groups, Taym officials were charged. As of the date of this Exchange Offer Memorandum, the case has been brought to trial.

### **Case file. No. 9608/2018 - JCCF No. 11**

On August 15, 2018, Mr. Aldo Benito Roggio gave testimony in the judicial enquiry conducted by the National Court in Criminal and Correctional Matters No. 11 (Case No. 9608/2018 - JCCF No. 11), whereby he invoked Law No. 27,304 and was approved by the acting court. Subsequently, Mr. Roggio resigned as president and director of Clisa. See *“Risk Factors—Risks related to Our Business—Our former indirect controlling shareholder is subject to a legal proceeding, and this could materially adversely affect our reputation, business, financial condition and results of operations.”*

## MANAGEMENT

### Board of Directors

Pursuant to the General Companies Law and section 10 of our by-laws, our management and administration is governed by a board of directors (the “Board of Directors”) consisting of three to nine regular members, each of whom is a director that is appointed at a General Shareholders’ Meeting, where the number of directors for the following fiscal year is established. The Board of Directors has broad powers to manage, organize and administer Clisa, without any limitation other than those resulting from Argentine laws or our by-laws.

Each director holds office for one fiscal year, and may be re-elected indefinitely, if approved at a General Shareholders’ Meeting. Each director remains in office until his successor has been appointed at a General Shareholders’ Meeting and has taken office. The Board of Directors validly meets with an absolute majority of its members, and decisions are taken by an absolute majority of voting members, whether the participating directors are present in physical form or communicated with each other through means of simultaneous transmission of sound, images and words, that is, communicated remotely. Directors who attend by any of the aforementioned modalities will be considered present for all purposes, including without limitation, to determine whether or not there is a quorum to hold meetings. Each director has the right to one vote. In the event of a tie, the President will have the casting vote.

Our current Board of Directors was appointed at the General Shareholders’ Meeting held on April 29, 2021, and the directors’ positions were decided at the Board of Director’s Meeting held on the same date. The table below indicates the composition of our current Board of Directors, the age of each director and the year when each member was originally appointed to such position:

<b>Name and Surname</b>	<b>Position</b>	<b>Original Appointment as member of the Board Year:</b>	<b>Current Appointment as member of the Board Date:</b>	<b>Age</b>	<b>Expiration of Term of Office (*)</b>
Alberto Esteban Verra .....	Chairman	1996	04/29/2021	71	12/31/2021
Samuel Yerusolimski .....	Vice-chairman	2020	04/29/2021	49	12/31/2021
Joaquín Arturo Acuña.....	Director	2019	04/29/2021	66	12/31/2021
Henry Elso Perret .....	Director	2019	04/29/2021	63	12/31/2021
Enrique Sargiotto .....	Director	2019	04/29/2021	60	12/31/2021
Héctor Carminatti .....	Director	2019	04/29/2021	62	12/31/2021
Pedro Federico Ancarola .....	Director	2019	04/29/2021	56	12/31/2021
Pablo José Lozada .....	Director	2019	04/29/2021	54	12/31/2021

(\*) According to our by-laws, directors are elected and appointed for one fiscal year and a director’s term of office will be extended to the date of his re-election or to the date his/her replacement takes office.

The following discussion briefly sets out the professional background of each of our directors:

*Alberto Esteban Verra* has been a Director of Clisa since 1996 and our Chairman since 2018. Mr. Verra is an accountant and graduated from the National University of Córdoba. Mr. Verra serves as chairman of the board of directors of the following companies: Metrovías, BRt, BRf, Corredores Ferroviarios S.A., Metronec S.A., Polledo S.A.I.C. y F., Cliba IASA, Taym, EnerCo2 S.A., CBA, Metro Ambiental S.A., Prominente, Transportel Minera 2 S.A., Neoservice S.A., Catastros y Relevamientos S.A., Compañía Metropolitana de Seguridad S.A. Caminos Australes Operadora S.A., Las Heras S.A., B.R.H. S.A., Tranelpa S.A. de Inversión, Intelcel S.A. de Inversión, Benito Roggio Agroindustrial S.A., Fruta S.A., Grunwald Comunicaciones S.A., Multiplataforma S.A., Mobatio S.A., Servicios Fiduciarios S.A., Jismelt S.A., among others. Mr. Verra also serves as vice-chairman of the board of directors of Haug and Inversar S.A., as permanent director of ACSA and as alternate director of Roggio.

*Samuel Yeruslimski* is the Vice-chairman and Chief Executive Officer of Clisa. Since he joined the Company he has held different positions in the Finance Department of Clisa and has assumed different responsibilities in several of its subsidiaries, serving as General Manager of Benito Roggio Agroindustrial S.A. in 2013 and General Manager of Haug from 2015 to 2020. Mr. Yeruslimski is an accountant with a Bachelor's degree in Business Administration, graduated with honors from the National University of Córdoba, and completed postgraduate studies in finance at the University of Buenos Aires. Further, Mr. Yeruslimski is Chairman of Haug S.A. (Panama) and Consorcio Andino Haug-ASB S.A., Vice-president of Haug S.A. (Argentina) and EnerCo2 S.A, permanent Director of Haug S.A. (Peru) and Hame Representaciones S.A.C. and General Manager of Haug Chile International Ltda.

*Joaquín Arturo Acuña* is a Director of Clisa. Since he joined Metrovías in 1994, he has performed several activities and duties, currently serving as executive director of Metrovías and general manager of BRT. Mr. Acuña is a civil engineer who graduated from the University of Buenos Aires and has completed postgraduate studies in Financial Planning, Project Assessments and Operative Finances. He was a teacher in the transportation specialty in the Engineering College of the City of Buenos Aires and the Technical Superior School of the Army. He has also presented as a speaker in several forums on matters of his specialty. He has been a member of the board of directors of *Asociación de Empresas de Servicios Públicos de Argentina* (ADESPA) and the *Comisión Tecnológica de la Cámara de la Vivienda y Equipamiento Urbano* (CAVERA). Mr. Acuña is vice-chairman of the board of directors of Metrovías, BRT, BRf and Corredores Ferroviarios S.A.

*Henry Elso Perret* is a Director of Clisa, after having served in various positions at BRH, including as chairman and chief executive officer of BRH. He also served as director and general manager of Haug S.A. Mr. Perret is a civil engineer who graduated from the National University of Córdoba. He has been recognized by the Spanish Ministry of Education and Science as an Engineer in Roads, Channels and Ports. He has taken postgraduate courses in the Superior School of Roads, Channels and Ports of the Polytechnic University of Madrid, Spain and in the National University of Córdoba in Hydraulics of Channels. He won a competitive scholarship at the College of Exact, Physical and Natural Sciences of the National University of Córdoba, in the course Communication Ways II, did laboratory research in Laboratorio Vial. Mr. Perret has spoken at conferences in the University of Buenos Aires and other forums about his specialty. He has also served as a private consultant of the Republic of Guatemala for a program sponsored by the International Fund for Agricultural Development (IFAD), an agency of the United Nations. Mr. Perret is president of Benito Roggio Panamá S.A. and Transportel Patagónica S.A., a regular member of the board of directors of Haug, CV1 and Autovía del Mar S.A. and an alternate member of the board of directors of Transportel Minera 2 S.A.

*Enrique Sargiotto* is a Director of Clisa and has served as general manager of ACSA since 2007. Since he joined in 1986, he has performed several activities and duties within the Company's business areas, including the office of the general manager of concession companies of the national road corridors between 1994 and 2004. Mr. Sargiotto graduated as a Civil Engineer from the National University of Córdoba, has an MBA from the Catholic University of Córdoba and completed the Senior Management Program in the IAE Business School. He is also second vice-president of the Argentine Construction Chamber – Córdoba Delegation, a member of the steering committee of the Federal Council of Sanitary Entities of the Republic of Argentina and a regular member of Córdoba Stock Exchange, for which he has been a member of its steering committee since 2007. In addition, Mr. Sargiotto is President of ACSA and Cclip S.A., a regular director of Polledo S.A.I.C. y F., Fundespa S.A., Fruta S.A and Las Heras S.A., and an alternate director of Metrovías, Prominente, Cet-Concesionaria de Entretenimientos y Turismo S.A. Sierras Hotel S.A. and La Serrana S.A.

*Héctor Carminatti* is a Director of Clisa. He currently serves as general manager of our waste management business unit. Previously, he developed his career in the road concession area of the Company having held different positions since he joined in 1990 until he held the position of road concessions manager. Mr. Carminatti is a civil engineer who graduated from the University of Buenos Aires. He completed postgraduate studies in the Argentine Catholic University and the IAE Business School and obtained a Master's in Utilities in the University Carlos III of Madrid. In addition, Mr. Carminatti is president of Cliba, Tecsan, Envairo, Tecsoil S.A. and Ecoayres Argentina S.A.

*Pedro Federico Ancarola* is an independent Director of Clisa. He is an Industrial Engineering graduate from the University of Buenos Aires and obtained an MBA from The Wharton School of Business at the University of Pennsylvania. He currently serves as executive director of Russell Reynolds Associates and has over ten years of experience leading talent evaluation projects and head hunting in Latin America.

*Pablo José Lozada* is an independent Director of Clisa. He is a lawyer who graduated from the National University of Córdoba and obtained an MBA from the Strathclyde Business School in Glasgow, Scotland, with specialization in Business Strategy and Finance. Mr. Lozada practices on an independent basis and is the main partner of the law firm Estudio Aranguren – Abogados, focusing his professional practice mainly in corporate, business, telecommunications, information technology and labor law. In addition, Mr. Lozada is a Director of Sociedad Comercial del Plata S.A. and Morixe Hermanos S.A.C.I., an independent director of Celulosa Argentina S.A. and a member of the supervisory committee of Transportadora de Gas del Norte S.A.

### **Directors’ “Independence” or “Non-independence”**

Pursuant to the CNV Regulations, members of the board of directors of a company subject to the public offering regime shall inform the CNV whether they are “independent.” The CNV Regulations do not stipulate a minimum number of independent directors for issuers, such as the case of Clisa. A director is not considered independent in certain situations, including when he or she:

- is also a member of the management body of the parent or other company belonging to the same economic group of the issuer for an existing relationship at the time of his election or that had ceased during the immediately preceding three years;
- is linked to the issuer or its shareholders who have, directly or indirectly, “significant participations” in it or with companies in which they also have, directly or indirectly, “significant participations,” or if there was a dependent relationship during the last three years;
- has a professional relationship with, or is a member of, a company that maintains professional relationships with, or receives compensation (other than those received in consideration for its role as director) of the issuer or its shareholders who have, directly or indirectly, “significant participations” in it, or with companies in which they also have, directly or indirectly, “significant participations;” this prohibition covers professional relationships and membership during the last three years prior to the appointment as director;
- directly or indirectly, is the holder of a 5% or more share of voting shares and / or of the share capital in the issuer or in a company that has “significant participations” in it;
- directly or indirectly, sells and / or provides goods and / or services directly or indirectly to the company or its shareholders who directly or indirectly have a “significant participation” or significant influence, for higher amounts to the remuneration received for his role as director; this prohibition covers commercial relations that take place during the last three years prior to the appointment as director;
- is director, manager, administrator or chief executive of nonprofit organizations that have received funds, for amounts greater than those described in section I) of Article 12 of UIF Resolution No. 30/2011 and its amendments, of the controlling company and other companies of the group of which it is part, as well as of the main executives of any of them;
- has received any payment, including participation in plans or stock option schemes, by the company or its group, with exceptions;
- has served as director in said company or other company belonging to the same economic group for more than ten years; or
- is a legally recognized spouse or cohabitant, relative to the third degree of consanguinity or second degree of affinity of persons who, if they were members of the board of directors, would not be “independent” in accordance with the rules stipulated above.

References to “significant participations” are also to be understood as such when a person holds shares that represent at least 5% of the share capital and / or the votes, or a smaller amount when entitled to the election of one or more directors per class, of shares or agreements with other shareholders regarding the governance and

administration of the company in question, or its controlling party; while those related to “economic group” correspond to the definition contained in subsection e) of section 3 of Article 5 of Chapter V of Title II of the CNV Regulations.

Set out below is the “independence” or “non-independence” status for each of our directors, pursuant to the regulations of the CNV currently in effect:

<u>Name and Surname</u>	<u>Nature</u>
Alberto Esteban Verra .....	Non-independent
Samuel Yeruslimski.....	Non-independent
Joaquín Arturo Acuña.....	Non-independent
Henry Elso Perret .....	Non-independent
Enrique Sargiotto.....	Non-independent
Héctor Carminatti .....	Non-independent
Pedro Federico Ancarola.....	Independent
Pablo José Lozada .....	Independent

Additionally, there are no conflicts of interest between any duties owed by the members of the board of directors and any private interests or other duties which such persons may have.

### Senior Managers

The table below identifies our senior managers, the age of each of them, and the position and the year such senior manager was originally appointed to such position. The address of our senior managers is Av. Leandro N. Alem 1050, 9<sup>th</sup> Floor, City of Buenos Aires, Argentina.

<u>Name and Surname</u>	<u>Position</u>	<u>Original Appointment Year:</u>	<u>Age</u>
Samuel Yeruslimski .....	Chief Executive Officer	2020	49
Mariano Gastón Peterlin.....	Chief Financial Officer	2020	47
Gabriel Alberto Balbo .....	Chief Accounting Officer	2020	55

Below is the professional background of our senior managers.

*Samuel Yeruslimski:* Mr. Yeruslimski is currently our Chief Executive Officer. For further information, see “—Board of Directors.”

*Mariano Gastón Peterlin:* Mr. Peterlin is currently our Chief Financial Officer. He joined Clisa in 1999 and has developed his career in its Finance Department, having served first as analyst, then as Banking & Investor Relations Manager and, since September 2020, as Chief Financial Officer. Mr. Peterlin is an accountant with a Bachelor’s degree in Business Administration from the National University of Córdoba. He also completed postgraduate studies in Corporate Finance in the University of CEMA. In addition, Mr. Peterlin is a regular member of the board of directors of EnerCo2 S.A.

*Gabriel Alberto Balbo:* Mr. Balbo is currently our Chief Accounting Officer. He has worked for the Company since 1992, first for BRH and then for Clisa, where he served as Controller until September 2020, when he assumed its current role. Mr. Balbo is an accountant with a Bachelor’s degree in Business Administration from the National University of Córdoba. He was a teacher of administration issues in the Catholic University of Cordoba. In addition, Mr. Balbo is a regular member of the board of directors of Metrovías, Polledo and EnerCo2 and an alternate member of the board of directors of Prominente.

### Other Relationships

Currently, the non-independent directors have entered into employment contracts with certain of our subsidiaries, while no independent director has entered into an employment contract with us. Only one of our senior managers has entered into an employment contract with Clisa. There are no family relationships between our directors and senior managers, except for the one existing between Aldo Benito Roggio and Graciela Amalia Roggio, who are siblings. There are no agreements or understandings between directors and the senior managers and majority



shareholders, customers, suppliers or others, pursuant to which any of the directors or senior managers may have been appointed as such.

### ***Supervisory Committee***

Pursuant to the General Companies Law and section 17 of our by-laws, oversight of Clisa is carried out by a Supervisory Committee consisting of three permanent auditors and three alternate auditors, appointed at the General Shareholders' Meeting. Auditors hold office for one fiscal year and may be re-elected indefinitely.

According to section 294 of the General Companies Law, the Supervisory Committee is responsible for (i) examining the books and records when deemed necessary and, in any case, at least once every three months (ii) verifying, with the same frequency, available resources and securities, as well as obligations and their performance; it can also request the preparation of trial balances; (iii) assisting, but without voting, Board of Directors', executive board and shareholders' meetings, all of which the Supervisory Committee summon; (iv) controlling the creation and existence of the directors' guarantee and adopt the necessary measures to amend any irregularities; (v) submitting to the ordinary shareholders; meeting a written report on the economic and financial condition of the Company, commenting on the Board of Directors' opinion, the balance sheet and statement of income; (vi) submitting to the shareholders representing no less than 2% of the outstanding shares, in any moment requested by them, information on all of the above; (vii) including items in the shareholders' agenda; (viii) monitoring the corporate bodies comply with laws, statutes, regulations and shareholders' meetings; (ix) monitoring the Company's liquidity and (xi) investigating written complaints submitted by shareholders representing at least 2% of the outstanding shares, informing them orally in shareholders' meetings and express the corresponding considerations and proposals. The Supervisory Committee, as it deems appropriate, must immediately summon a shareholders' meeting to debate this issue whenever the matter investigated does not receive adequate treatment by the Board of Directors.

The Supervisory Committee will validly meet with the participation of the absolute majority of its members and will resolve by an absolute majority of votes, either the participating members are present in physical form or communicated with each other through means of simultaneous transmission of sound, images and words, that is, communicated at a distance. The auditor who attends by any of the aforementioned modalities will be considered present for all purposes, including without limitation, to determine whether or not there is a quorum to hold meetings. Notwithstanding that the meetings of the Supervisory Committee may be held remotely, their members are not exempt from fulfilling those tasks set forth in section 294 of the General Companies Law that require physical presence at the corporate headquarters.

The current members of the Supervisory Committee were appointed at our General Shareholders' Meeting held on April 29, 2021. The table below indicates the composition of our Supervisory Committee, the age and title of each member and the year when members were originally appointed to such position:

<b>Name and Surname</b>	<b>Title</b>	<b>Original Appointment Year</b>	<b>Current Appointment Date</b>	<b>Age</b>	<b>Expiration of Term of Office (*)</b>
Angélica Simán.....	Permanent Auditor	2006	04/29/2021	52	12/31/2021
Carlos José Molina.....	Permanent Auditor	2003	04/29/2021	49	12/31/2021
Jorge Alberto Mencarini .....	Permanent Auditor	2005	04/29/2021	70	12/31/2021
Claudia Gabriela Matii	Alternate Auditor	2021	04/29/2021	45	12/31/2021
Carlos Francisco Tarsitano.....	Alternate Auditor	2006	04/29/2021	73	12/31/2021
Martín Alberto Mencarini .....	Alternate Auditor	2013	04/29/2021	42	12/31/2021

(\*) According to our by-laws, members of the Supervisory Committee hold office for one (1) fiscal year and may be reelected indefinitely. Their term of office will be extended to the date of his/her re-election or to the date his/her replacement takes office.

The following discussion briefly sets out the professional background of each of the members of our Supervisory Committee:

*Angélica Simán* is an attorney who graduated from the National University of Córdoba in 1990. She holds a post-graduate degree in business law from the School of Law and Social Sciences at the National University of Córdoba. She serves as in-house counsel to several construction and service companies and banking institutions.

*Carlos José Molina* is an attorney who graduated from the National University of Córdoba. He has worked as a Clerk of the Civil and Commercial Court in the Province of Córdoba. He currently works as a lawyer for several construction and services companies and banking institutions.

*Jorge Alberto Mencarini* is an accountant who graduated from the University of Buenos Aires. He has worked as an Assistant Professor of the School of Economic Sciences of the University of Buenos Aires and of the School of Economic Sciences of the Catholic University of Argentina. He was a professor of post-graduate tax law courses at the School of Law and Social Sciences of the University of Buenos Aires. He has worked as an advisor for the Argentine Chamber of Construction and is a consultant for several construction, service and industrial companies.

*Claudia Gabriela Matii*, is an accountant who graduated from the University of Buenos Aires. She has worked as advisor and counsel for construction, service, and industrial companies.

*Carlos Francisco Tarsitano* is an accountant who graduated from the University of Buenos Aires. He was a professor at the Business School of the University of Buenos Aires. He has given lectures in different courses related to accounting, auditing and banking security matters and he works as a consultant for construction, service and industrial companies.

*Martín Alberto Mencarini* is an attorney who graduated from the *Universidad de Belgrano*. He has worked as advisor and counsel for construction, service, and industrial companies.

#### ***“Independence” or “Non-independence” of a Member of the Supervisory Committee***

According to the provisions of the first paragraph of Section 79 of the Capital Market Law all members of the Supervisory Committee should be independent.

Pursuant to Section 12, Chapter III, section 3, Title II of the CNV Regulations, the independence of the auditors will be evaluated considering the guidelines provided by the Technical Resolutions of FACPCE. According to the provisions of Technical Resolution No. 15 of the FACPCE, all members of the Supervisory Committee are independent.

#### **Compensation**

Our shareholders are responsible for establishing the aggregate compensation for our key personnel. Pursuant to Article 261 of the General Companies Law, the maximum amount of aggregate compensation that may be paid to our directors, including salary and other compensation, may not exceed 25% of our profits, or 5% of our profits in case no dividends are distributed to our shareholders. When our directors perform certain technical administrative duties, they may be awarded additional compensation if expressly approved at a General Shareholders' Meeting. Our shareholders are entitled to determinate the compensation of the members of the Board of Directors and the compensation of the members of the Supervisory Committee at the General Shareholders' Meeting each year. Currently, the members of the Board of Directors, except for the independent directors, and the members of the Supervisory Committee have waived their right to compensation for their work during the fiscal year ended December 31, 2020. We paid fees to our independent Directors and compensation to our managers in connection with their employment contracts in a total amount of Ps.57.1 million for the fiscal year ended December 31, 2020.

As of the date of this Exchange Offer Memorandum, our directors, senior managers, executive officers and members of the Supervisory Committee have no stock options, and there is no stock option plan in effect. We do not maintain any retirement plans or voluntary retirement plans for directors, members of the supervisory boards, senior managers and executive officers, and we did not make any payments under a retirement program in 2020. We do not have a profit-sharing plan for our directors, members of the supervisory bodies, senior managers and executive officers.

As of the date of this Exchange Offer Memorandum, our non-independent directors have employment contracts with some of our subsidiaries, whereas neither our independent directors nor members of the Supervisory Committee have employment contract with us or with any of our subsidiaries. With respect to the senior managers,

only one of them has a labor contract pursuant to Section 272 of the General Companies Law. There are no agreements under which our directors, supervisory committee members, senior managers, or executive officers are allowed to hold interests contrary to our interests. Furthermore, there are no contracts for services between us and our directors which benefit the directors after the expiration of their mandates.

## **Shareholding**

As of the date of this Exchange Offer Memorandum, none of the directors, members of the advisory committee nor officers hold any shares or share options of the Company. Additionally, there are no agreements granting equity interests in Clisa to our employees, or agreements implying the issuance or delivery of options or shares or notes.

## **Corporate Governance**

The Company has an Integrity Program pursuant to sections 22 and 23 of Law No. 27,401 passed in December 2017, effective as of March 1, 2018. The Integrity Program was developed with the support of an international law firm, adapted to the specific risk matrix of the activities conducted by the Company and the companies in the Company's group, with a strong specialization in the infrastructure and services sectors. Composed of the Ethics and Business Conduct Code, the Anticorruption Policy and the Protocol for Relationships with the Public Administration, the Integrity Program establishes a reference framework on integrity-based behavior, defines the ethical conduct of collaborators at all levels of the organization with no exceptions and expresses the guidelines and standards of integrity and transparency which all collaborators must meet in their dealings. The implementation of this Integrity Program reflects the new demands of national law and the regulations applicable to the operations of all the companies in the Company's group and is consistent with the standards of each of the countries in which projects are being executed. As a result, the Company has deepened and confirmed its commitment to ethical business conduct, putting into practice essential values of respect, compliance, honesty, and integrity.

In addition, the Company has deepened the professionalization of Company management by appointing new authorities. In order to optimize the corporate governance structures and procedures, Clisa has implemented the following actions:

- (i) included independent directors on the Board of Directors, with the knowledge and expertise necessary to adequately evaluate the Company's strategic decisions in the industry in which it operates;
- (ii) included officers on the Board of Directors with broad experience in the infrastructure and services sectors in which the Company conducts business;
- (iii) appointed independent directors to the Audit and Compliance Committees created under the Integrity Program.

In addition, on June 14, 2019, through General Resolution No. 797/2019 published in the Official Gazette of Argentina on June 19, 2019, the CNV approved the Reform Project in connection with the adoption of a new Corporate Governance Code for issuers that are within the public offering regime that has been previously submitted to the Participative Development of Rules procedure, replacing Annex III of Title IV of CNV Regulation (General Resolution No. 622/2013) with a new model text applicable as from the fiscal year ending December 31, 2019.

The CNV now requires annual filing of a report with the CNV, together with the annual report, in which the Board of Directors is required to specify and explain under the system called "complies or not, explain": (a) whether it applies the recommended corporate governance practices (documented in the Corporate Governance Code) in their entirety, and how it does so; or (b) explain the reasons for not adopting such practice, whether it is planning to adopt this practice in the future, and how it currently complies with the principle inspiring the unfollowed practice. The Corporate Governance Code is considered by the CNV to be an instrument for the protection of the rights of investors, creditors and the public in general and works as a transparency tool designed to promote a culture of good corporate governance in the issuers that participate in the public offering system.

The new model text of the Corporate Governance Code was created to update current practices and rules to the Corporate Governance Principles which were updated by the Organization for Economic Cooperation and Development (“OECD”) in 2004 and 2015. In particular, special emphasis is given to the role that the Board of Directors must play within the companies that are part of the public offering system.

We highlight below the main guidelines of the new model text of the Corporate Governance Code:

- Unlike the previous model of Corporate Governance Code (structured through nine principles and twenty-two recommendations), the new model of the Corporate Governance Code incorporates seven specific sections divided into three levels: (i) the principles, that are general concepts underlying any good corporate governance and which guide and inspire the recommended practices; (ii) the recommended practices, i.e., the specific recommendations considered as “best practices” in respect of which the Board of Directors shall report whether they are applied in the manner in which they are detailed; and (iii) the guidelines, which are the explications and justifications of the logic of the recommended practices.
- Moreover, the new model of the Corporate Governance Code replaces, in terms of the scheme of compliance the previous modality in which the company indicates in its Report whether it “complies or not” with the recommendations (explaining, as the case may be, the reasons why it partially complies or does not comply) with a modality where the company must indicate in its Report whether it “complies or not” with the recommended practice and the relevant explanations. A company which decides to omit a practice for some reason in particular may be deemed in compliance with the good corporate governance standards provided its justification is aligned with the principles which the code intends to protect.
- The Reports prepared by the issuers were monitored by the CNV through the selection by the drawing of lots of a number of issuers to be closely monitored during three fiscal years in order to evaluate the quality of their answers. The CNV reserves its power to monitor the good corporate governance practice of any issuer whenever it deems appropriate.

On March 18, 2021, the Company approved, through meeting minute No. 430 of the Board of Directors, the Audited Consolidated Financial Statements and Annual Report for the 25th fiscal year beginning January 1, 2020, and ending December 31, 2021, in which it included the Corporate Governance Code Report as of December 31, 2019 as a separate exhibit in the Annual Report under the terms of CNV Resolution No. 797/19.

The Company complies with most of the principles and recommended practices and provides such explanations as it deems appropriate, including explanations about how the Company follows good corporate governance practices.

### ***Our Committees***

We have an Audit Committee and a Compliance Committee created under the framework of the Integrity Program described above. Each committee consists of three directors, two of which are independent directors appointed until the expiration of their appointments as directors by the Shareholders’ Meeting.

The table below indicates the composition of our current Audit Committee and a Compliance Committee, the date of appointment to such position, the date of expiration of their term of office and their “independence” or “non independence” status.

<b>Name and Surname</b>	<b>Original Appointment as member of the Committees Year:</b>	<b>Appointment Date</b>	<b>Date of Expiration of Term of office (*)</b>	<b>Independence Status</b>
Pablo José Lozada	2019	04/29/2021	12/31/2021	Independent

Pedro Federico Ancarola	2019	04/29/2021	12/31/2021	Independent
Samuel Yeruslimski	2020	04/29/2021	12/31/2021	Non independent

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(\*) According to our by-laws, directors are elected and appointed for one fiscal year and a director's term of office will be extended to the date of his/her re-election or to the date his/her replacement takes office.

The main duties of the Audit Committee are, among other things, to see to the compliance of the legal obligations, monitor the effectiveness of the internal control systems and an adequate risk management, supervise the reliability of the administrative-accounting system, issue an opinion on the proposed appointment of independent auditors seeing to their independence and provide information on transactions in which there are conflicts of interests or transactions with related parties.

The main duties of the Compliance Committee are to see to the compliance of the obligations provided for in the Code of Ethics, assisting the Company, among others, in the development of work plans for the implementation of the code, training of internal and independent collaborators in matters related to integrity, and identification of the claims received and the instruction of the relevant investigative tasks.

## RELATED PARTY TRANSACTIONS

In our normal course of business, we conduct a number of transactions with related parties, all of which are entered into on an arm's length basis and consist of the following:

### *Services Purchase and Sale*

Through BRH and during the three-month period ended March 31, 2021 and the years ended December 31, 2020, 2019 and 2018, we provided construction services to certain affiliates, which included construction works to Autovía del Mar in the amount of Ps.102.9 million, Ps.174.4 million, Ps.1,101.2 million and Ps.1,683.4 million, respectively. During the three-month period ended March 31, 2021 and the years ended December 31, 2020, 2019 and 2018, we also provided construction services and labor to CV1 in the amount of Ps.47.0 million, Ps.19.3 million, Ps.77.3 million and Ps.932.8 million, respectively, and provided equipment, systems and management control services to Transportel Patagónica for Ps.0.3 million, Ps.3.1 million, Ps.3.9 million and Ps.30.4 million, respectively.

Through Benito Roggio Paraguay and during the three-month period ended March 31, 2021 and the years ended December 31, 2020, 2019 and 2018, we carried out works to the consortia in which it participates in an amount of Ps.1.9 million, Ps.2.8 million, Ps.45.0 million and Ps.649.2 million, respectively, and those consortia sold materials to Benito Roggio Paraguay for Ps.5.4 million, Ps.8.5 million, Ps.19.3 million and Ps.10.0 million, respectively.

Additionally, during the three-month period ended March 31, 2021 and the years ended December 31, 2020, 2019 and 2018 we rendered services to other affiliates in the aggregate amount of Ps.0.8 million, Ps.2.8 million, Ps.3.4 million and Ps.28.2 million respectively, which are disclosed in note 19 to our Unaudited Condensed Interim Consolidated Financial Statements, note 25 to our 2020 Audited Consolidated Financial Statements and note 25 to our 2019 Audited Consolidated Financial Statements, respectively.

### *Intercompany Loans*

We have receivables with the business collaboration association Roggio ACE. As of March 31, 2021 and December 31, 2020, 2019 and 2018, the balance of these receivables were Ps.617.3 million, Ps.415.2 million, Ps.433.3 million and Ps.539.3 million, respectively.

We have receivables with the consortiums in which Benito Roggio Paraguay participates. As of March 31, 2021 and December 31, 2020, 2019 and 2018, the balance of these receivables were Ps.185.1 million, Ps.116.7 million, Ps.124.0 million and Ps.188.5 million, respectively.

We have receivables with some of our affiliates in the toll road business, including Autovía del Mar, Coviare and PDL. As of March 31, 2021 and December 31, 2020, 2019 and 2018, the balance of these receivables with Autovía del Mar were Ps.233.1 million, Ps.213.6 million, Ps. 387.1 million and Ps.400.4 million, respectively; the balance of these receivables with Coviare were Ps.15.9 million, Ps.15.9 million, Ps. 21.6 million and Ps.33.2 million, respectively; and the balance of these receivables with PDL were Ps.3.3 million, Ps.3.3 million, Ps. 3.1 million and Ps.3.4 million, respectively.

As of March 31, 2021 and December 31, 2020, 2019 and 2018, we had receivables with Polledo for a total amount of Ps.97.7 million, Ps.94.7 million, Ps. 105.7 million and Ps.57.7 million, respectively, and with Ferrometro S.A., our transportation segment affiliate, for a total amount of Ps.20.8 million, Ps.20.8 million, Ps. 28.4 million and Ps.43.7 million, respectively.

As of March 31, 2021 and December 31, 2020, we owed our affiliate CV1 a total amount of Ps.34.2 million and Ps.12.5 million, respectively, while as of December 31, 2019 and 2018 we had receivables for a total amount of Ps.1.9 million and Ps. 193.8 million, respectively.

As of March 31, 2021 and December 31, 2020, we owed our affiliate Polledo Do Brasil Concessões e Investimentos Ltda a total amount of Ps.8.0 million and Ps.8.4 million, respectively, while as of December 31, 2019 and 2018 we had receivables for a total amount of Ps.17.7 million and Ps. 62.4 million, respectively.

As of March 31, 2021 and December 31, 2020, 2019 and 2018, we owed our affiliate Covisur a total amount of Ps.18.7 million, Ps.18.4 million, Ps.23.7 million and Ps. 31.2 million respectively.

Additionally, as of March 31, 2021 and December 31, 2020, 2019 and 2018, (i) we had receivables with other affiliates in an aggregate net amount of Ps.13.8 million, Ps.13.9 million, Ps.11.9 million and Ps. 108.0 million respectively, and (ii) we owed other affiliates a total amount of Ps.1.2 million, Ps.1.3 million, Ps.1.7 million and Ps. 2.7 million respectively, which are disclosed in note 19 to our Unaudited Condensed Interim Consolidated Financial Statements, note 25 to our 2020 Audited Consolidated Financial Statements and note 25 to our 2019 Audited Consolidated Financial Statements, respectively.

The foregoing receivables and liabilities mainly arise from financial loans and services provided or received, as applicable, to or by such related parties in the ordinary course of business.

With the exception of the abovementioned transactions, no material transactions have taken place during the fiscal years covered in this Exchange Offer Memorandum, in which we or our subsidiaries have been involved with the following persons: (i) any of our directors, members of our Supervisory Committee or officers, (ii) any person that controls or holds a significant interest in us or our controlling shareholders, (iii) any person that is under common control with us, (iv) any relative or spouse or relative of such spouse of the persons mentioned before or that is director, member of the supervisory committee or officer of the controlling company or any of our subsidiaries, and/or (v) any company in which any of the persons mentioned before hold directly or indirectly a significant interest.

## PRINCIPAL SHAREHOLDERS

As of March 31, 2021, the aggregate amount of our issued and subscribed share capital was Ps.96,677,524 of common shares plus a capital adjustment of Ps.51,988,127. All of our outstanding shares are “Class A” shares with a face value of Ps.1.00, with voting rights of five votes per share. All of our shares are fully subscribed and paid in.

### Shareholders

Our principal shareholders, the amount of shares they hold and the interest percentage upon outstanding shares are as follows as of the date of this Exchange Offer Memorandum:

Holder's name	Amount of “Class A” Shares	Total Face Value (Ps.)	% of Issuer's Capital	Votes Represented	% of Total Votes
Roggio <sup>(3)</sup> .....	94,205,784.00	94,205,784.00	97.44%	471,028,920.00	97.44%
Inversar S.A. <sup>(4)</sup> .....	2,405,310.00	2,405,310.00	2.49%	12,026,550.00	2.49%
Doya S.A. <sup>(5)</sup> .....	18,410.00	18,410.00	0.02%	92,050.00	0.02%
Rodolfo Roggio Picot.....	8,490.33 <sup>(1)</sup>	8,490.33	0.01%	42,451.67	0.01%
Martín Benito Roggio.....	8,490.33 <sup>(1)</sup>	8,490.33	0.01%	42,451.67	0.01%
Lucía Inés Roggio.....	8,490.33 <sup>(1)</sup>	8,490.33	0.01%	42,451.67	0.01%
Fernando Martín Lejarza.....	7,516.33 <sup>(2)</sup>	7,516.33	0.01%	37,581.67	0.01%
Florencia Lejarza.....	7,516.33 <sup>(2)</sup>	7,516.33	0.01%	37,581.67	0.01%
María Lejarza.....	7,516.33 <sup>(2)</sup>	7,516.33	0.01%	37,581.67	0.01%
<b>Total.....</b>	<b>96,677,524</b>	<b>96,677,524</b>	<b>100.00%</b>	<b>483,387,620</b>	<b>100.00%</b>

(1) Rodolfo Roggio Picot, Martín Benito Roggio y Lucía Inés Roggio are siblings. Each of them holds 8,490 shares individually and 1 share jointly and in equal part with their siblings.

(2) Fernando Martín Lejarza, Florencia Lejarza y María Lejarza are siblings. Each of them holds 7,516 shares individually and 1 share jointly and in equal part with their siblings.

(3) As of the date of this Exchange Offer Memorandum, Roggio's capital stock was comprised of a total amount of 20,559,627 shares composed of 10,778,062 Class A Shares of a value of Ps.1.00 per share, with a voting right of one vote per share and of 9,781,565 Class B Shares of a value of Ps.1.00 per share, with a voting right of one vote per share. Roggio's shareholders were Rodolfo Roggio Picot, Martín Benito Roggio and Lucía Inés Roggio, each of whom held 3,086,604 Class A Shares with one vote per share and an interest of 15.01% in the capital stock, Fernando Martín Lejarza, Florencia Lejarza y María Lejarza, each of whom individually held 2,754,438 Class B Shares with one vote per share and jointly with each other 1 Class B Share in equal parts, which grants them an interest of 13.40% in the capital stock, and Doya S.A., which held 1,518,250 Class A Shares with one vote per share, 1,518,250 Class B Shares with one vote per share and an interest of 14.77% of the capital stock.

(4) As of the date of this Exchange Offer Memorandum, Inversar S.A. was owned by Roggio and Doya, which hold 99.94% and 0.06% of Inversar S.A.'s capital stock and voting rights, respectively.

(5) As of the date of this Exchange Offer Memorandum, Doya S.A. was owned by Rodolfo Roggio Picot, Martín Benito Roggio and Lucía Inés Roggio, each of whom hold 17.04% of Doya S.A.'s capital stock and voting rights; Fernando Martín Lejarza, Florencia Lejarza y María Lejarza, each of whom hold 15.72% of Doya S.A.'s capital stock and voting rights; and Fundación Benito Roggio, which holds 1.71% of Doya S.A.'s capital stock and voting rights.

Roggio, our controlling company, is owned and controlled by siblings Rodolfo Roggio Picot, Martín Benito Roggio and Lucía Inés Roggio, the children of Aldo Benito Roggio; and by siblings Fernando Martín Lejarza, Florencia Lejarza y María Lejarza, the children of Graciela Amalia Roggio, all of them the great-grandchildren of BRH's founder and of Argentine nationality.

### Payments of Dividends to Shareholders

We have no specific dividend policy and may decide in the future to pay dividends according to applicable law or based on several factors as may exist at the relevant time. The decision to distribute dividends must be made at a Shareholders' Meeting, based on the Board of Directors' recommendation. Our dividends distribution will depend, among other things, on the results of its operations, investment requirements, possibilities and costs of financing of investment projects, discharge of obligations, existing legal and contractual restrictions, future prospects and any other factor as our Board of Directors may deem material.

Since 2001, no payments of dividends have been made to our shareholders.



## BOOK-ENTRY, DELIVERY AND FORM

The New Notes are being offered for exchange only:

- to qualified institutional buyers in reliance on Rule 144A (the “Rule 144A Notes”); or
- in offshore transactions in reliance on Regulation S (the “Regulation S Notes”).

The New Notes will be issued in fully registered global form in minimum denominations of U.S.\$100 and integral multiples of U.S.\$1.00 in excess thereof. Rule 144A Notes initially will be represented by a single permanent global certificate (which may be subdivided) without interest coupons (the “Rule 144A Global Note”). Regulation S Notes initially will be represented by a single permanent global certificate (which may be subdivided) without interest coupons (the “Regulation S Global Note” and, together with the Rule 144A Global Note, the “Global Notes”).

The Global Notes will be deposited upon issuance with the Trustee as custodian for DTC, and registered in the name of DTC or its nominee for credit to an account of direct or indirect participants in DTC, including Euroclear Bank S.A./N.V., as operator of Euroclear, and Clearstream, as described below under “—*Depository Procedures.*”

Except as set forth below, the Global Notes may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee. Beneficial interests in the Global Notes may not be exchanged for notes in certificated form except in the limited circumstances described below under “—*Exchange of Book-Entry Notes for Certificated Notes.*”

The New Notes (including beneficial interests in the Global Notes) will be subject to certain restrictions on transfer and will bear a restrictive legend as described under “Transfer Restrictions” in this Exchange Offer Memorandum. In addition, transfers of beneficial interests in the Global Notes will be subject to the applicable rules and procedures of DTC and its direct or indirect participants (including, if applicable, those of Euroclear and Clearstream), which may change from time to time.

### Depository Procedures

The following description of the operations and procedures of DTC, Euroclear and Clearstream are provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective clearing systems and are subject to changes by them. We take no responsibility for these operations and procedures and urge investors to contact the clearing systems or their participants directly to discuss these matters.

DTC is a limited-purpose trust company created to hold securities for its participating organizations (collectively, the “Participants”) and facilitate the clearance and settlement of transactions in those securities between Participants through electronic book-entry changes in accounts of its Participants. The Participants include securities brokers and dealers (including the Dealer Manager and the Argentine Dealer Manager), banks, trust companies, clearing corporations and certain other organizations. Access to DTC’s system is also available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Participant, either directly or indirectly. Persons who are not Participants may beneficially own securities held by or on behalf of DTC only through Participants or indirect participants. DTC has no knowledge of the identity of beneficial owners of securities held by or on behalf of DTC. DTC’s records reflect only the identity of Participants to whose accounts securities are credited. The ownership interests and transfer of ownership interests of each beneficial owner of each security held by or on behalf of DTC are recorded on the records of the Participants and indirect participants.

Pursuant to procedures established by DTC:

- upon deposit of the Global Notes, DTC will credit the accounts of Participants designated by the Information, Exchange and Tabulation Agent with portions of the principal amount of the Global Notes; and
- ownership of such interests in the Global Notes will be maintained by DTC (with respect to the Participants) or by the Participants and the indirect participants (with respect to other owners of

beneficial interests in the Global Notes).

Investors in the Global Notes may hold their interests therein directly through DTC, if they are Participants in such system, or indirectly through organizations (including Euroclear and Clearstream) that are Participants or indirect participants in such system. Euroclear and Clearstream will hold interests in the New Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries. The depositaries, in turn, will hold interests in the New Notes in customers' securities accounts in the depositaries' names on the books of DTC.

All interests in a Global Note, including those held through Euroclear or Clearstream, will be subject to the procedures and requirements of DTC. Those interests held through Euroclear or Clearstream will also be subject to the procedures and requirements of those systems.

The laws of some states require that certain persons take physical delivery of certificates evidencing securities they own. Consequently, the ability to transfer beneficial interests in a Global Note to such persons will be limited to that extent. Because DTC can act only on behalf of Participants, which in turn act on behalf of indirect participants, the ability of beneficial owners of interests in a Global Note to pledge such interests to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing such interests. For certain other restrictions on the transferability of the New Notes, see “—*Exchange of Book-Entry Notes for Certificated Notes.*”

**Except as described below, owners of interests in the Global Notes will not have notes registered in their names, will not receive physical delivery of notes in certificated form and will not be considered the registered owners or holders thereof under the indenture for any purpose.**

Payments in respect of the principal of and premium, if any, and interest on a Global Note registered in the name of DTC or its nominee will be remitted by the Trustee (or the Paying Agents if other than the Trustee) to DTC in its capacity as the registered holder under the indenture. The Company, the Registrar, the Paying Agent and the Trustee will treat the persons in whose names the New Notes, including the Global Notes, are registered as the owners thereof for the purpose of receiving such payments and for any and all other purposes whatsoever. Consequently, none of the Company, the Registrar, the Paying Agent, the Trustee or any agent of the Company, the Registrar, the Paying Agent or the Trustee has or will have any responsibility or liability for:

- any aspect of DTC's records or any Participant's or indirect participant's records relating to or payments made on account of beneficial ownership interests in the Global Notes, or for maintaining, supervising or reviewing any of DTC's records or any Participant's or indirect participant's records relating to the beneficial ownership interests in the Global Notes; or
- any other matter relating to the actions and practices of DTC or any of its Participants or indirect participants.

DTC has advised the Company that its current practice is to credit the accounts of the relevant Participants with the payment on the payment date in amounts proportionate to their respective holdings in the principal amount of the relevant security as shown on the records of DTC, unless DTC has reason to believe it will not receive payment on such payment date. Payments by the Participants and the indirect participants to the beneficial owners of notes will be governed by standing instructions and customary practices and will be the responsibility of the Participants or the indirect participants and will not be the responsibility of DTC, the Trustee, the Registrar, the Paying Agent or the Company. None of the Company, the Registrar, the Paying Agent, the Trustee or any agent of the Company, the Registrar, the Paying Agent or the Trustee will be liable for any delay by DTC or any of its Participants in identifying the beneficial owners of the New Notes, and the Company, the Registrar, the Paying Agent and the Trustee and their respective agents may conclusively rely on and will be protected in relying on instructions from DTC or its nominee for all purposes.

Subject to the transfer restrictions described under “*Transfer Restrictions*” in this Exchange Offer Memorandum, cross-market transfers between Participants in DTC, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected through DTC in accordance with DTC's rules on behalf of Euroclear

or Clearstream, as the case may be, by their depositaries. Cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in that system in accordance with the rules and procedures and within the established deadlines (Brussels time) of that system. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositaries to take action to effect final settlement on its behalf by delivering or receiving interests in the relevant Global Note in DTC, and making or receiving payment in accordance with normal procedures applicable to DTC. Euroclear and Clearstream participants may not deliver instructions directly to the depositaries for Euroclear or Clearstream.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a Global Note from a Participant in DTC will be credited and reported to the relevant Euroclear or Clearstream participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream) immediately following the settlement date of DTC. DTC has advised the Company that cash received in Euroclear or Clearstream as a result of sales of interests in a Global Note by or through a Euroclear or Clearstream participant to a Participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream cash account only as of the business day for Euroclear or Clearstream following DTC's settlement date.

DTC has advised the Company that it will take any action permitted to be taken by a holder of notes only at the direction of one or more Participants to whose account with DTC interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of the New Notes as to which such Participant or Participants has or have given such direction.

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures to facilitate transfers of interests in the Global Notes among participants in DTC, Euroclear and Clearstream, they are under no obligation to perform or to continue to perform such procedures, and the procedures may be discontinued at any time. None of the Company, the Registrar, the Paying Agent or the Trustee will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

The information in this section concerning DTC, Euroclear and Clearstream and their book-entry systems has been obtained from sources that the Company believes to be reliable, but the Company takes no responsibility for the accuracy thereof.

### **Exchange of Book-Entry Notes for Certificated Notes**

The Global Notes are exchangeable for certificated notes in definitive, fully registered form without interest coupons (the "Certificated Notes") only in the following limited circumstances:

- DTC notifies the Company that it is unwilling or unable to continue as depositary for the Global Note or DTC ceases to be a clearing agency registered under the Exchange Act at a time when DTC is required to be so registered in order to act as depositary, and in each case the Company fails to appoint a successor depositary within 90 days of such notice; or
- if there shall have occurred and be continuing an Event of Default with respect to the New Notes and a majority of the holders of the New Notes so request.

In all cases, Certificated Notes delivered in exchange for any Global Note or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by or on behalf of DTC (in accordance with its customary procedures) and will bear the applicable restrictive legend referred to in "*Transfer Restrictions*" in this Exchange Offer Memorandum, unless the Company determines otherwise in accordance with the indenture and in compliance with applicable law.

## **Transfers Within and Between Global Notes**

Beneficial interests in the Regulation S Global Note may be transferred to a person who takes delivery in the form of an interest in the Rule 144A Global Note only if such transfer is made pursuant to Rule 144A and the transferor first delivers to the Trustee a certificate (in the form provided in the indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a qualified institutional buyer within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

Beneficial interests in the Rule 144A Global Note may be transferred to a person who takes delivery in the form of a beneficial interest in the Regulation S Global Note only upon receipt by the Trustee of a written certification (in the form provided in the indenture) from the transferor to the effect that such transfer is being made in accordance with Regulation S.

The Trustee will be entitled to receive such evidence as may be reasonably requested by them to establish the identity and/or signatures of the transferor and transferee.

Transfers of beneficial interests within a Global Note may be made without delivery of any written certification or other documentation from the transferor or the transferee.

Transfers of beneficial interests in the Regulation S Global Note for beneficial interests in the Rule 144A Global Note or vice versa will be effected by DTC by means of an instruction originated by the Trustee through the DTC Deposit/Withdraw at Custodian system. Accordingly, in connection with any such transfer, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note or vice versa, as applicable. Any beneficial interest in one of the Global Notes that is transferred to a person who takes delivery in the form of an interest in another Global Note will, upon transfer, cease to be an interest in such Global Note and will become an interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in such other Global Note for so long as it remains such an interest. Payment for such transfers will occur outside the clearing systems and the beneficial interests will be transferred “free of payment.”

## TRANSFER RESTRICTIONS

The New Notes have not been registered under the Securities Act or any securities laws of any jurisdiction other than Argentina, and may not be offered or sold, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of, the Securities Act and such other securities laws. Accordingly, the New Notes are being offered hereby only (1) to Holders of Old Notes who are QIBs in reliance on the exemption from the registration requirements of the Securities Act provided by Section 4(a)(2) and (2) outside the United States in reliance upon Regulation S under the Securities Act, to non-U.S. persons who are also non-U.S. qualified offerees, and in either case who will be required to make certain representations to us and others prior to the investment in the New Notes. Only Eligible Holders are authorized to receive or review this Exchange Offer Memorandum or to participate in the Exchange Offer and Consent Solicitation.

Each Holder exchanging the Old Notes for the New Notes pursuant to this Exchange Offer and Consent Solicitation in reliance on Section 4(a)(2) of the Securities Act or Regulation S will be deemed to have represented and agreed as follows:

(1) it has received a copy of the Exchange Offer Memorandum and acknowledges that such Holder has had access to such financial and other information related to it and has been afforded an opportunity to ask such questions of our representatives and receive answers thereto as it has deemed necessary in connection with its decision to exchange the Old Notes for the New Notes;

(2) it is the beneficial owner of, or a duly authorized representative of one or more beneficial owners of, the Old Notes tendered;

(3) the Old Notes being tendered were owned as of the date of tender, free and clear of any liens, charges, claims, encumbrances, interests and restrictions of any kind, and we will acquire good, indefeasible and unencumbered title to those Old Notes, free and clear of all liens, charges, claims, encumbrances, interests and restrictions of any kind, when we accept the same;

(4) it will not sell, pledge, hypothecate or otherwise encumber or transfer any Old Notes tendered, and any purported sale, pledge, hypothecation or other encumbrance or transfer will be void and of no effect;

(5) it is, or, in the event that it is acting on behalf of a beneficial owner of the Old Notes tendered, it has received a written certification from that beneficial owner, dated as of a specific date on or since the close of that beneficial owner's most recent fiscal year, to the effect that that beneficial owner is either (a) a QIB and is acquiring New Notes for its own account or for a discretionary account or accounts on behalf of one or more QIBs as to which it has been instructed and has the authority to make the representations, warranties and covenants set forth in "*Description of the Exchange Offer and Consent Solicitation and APE Solicitation*," or (b) (i) not a U.S. person or not acquiring for the account or benefit of one or more U.S. persons (other than as a distributor) and is acquiring New Notes in an offshore transaction in accordance with Regulation S under the Securities Act and (ii) a non-U.S. qualified offeree;

(6) in evaluating the Exchange Offer and Consent Solicitation and in making its decision whether to participate in the Exchange Offer and Consent Solicitation by tendering its Old Notes and consent, it has made its own independent appraisal of the matters referred to in this Exchange Offer Memorandum and in any related communications and it is not relying on any statement, representation or warranty, express or implied, made to it by us, the Information, Exchange and Tabulation Agent, the Trustee, the Dealer Manager or the Argentine Dealer Manager, other than those contained in this Exchange Offer Memorandum, as amended or supplemented through the Expiration Date;

(7) by tendering its Old Notes such Holder undertakes to execute any further documents and give any further assurances that may be required in connection with any of the foregoing, in each case on and subject to the terms and conditions described or referred to in this Exchange Offer Memorandum;

(8) tendering of the Old Notes to the Information, Exchange and Tabulation Agent shall, subject to a Holder's ability to withdraw its tender prior to the Withdrawal Date, and subject to the terms and conditions of the

Exchange Offer and Consent Solicitation, constitute the irrevocable appointment of the Information, Exchange and Tabulation Agent as its attorney and agent and an irrevocable instruction to that attorney and agent to complete and execute all or any forms of transfer and other documents at the discretion of that attorney and agent in relation to the Old Notes tendered in favor of us or any other person or persons as we may direct and to deliver those forms of transfer and other documents in the attorney's and agent's discretion and the certificates and other documents of title relating to the registration of Old Notes and to execute all other documents and to do all other acts and things as may be in the opinion of that attorney or agent necessary or expedient for the purpose of, or in connection with, the acceptance of the Exchange Offer and Consent Solicitation, and to vest in us or our nominees those Old Notes;

(9) (a) either (i) no portion of the Old Notes constitutes assets of any Benefit Plan Investor or any Non ERISA Plan, or (ii) the acquisition and holding of the New Notes (or any interest therein), throughout the period that it holds such New Notes (or any interest therein), and the disposition of the New Notes (or any interest therein) will not constitute or result in (1) a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code, (2) a breach of fiduciary duty under ERISA or (3) a similar violation under any applicable Similar Laws, and (b) it will notify us immediately if, at any time, it is no longer able to make the representations contained in clause (a) above;

(10) by its investment in the New Notes if it is a Benefit Plan Investor:

- (a) none of the Transaction Parties has provided any investment recommendation or investment advice to the Benefit Plan Investor or Plan Fiduciary, on which either the Benefit Plan Investor or Plan Fiduciary has relied in connection with the decision to invest in the New Notes;
- (b) the Transaction Parties are not otherwise acting as a "fiduciary," as that term is defined in Section 3(21) of ERISA or Section 4975(e)(3) of the Code, to the Benefit Plan Investor or Plan Fiduciary in connection with the Benefit Plan Investor's investment in the New Notes; and
- (c) the Plan Fiduciary is exercising its own independent judgment in evaluating the transaction;

(11) the New Notes are being offered in transactions not involving any public offering in the United States within the meaning of the Securities Act, that the New Notes have not been registered under the Securities Act or any securities laws of any jurisdiction other than Argentina and that for so long as the New Notes are "restricted securities" for purposes of the Securities Act:

- (a) the New Notes may be offered, resold, pledged or otherwise transferred only (i) to us or any of our subsidiaries, (ii) in an offshore transaction in accordance with Rule 903 or 904 of Regulation S under the Securities Act, (iii) within the United States to a qualified institutional buyer in a transaction complying with Rule 144A under the Securities Act, (iv) pursuant to an exemption from registration under the Securities Act, (if applicable), and (v) pursuant to an effective registration statement under the Securities Act and in each of such cases in accordance with any applicable securities laws of any state of the United States or any other applicable jurisdiction, and
- (b) the Holder will, and each subsequent Holder is required to, notify any subsequent purchaser from it of the resale restrictions set forth in (a) above;

(12) it has such knowledge and experience in financial and business matters, that it is capable of evaluating the merits and risks of purchasing the New Notes and that such Holder and any accounts for which it is acting are each able to bear the economic risks of its or their investment;

(13) it is not acquiring the New Notes with a view towards any distribution thereof in a transaction that would violate the Securities Act or the securities laws of any state of the United States or any other applicable

jurisdiction; provided that the disposition of its property and the property of any accounts for which such Holder is acting as fiduciary will remain at all times within its control;

(14) it understands that:

(a) The following is the form of restrictive legend which will appear on the face of the Rule 144A global note, and which will be used to notify transferees of the foregoing restrictions on transfer:

**“THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY U.S. STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF THE ISSUER THAT THIS NOTE OR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1) TO THE ISSUER, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT (“RULE 144A”), TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A) IN ACCORDANCE WITH RULE 144A, (3) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT, (4) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, AND IN EACH OF SUCH CASES IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER APPLICABLE JURISDICTION. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES THAT IT WILL NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.**

**EACH PURCHASER AND TRANSFEREE OF THIS NOTE (OR ANY INTEREST HEREIN) WILL BE DEEMED BY ITS ACQUISITION AND HOLDING OF THIS NOTE TO HAVE REPRESENTED, WARRANTED AND AGREED THAT EITHER (A) IT IS NOT (AND FOR SO LONG AS IT HOLDS A NOTE OR INTEREST THEREIN WILL NOT BE), AND IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS ANY NOTE OR INTEREST THEREIN WILL NOT BE ACTING ON BEHALF OF) (1) AN “EMPLOYEE BENEFIT PLAN” WITHIN THE MEANING OF SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“ERISA”), THAT IS SUBJECT TO TITLE I OF ERISA, (2) A “PLAN” WITHIN THE MEANING OF SECTION 4975(e)(1) OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “CODE”), THAT IS SUBJECT TO SECTION 4975 OF THE CODE, (3) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED TO INCLUDE UNDER THE U.S. DEPARTMENT OF LABOR REGULATION AT 29 C.F.R. § 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA, OR OTHERWISE FOR PURPOSES OF TITLE I OF ERISA OR SECTION 4975 OF THE CODE, “PLAN ASSETS” BY REASON OF SUCH EMPLOYEE BENEFIT PLAN’S OR PLAN’S INVESTMENT IN THE ENTITY (EACH OF (1)-(3), A “BENEFIT PLAN INVESTOR”) OR (4) A GOVERNMENTAL PLAN, CHURCH PLAN OR FOREIGN OR OTHER PLAN WHICH IS SUBJECT TO ANY U.S. FEDERAL, STATE, LOCAL OR NON-U.S. LAW THAT CONTAINS ONE OR MORE PROVISIONS THAT ARE SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF TITLE I OF ERISA OR SECTION 4975 OF THE CODE (“SIMILAR LAW”) OR (B) ITS ACQUISITION, HOLDING AND DISPOSITION OF SUCH NOTE (OR ANY INTEREST THEREIN) WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (OR IN THE CASE OF A GOVERNMENTAL PLAN, CHURCH PLAN OR FOREIGN OR OTHER EMPLOYEE BENEFIT PLAN, A VIOLATION OF ANY SIMILAR LAW).**

**MOREOVER, EACH PURCHASER AND TRANSFEREE OF THIS NOTE, IF IT IS A BENEFIT PLAN INVESTOR, WILL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED THAT (X) NONE OF THE ISSUER, THE GUARANTORS, THE DEALER MANAGERS,**

THE INFORMATION, EXCHANGE AND TABULATION AGENT, THE TRUSTEE, THE REGISTRAR OR THEIR RESPECTIVE AFFILIATES (“TRANSACTION PARTIES”) HAS PROVIDED ANY INVESTMENT RECOMMENDATION OR INVESTMENT ADVICE TO THE BENEFIT PLAN INVESTOR, OR ANY FIDUCIARY OR OTHER PERSON INVESTING ON BEHALF OF THE BENEFIT PLAN INVESTOR OR WHO OTHERWISE HAS DISCRETION OR CONTROL OVER THE INVESTMENT AND MANAGEMENT OF “PLAN ASSETS” (A “PLAN FIDUCIARY”), ON WHICH EITHER THE BENEFIT PLAN INVESTOR OR PLAN FIDUCIARY HAS RELIED IN CONNECTION WITH THE DECISION TO INVEST IN THE NEW NOTES, (Y) THE TRANSACTION PARTIES ARE NOT OTHERWISE ACTING AS A “FIDUCIARY,” AS THAT TERM IS DEFINED IN SECTION 3(21) OF ERISA OR SECTION 4975(E)(3) OF THE CODE, TO THE BENEFIT PLAN INVESTOR OR PLAN FIDUCIARY IN CONNECTION WITH THE BENEFIT PLAN INVESTOR’S INVESTMENT IN THE NEW NOTES AND (Z) THE PLAN FIDUCIARY IS EXERCISING ITS OWN INDEPENDENT JUDGMENT IN EVALUATING THE TRANSACTION.

THIS LEGEND MAY BE REMOVED SOLELY AT THE DIRECTION OF THE ISSUER.”

- (b) The following is the form of restrictive legend which will appear on the face of the Regulation S global note and which will be used to notify transferees of the foregoing restrictions on transfer:

“THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY U.S. STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES THAT NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY OTHER APPLICABLE JURISDICTION.

EACH PURCHASER AND TRANSFEREE OF THIS NOTE (OR ANY INTEREST HEREIN) WILL BE DEEMED BY ITS ACQUISITION AND HOLDING OF THIS NOTE TO HAVE REPRESENTED, WARRANTED AND AGREED THAT EITHER (A) IT IS NOT (AND FOR SO LONG AS IT HOLDS A NOTE OR INTEREST THEREIN WILL NOT BE), AND IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS ANY NOTE OR INTEREST THEREIN WILL NOT BE ACTING ON BEHALF OF) (1) AN “EMPLOYEE BENEFIT PLAN” WITHIN THE MEANING OF SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“ERISA”), THAT IS SUBJECT TO TITLE I OF ERISA, (2) A “PLAN” WITHIN THE MEANING OF SECTION 4975(e)(1) OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “CODE”), THAT IS SUBJECT TO SECTION 4975 OF THE CODE, (3) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED TO INCLUDE UNDER THE U.S. DEPARTMENT OF LABOR REGULATION AT 29 C.F.R. § 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA, OR OTHERWISE FOR PURPOSES OF TITLE I OF ERISA OR SECTION 4975 OF THE CODE, “PLAN ASSETS” BY REASON OF SUCH EMPLOYEE BENEFIT PLAN’S OR PLAN’S INVESTMENT IN THE ENTITY (EACH OF (1)-(3), A “BENEFIT PLAN INVESTOR”) OR (4) A GOVERNMENTAL PLAN, CHURCH PLAN OR FOREIGN OR OTHER PLAN WHICH IS SUBJECT TO ANY U.S. FEDERAL, STATE, LOCAL OR NON-U.S. LAW THAT CONTAINS ONE OR MORE PROVISIONS THAT ARE SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF TITLE I OF ERISA OR SECTION 4975 OF THE CODE (“SIMILAR LAW”) OR (B) ITS ACQUISITION, HOLDING AND DISPOSITION OF SUCH NOTE (OR ANY INTEREST THEREIN) WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (OR IN THE CASE OF A GOVERNMENTAL PLAN, CHURCH PLAN OR FOREIGN OR OTHER EMPLOYEE BENEFIT PLAN, A VIOLATION OF ANY SIMILAR LAW).



**MOREOVER, EACH PURCHASER AND TRANSFEREE OF THIS NOTE, IF IT IS A BENEFIT PLAN INVESTOR, WILL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED THAT (X) NONE OF THE ISSUER, THE GUARANTORS, THE DEALER MANAGERS, THE INFORMATION, EXCHANGE AND TABULATION AGENT, THE TRUSTEE, THE REGISTRAR OR THEIR RESPECTIVE AFFILIATES (“TRANSACTION PARTIES”) HAS PROVIDED ANY INVESTMENT RECOMMENDATION OR INVESTMENT ADVICE TO THE BENEFIT PLAN INVESTOR, OR ANY FIDUCIARY OR OTHER PERSON INVESTING ON BEHALF OF THE BENEFIT PLAN INVESTOR OR WHO OTHERWISE HAS DISCRETION OR CONTROL OVER THE INVESTMENT AND MANAGEMENT OF “PLAN ASSETS” (A “PLAN FIDUCIARY”), ON WHICH EITHER THE BENEFIT PLAN INVESTOR OR PLAN FIDUCIARY HAS RELIED IN CONNECTION WITH THE DECISION TO INVEST IN THE NEW NOTES, (Y) THE TRANSACTION PARTIES ARE NOT OTHERWISE ACTING AS A “FIDUCIARY,” AS THAT TERM IS DEFINED IN SECTION 3(21) OF ERISA OR SECTION 4975(E)(3) OF THE CODE, TO THE BENEFIT PLAN INVESTOR OR PLAN FIDUCIARY IN CONNECTION WITH THE BENEFIT PLAN INVESTOR’S INVESTMENT IN THE NEW NOTES AND (Z) THE PLAN FIDUCIARY IS EXERCISING ITS OWN INDEPENDENT JUDGMENT IN EVALUATING THE TRANSACTION.**

**THIS LEGEND MAY BE REMOVED SOLELY AT THE DIRECTION OF THE ISSUER.”**

(15) it acknowledges that the Issuer, the Information, Exchange and Tabulation Agent, the Trustee, the Dealer Manager, the Argentine Dealer Manager and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of the foregoing acknowledgements, representations and agreements deemed to have been made by it are no longer accurate it will promptly notify the Dealer Manager or the Argentine Dealer Manager, as the case may be. If such Holder is acquiring the New Notes as a fiduciary or agent for one or more investor accounts, such Holder represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

(16) it understands that no representation is made as to the availability of the exemption from registration provided by Rule 144 under the Securities Act for the resale of the New Notes;

(17) it agrees that it will give to each person to whom it transfers the New Notes notice of any restrictions on transfer of such New Notes;

(18) it acknowledges that prior to any proposed transfer of New Notes (other than pursuant to an effective registration statement or in respect of Notes sold or transferred either pursuant to (a) Rule 144A or (b) Regulation S) the holder of such Notes may be required to provide certifications relating to the manner of such transfer as provided in the New Notes Indenture;

(19) it acknowledges that the Trustee, Registrar or Transfer Agent for the Notes will not be required to accept for registration the transfer of any New Notes acquired by it, except upon presentation of evidence satisfactory to the Issuer and the Trustee, Registrar or Transfer Agent that the restrictions set forth herein have been complied with.

For purposes of the Exchange Offer, “non-U.S. qualified offeree” means:

(1) in relation to each Relevant Member State, to the extent implemented in that Relevant Member State:

- (a) any legal entity which is a qualified investor as defined in Article 2(1)(e) of the Prospectus Regulation; or
- (b) any other entity in any other circumstances falling within Article 3(2) of the Prospectus Regulation,

provided that no such offer of the New Notes shall require the Issuer or the Dealer Managers to publish a prospectus pursuant to Article 3 of the Prospectus Regulation, or

(2) in relation to each member state of the EEA or the United Kingdom, a person that is not a retail investor (in each case, as defined under “*Notice to Certain Non-U.S. Holders*”), or

(3) in relation to an investor in the United Kingdom, a “relevant person” (as defined under “*Notice to Certain Non-U.S. Holders*”), or

(4) any entity outside the United States, the EEA and the United Kingdom to whom the offers related to the New Notes may be made in compliance with all other applicable laws and regulations of any applicable jurisdiction.

## **INFORMATION RELATED TO THE DEALER MANAGERS AND OTHER AGENTS**

### **Information, Exchange and Tabulation Agent**

D.F. King has been appointed as the information, exchange and tabulation agent for the Exchange Offer and Consent Solicitation. All correspondence in connection with the Exchange Offer and Consent Solicitation and APE Solicitation should be sent or delivered by each holder of Old Notes, or a beneficial owner's commercial bank, broker, dealer, trust company or other nominee, to the information, exchange and tabulation agent at the addresses listed on the back cover page of this Exchange Offer Memorandum. Questions concerning tender procedures and requests for additional copies of this Exchange Offer Memorandum should also be directed to the information, exchange and tabulation agent at the address and telephone numbers listed on the back cover page of this Exchange Offer Memorandum. Holders of Old Notes may also contact their commercial bank, broker, dealer, trust company or other nominee for assistance concerning the Exchange Offer and Consent Solicitation. We have agreed to pay the information, exchange and tabulation agent reasonable and customary fees for its services and will reimburse it for its reasonable out of pocket expenses in connection with the Exchange Offer and Consent Solicitation.

### **Dealer Managers**

We have retained BCP Securities, LLC to act as dealer manager and solicitation agent for the Exchange Offer and the Solicitations outside Argentina, and Banco CMF S.A., as Argentine Dealer Manager, for the Exchange Offer and the Solicitations in Argentina. We will pay a customary fee to the Dealer Managers for their services. We will also reimburse the Dealer Managers for their reasonable out of pocket expenses, including the reasonable expenses and disbursements of their legal counsel. The obligations of the Dealer Managers to perform their functions are subject to various conditions. We have agreed to indemnify the Dealer Managers against various liabilities, including various liabilities under the U.S. federal securities laws. Questions regarding the terms of the Exchange Offer and the Consent Solicitation and APE Solicitation may be directed by Holders outside Argentina to BCP Securities, LLC at its address and telephone number listed on the back cover page of this Exchange Offer Memorandum. Questions regarding the terms of the Exchange Offer and the Consent Solicitation and APE Solicitation may be directed by Holders in Argentina to Banco CMF S.A. at its address and telephone number listed on the back cover page of this Exchange Offer Memorandum.

At any given time, the Dealer Managers may trade Old Notes or other of our securities or of our affiliates for their own accounts or for the accounts of their customers and, accordingly, may hold a long or short position in the Old Notes. To the extent the Dealer Managers or their affiliates hold Old Notes during the Exchange Offer and Consent Solicitation and APE Solicitation, they may tender such Old Notes under the Exchange Offer and Consent Solicitation and APE Solicitation.

From time to time in the ordinary course of business, the Dealer Managers and their affiliates have provided, and may provide in the future, investment or commercial banking services to us and our affiliates in the ordinary course of business for customary compensation.

In addition, in the ordinary course of their business activities, the Dealer Managers 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 the Company or its affiliates. If any of the Dealer Managers or their affiliates has a lending relationship with the Company or its affiliates, certain of those Dealer Managers or their affiliates routinely hedge, and certain other of those Dealer Managers or their affiliates are likely to hedge, their credit exposure to the Company or its affiliates consistent with their customary risk management policies. Typically, these Dealer Managers 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 the Company's or its affiliates' securities. The Dealer Managers 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.

The Dealer Managers or their affiliates have acted as managers and/or initial purchasers in certain of our

offerings.

None of the Dealer Managers makes any recommendation as to whether or not Eligible Holders of the Old Notes should exchange their Old Notes in the Exchange Offer and Consent Solicitation and APE Solicitation. None of the Dealer Managers assumes any responsibility for the accuracy or completeness of the information concerning us or our affiliates or the Old Notes contained or referred to in this Exchange Offer Memorandum or for any failure by us to disclose events that may have occurred and may affect the significance or accuracy of such information.

#### **Other Fees and Expenses**

We will pay brokerage houses and other custodians, nominees and fiduciaries the reasonable out of pocket expenses incurred by them in forwarding copies of this Exchange Offer Memorandum and related documents to the beneficial owners of Old Notes, and in handling or tendering for their customers. We will not make any payment to brokers, dealers or others soliciting acceptances of the Exchange Offer and Consent Solicitation and APE Solicitation other than the Dealer Managers, as described above.

Tendering holders of Old Notes will not be required to pay any fee or commission to the Dealer Managers. If, however, a tendering holder handles the transaction through its broker, dealer, commercial bank, trust company or other institution, that holder may be required to pay brokerage fees or commissions.

## TAXATION

### Certain Argentine Tax Considerations

#### *Tax Treatment Applicable to the Exchange Offer*

In the light of the number of different jurisdictions in respect of which tax laws may be applied to the Holders of the Old Notes, this Exchange Offer Memorandum does not address the tax consequences for such Holders of the purchase of the Old Notes by Clisa under the Exchange Offer. Each Holder of the Old Notes is requested to consult with its professional advisors the potential tax consequences under the laws of the relevant jurisdictions or as a result of the exchange of their Old Notes and its receipt of any Accrued Interest or Additional Amounts applicable in connection with those Old Notes. Each Holder is liable for its own taxes and has no right of recovery against Clisa, the Dealer Managers, the Argentine representative of the Trustee or the Information, Exchange and Tabulation Agent with respect to any taxes arising in connection with the Exchange Offer (except for taxes imposed by Argentine authorities).

If any tax imposed or received by, or on behalf of, Argentina or any of its subdivisions with taxing powers is applicable as a result of the execution, delivery, exchange, payment or performance of the Exchange Offer, then Clisa will pay to you any Additional Amounts with respect to Argentine taxes as may be necessary to ensure that the amounts or the New Notes received by you pursuant to the Exchange Offer after such Argentine taxes are equal to the amounts or Old Notes that you would have otherwise received in the absence of such Argentine taxes.

#### *Argentine Tax Treatment Applicable to the New Notes*

The following is a summary of certain matters relating to the tax burden of the New Notes based upon current provisions in Argentina, for information purposes only. Although the summary is considered to provide a proper interpretation of applicable provisions as of the date of this Exchange Offer Memorandum, it cannot be guaranteed that the governmental authorities or courts responsible for applying such provisions will agree with the interpretation set out below, or that there will be no changes to such provisions (including changes with retroactive effect) or to the interpretation thereof by such governmental authorities or courts.

The following summary is based on Argentine tax laws in effect as of the date of this Exchange Offer Memorandum, and is subject to any amendment to Argentine laws that may take effect after such date. This summary does not include all of the tax considerations that may be relevant to you, particularly if you are subject to special tax rules. Prospective holders of the New Notes are encouraged to consult with their own tax advisers with respect to the consequences arising from an investment in such New Notes under any tax legislation in the country in which such person resides, including the collection of interest and the sale, redemption or any other disposition of the New Notes.

#### *Income Tax*

##### Tax on the payment of interest

Capital stock companies and other entities considered “business entities” (*sujetos empresas*) for purposes of income tax (which includes, among others, corporations, limited liability companies, certain trusts and mutual funds, organized or incorporated under Argentine law) must pay this tax on interest received on the New Notes at a 30% tax rate in the case of income obtained during fiscal years beginning between January 1, 2018 and December 31, 2020.

. For fiscal periods beginning on or after January 1, 2021, in accordance with the reform of the Income Tax Law introduced by Law No. 27,630 it is established that the “business entity” must be using a scale adjustable annually by the CPI, according to the taxable income for the fiscal year, the following being the same:

Accumulated taxable income		Must pay Ps.	Over %	The excess of Ps.
Over Ps.	Up to Ps.			

0	\$5,000,000	0	25%	0
\$5,000,000	\$50,000,000	\$1,250,000	30%	\$5,000,000
\$50,000,000	inclusive	\$14,750,000	35%	\$50,000,000

In the case of individuals and undivided estates resident in Argentina, interest under the New Notes will be exempted from Argentine income tax (provided that the New Notes are issued in accordance with the Negotiable Obligations Law and qualify for tax exemption according to Section 36 of such law) according to the Solidarity Law, which has reinstated the exemption set forth in subsection 4, Section 36 bis of Negotiable Obligations Law, and has abrogated Sections 95 and 96 of Law No. 20,628 (as amended and supplemented, the “Income Tax Law”).

According to Section 26u) of the Income Tax Law, foreign beneficiaries who are not domiciled in non-cooperative jurisdictions and which do not invest funds proceeding from non-cooperative jurisdictions will be exempted from income tax on interest received on the New Notes provided these are issued in accordance with the Negotiable Obligations Law and qualify for tax exemption according to Section 36 thereof.

The Negotiable Obligations Law provides in its Section 36 that in order to be entitled to receive the tax treatment provided for therein, the New Notes must meet the following conditions:

- (i) the New Notes must be placed by means of a public offering approved by the CNV, in accordance with the Capital Markets Law and CNV Regulations;
- (ii) the proceeds from the issue of the New Notes must be used, by virtue of the corporate resolutions authorizing the offering, for: (a) investment in tangible assets located in Argentina; (b) financing of working capital to be used in Argentina; (c) debt refinancing; or (d) capital contributions to entities that are subsidiaries or affiliates of the Issuer, provided that such entities use the funds from such contributions for the purposes described in items (a), (b) or (c) of this paragraph (ii); and
- (iii) the Issuer must have the use-of-proceeds plan accredited before the CNV within the time and in the manner prescribed by CNV Regulations, providing evidence that the proceeds from the issue of the New Notes have been used for the purposes described in paragraph (ii) above. Regarding the aforementioned exemption, the CNV is authorized to regulate and control, within its competence, whether the conditions set forth in section 26u) of the Income Tax Law are complied with.

If the issuer fails to meet the conditions of Sections 36, Section 38 of the Negotiable Obligations Law provides that the benefits resulting from the tax treatment under such law will cease, and the issuer will be liable for the payment of any tax which would be otherwise payable by the investor, calculated at the maximum rate set forth by Section 94 of the Income Tax Law on the total revenues accrued to investors. In that event, the holders of the New Notes will receive the interest amount set forth in the relevant security as if no tax had been payable.

If the foreign beneficiary is domiciled in a non-cooperative jurisdiction or the funds invested proceed from a non-cooperative jurisdiction, the interest or revenues on the New Notes will be subject to a 35% income tax withholding (with the payer acting as withholding agent) of such interest according to section 102 and 104 of the Income Tax Law. This withholding tax rate will be based on a “net presumed basis” (*base neta presunta*) of (i) 43% where the issuer is a financial institution falling within the provisions of Law No. 21,526; or where the issuer is any of the remaining persons falling within the provisions of Section 53 of the Income Tax Law, an individual or an undivided estate, provided always, in these events, that the creditor is a non-resident banking or financial institution under the supervision of the respective central bank or equivalent agency, that (a) is domiciled in a jurisdiction which is not deemed to be a “non-cooperative jurisdiction” for fiscal transparency purposes or a “low or no tax jurisdiction”; or (b) in the case of jurisdictions that have entered into information exchange agreements with Argentina and that, in addition, pursuant to their internal rules may not claim banking secrecy or stock exchange secrecy or otherwise, upon a request for information of the relevant tax agency; (ii) 100% in the event the conditions described in item (i) are not met.

Section 19 of the Income Tax Law defines “non-cooperative jurisdictions” as countries or jurisdictions that have not entered into a tax disclosure agreement or Double Taxation Agreement with Argentina which includes a broad information exchange clause, as well as those countries or jurisdictions that have entered into the aforementioned agreements but do not actually disclose information to the Argentine tax authorities. Additionally, the conventions and agreements stated above should comply with international standards of fiscal transparency and information exchange regarding tax matters to which Argentina has committed itself. The Argentine Executive Branch may designate a list of countries as “non-cooperative jurisdictions” taking into consideration the definition stated above. Accordingly, section 24 of Decree No. 862/2019 established the list of jurisdictions that are considered as “non-cooperative” under section 19 of the Income Tax Law. This list consists of 95 jurisdictions including, among others, (1) the Republic of Paraguay; (2) the Plurinational State of Bolivia; (3) the Republic of Cuba; and (4) the Republic of Nicaragua. For the full list, see section 24 of Decree No. 862/2019, available at <http://www.infoleg.gob.ar>.

Pursuant to section 20 of the Income Tax Law, low or no tax jurisdictions should be interpreted as those countries, domains, jurisdictions, territories, associated states or special tax regimes that establish a maximum tax on business income that represents 60% of the minimum rate or less of the standard corporate income tax rate of the first paragraph of section 73 of the Income Tax Law, in accordance with the section incorporated into the Income Tax Law by section 12 of Law No.27,430, amended by Law No. 27,630. Additionally, section 25 of the Decree No. 862/2019 established that for determining if a jurisdiction is a low or no tax jurisdiction, it is the total tax rate applicable to corporations, regardless of the authority that established the tax, the one that should be taken into account. Moreover, section 25 provides that “special tax regimes” means any regulation or special regime that established a special corporate tax which results in an applicable corporate tax lower than the one of the general regimes of that jurisdiction.

#### Tax on capital gains

When the transferor is a corporation or other taxpayer regarded as a “business entity” for income tax purposes, the transferor will be required to pay tax on capital gains resulting from the sale or other disposition of the New Notes at the rate of 30% in the case of income earned in the tax years beginning on any date between January 1, 2018, and December 31, 2020. For the tax periods beginning on and after January 1, 2021, the applicable tax rate for these taxpayers will be 25% under the laws and regulations currently in place. The reform of the Income Tax Law introduced by Law No. 27,630 establishes that the “business entity” must pay taxes, starting from the fiscal years beginning on January 1, 2021, using a scale that is adjustable annually by the CPI, according to which is the taxable income for the year, the following being the same:

Accumulated taxable income		Must pay Ps.	Over %	The excess of Ps.
Over Ps.	Up to Ps.			
0	\$5,000,000	0	25%	0
\$5,000,000	\$50,000,000	\$1,250,000	30%	\$5,000,000
\$50,000,000	inclusive	\$14,750,000	35%	\$50,000,000

For individuals residing in Argentina and undivided estates located in Argentina, capital gains from the sale, exchange, or other disposition of the New Notes will be exempted under subsection 3 of Section 36 bis of Negotiable Obligations Law and under Section 26(u) of the Income Tax Law. Section 36 of the Negotiable Obligations Law establishes the conditions for subsection 3 of Section 36 bis, which was reinstated by the Solidarity Law, to apply. In the event the transferor is a foreign beneficiary, as long as it does not reside in non-cooperative jurisdictions and the invested funds do not derive from non-cooperative jurisdictions, the capital gains from the transfer or other disposition of the New Notes will be exempt from income tax, provided, however, that the conditions of Section 36 have been met.

In the event the transferor is a foreign beneficiary, if it resides in non-cooperative jurisdictions or the invested funds derive from non-cooperative jurisdictions, the capital gains will be subject to tax at the rate of 35% considering the actual capital gain or a presumed capital gain equivalent to 90% of the sales price, at the taxpayer’s discretion.

Foreign beneficiaries who are required to pay this tax must do so through a legal representative domiciled in Argentina when the transferee is also a foreign person, and the tax will be withheld at source and paid by the paying transferee, when the transferee is an Argentine resident.

#### Tax on Personal Assets

Individuals and undivided estates resident in Argentina or abroad must compute the New Notes for personal assets tax calculation purposes.

This tax is levied on certain assets held by such individuals and undivided estates as of December 31 of every year, whether located in Argentina or abroad. Assets are taxable when the aggregate value thereof exceeds the total amount of Ps.2,000,000 in the 2019 tax period and subsequent tax periods. The applicable tax rates for individuals and undivided estates resident in Argentina and holding assets subject to taxation for an amount exceeding the minimum threshold are shown below:

(i) On total assets located in Argentina subject to taxation:

Aggregate value of assets exceeding the minimum threshold (*)		Must pay Ps.	Over %	The excess of Ps.
Over Ps.	Up to Ps.			
-	3,000,000, inclusive	-	0.50%	-
3,000,000.00	6,500,000, inclusive	15,000.00	0.75%	3,000,000.00
6,500,000.00	18,000,000, inclusive	41,250.00	1.00%	6,500,000.00
18,000,000.00		156,250.00	1.25%	18,000,000.00

(\*) Ps.2,000,000, in general, and Ps.18,000,000 for real estate qualifying as dwelling house.

(ii) On total assets located abroad subject to taxation:

Aggregate value of assets located in Argentina and abroad		Aggregate value of assets located abroad exceeding the minimum threshold not computed against the assets located in Argentina must pay %
Over Ps.	Up to Ps.	
0	3,000,000, inclusive	0.70%
3,000,000	6,500,000, inclusive	1.20%
6,500,000	18,000,000, inclusive	1.80%
18,000,000		2.25%

The assets located in Argentina of individuals and undivided estates resident abroad will be subject to personal assets tax at the rate of 0.5%; however, no personal assets tax will be paid when the charge amount is equal to or lower than Ps.255.75.

Personal assets tax applies to the market value of the New Notes (or the acquisition cost plus accrued interest if the New Notes are no longer listed) as of December 31 of every calendar year. Securities, such as the New Notes, held by individuals or undivided estates resident abroad are technically subject to personal assets tax; however, pursuant to Decree No. 127/96 as amended, no tax collection procedure is in place for such purpose, unless the notes are owned jointly by Argentine residents or held in escrow or otherwise, deposited, or managed by Argentine residents on a jointly basis, in which case such Argentine residents are required to pay Personal Assets Tax accordingly.



Although personal assets tax applies only to securities held by individuals or undivided estates located in Argentina or abroad, as described above, the personal assets tax law sets forth a legal presumption, regardless of any evidence to the contrary, whereby securities issued by Argentine private issuers directly owned by a foreign legal entity that (i) is domiciled in a jurisdiction not requiring registration of private shares or securities, and (ii) either (a) under its corporate charter, or under the regulatory system applying to such foreign entity, may only carry on investment activities outside the jurisdiction where it was organized, or (b) may not enter into certain transactions permitted under its corporate charter or under the regulatory framework in its jurisdiction of incorporation, are deemed to be owned by an individual, or an undivided estate, resident in Argentina, and therefore subject to Personal Assets Tax.

In such case, the law provides that the issuer (the “Substitute Obligor”) has the duty to pay personal assets tax at twice the rate stated above. The Personal Assets Tax Law empowers the Substitute Obligor to seek reimbursement of any tax amount so paid, including by way of withholding or foreclosing directly on the assets originating such payment.

The preceding legal presumption will not apply when the securities, such as the New Notes, are directly owned by the following foreign entities: (i) insurance companies; (ii) open-end investment funds; (iii) retirement and pension funds; and (iv) banks or financial institutions having their head office in a country where the central banks or equivalent authorities thereof have adopted the international standards on supervision provided by the Basel Committee on Banking Supervision.

According to Decree No. 812/1996 dated July 24, 1996, the preceding legal presumption will not apply to shares and private debt securities, such as the New Notes, authorized for public offering by the CNV and traded on stock exchanges located in Argentina or abroad. In order to ensure that this legal presumption will not apply to the notes, and that the issuer will therefore have no tax liability as Substitute Obligor as a result, the issuer must keep in its records a duly certified copy of the CNV’s resolution authorizing the public offering of the shares or private debt securities, as well as evidence supporting the fact that such certificate or authorization was in effect as of December 31 of the year in which the tax liability originated, pursuant to AFIP Resolution No. 2151 of December 31, 2006. In the event Argentine tax authorities consider that there is no sufficient documentation to support the CNV’s authorization and/or the authorization to have the debt securities listed on stock exchanges in Argentina or abroad, the issuer will be required to pay the applicable personal assets tax as Substitute Obligor.

#### Value Added Tax

To the extent that the New Notes are placed by public offering authorized by the CNV, interest paid on the New Notes will be exempted from value added tax.

As long as the New Notes meet the requirements under Section 36 of the Negotiable Obligations Law, any benefits relating to the offering, subscription, placement, transfer, repayment, or cancellation of the New Notes will also be exempted from value added tax in Argentina.

#### Tax on checking account debits and credits

Law No. 25,413 (published in the Official Gazette of Argentina on March 26, 2001), as amended, establishes, with certain exceptions, a tax on debits and credits in checking accounts held in financial institutions located in Argentina and on other transactions replacing the use of checking accounts. The general rate is 0.6% in the case of debits and credits (although, in certain cases, a rate of 1.2% and/or 0.075% may apply). Decree No. 409/2018 (published in the Official Gazette of Argentina on May 7, 2018) provides that 33% of the tax paid on checking account credits and debits may be computed as payment on account of income tax.

#### Turnover tax

Investors who regularly participate in, or who are presumed to participate in, activities in any jurisdiction in which the investors earn interest on holding securities or otherwise receive revenues from the sale or transfer thereof,

may be subject to turnover tax at the rates provided by the specific laws of every Argentine province, unless an exemption applies.

Under Section 184, subsection (1) of the Tax Code of the City of Buenos Aires, revenue from any transaction involving notes issued pursuant to the Negotiable Obligations Law (interest, accrued adjustments, and the sales value in case of transfer) is exempt from this tax, insofar as the exemption from income tax applies.

Section 207, subsection (c) of the Tax Code of the Province of Buenos Aires provides that revenue resulting from any transaction involving notes issued under the Negotiable Obligations Law and Law No. 23,962, as amended (such as interest, accrued adjustments and the sales value in case of transfer) is exempt from turnover tax insofar as the exemption from income tax applies.

### Stamp tax

Stamp tax is a local tax. Therefore, a jurisdiction-based analysis is required.

The holders of New Notes will not be subject to stamp tax in relation to resolutions, agreements, contracts, or transactions associated with the issuance, subscription, placement, and transfer of the New Notes within the jurisdiction of the City of Buenos Aires (pursuant to subsection 54, Section 497, of the Tax Code of the City of Buenos Aires).

In the City of Buenos Aires, instruments, acts, and transactions of any nature, including delivery and receipt of cash, associated with and/or required to enable the issuance of notes for public offering under the terms of the Capital Markets Law by companies or financial trusts duly authorized by the CNV to make a public offering of such securities, are exempt from stamp tax. The stamp tax exemption applies to instruments, acts, and transactions associated with and/or required to enable the issue of notes as explained above, whether such instruments, acts, and transactions are prior, concurrent, subsequent, or constitute a renewal thereof. The stamp tax exemption will no longer be effective if, within a term of 90 calendar days, no authorization for public offering of the notes has been requested from the CNV, and/or if the notes have not been placed within a term of 180 calendar days following CNV authorization.

Section 297, paragraph 46, of the Tax Code of the Province of Buenos Aires provides for an exemption for acts, agreements, contracts, and transactions, including the delivery or receipt of cash associated with the issuance, placement, subscription, and transfer of notes issued pursuant to Law No. 23,576 and Law No. 23,962. This exemption will apply to any capital increases made for the issue of stock to be delivered, by conversion of the notes, as well as to any collateral or personal security provided to investors or third parties to secure the issue, whether prior, concurrent, or subsequent.

The Province of Buenos Aires also exempts from stamp tax all instruments, acts, and transactions associated with the issue of securities representing debt of their issuers, and whichever other securities earmarked for public offering under the terms of the Capital Markets Law, by companies duly authorized by the CNV. This exemption applies to instruments, acts, and transactions associated with and/or required to enable the issue of notes as explained above, whether such instruments, acts, and transactions are prior, concurrent, subsequent, or constitute a renewal thereof. However, the stamp tax exemption will no longer be effective if, within a term of 90 calendar days, no authorization for public offering of such securities has been requested from the CNV, and/or if the securities have not been placed within a term of 180 calendar days following CNV authorization.

Acts associated with the trading of securities duly authorized for public offering by the CNV are also exempt from stamp tax in the Province of Buenos Aires. This exemption will no longer apply in the event explained in the second sentence of the preceding paragraph.

If a transfer of the New Notes is performed by means of a written agreement and such document is executed in the jurisdiction of certain Argentine Provinces, the document is likely to become subject to stamp tax.

### *Other taxes*

At provincial level, the Province of Buenos Aires has created the Tax on the Gratuitous Transfer of Assets. This tax is levied on income from any gratuitous transfer of assets, including inheritance, legacies, gifts, donations, among others.

#### *Court tax*

If judicial enforcement proceedings need to be started in relation to the New Notes in Argentina, a court tax will apply on the amount of any claim filed before the national courts sitting in the City of Buenos Aires.

The City of Buenos Aires requires payment of a court tax equivalent to 3% of the amount at issue in any proceedings started before the Argentine courts based in the City of Buenos Aires.

#### *Tax exemptions on the public offering of securities*

CNV Regulations have regulated many aspects of the tax exemption applicable to the public offering of securities, especially:

- The “placement by public offering” of securities will be interpreted solely based on Argentine law (pursuant to the Capital Markets Law).
- All actions associated with the public offering will be taken in a proper and due manner, and the supporting documentation must be kept by the issuer. The New Notes will not be deemed tax-exempt based only on the public offering authorization from the CNV.
- All public offering efforts will be made in Argentina and abroad, as appropriate.
- Offers can be made to the “general public” or to a “specific group of investors” (such as qualified institutional buyers).

The Exchange Offer and the issuance of the New Notes has been authorized by the CNV. Pursuant to Article 3, Chapter IV, Title VI of the CNV Regulations, in the cases of refinancing of corporate debt, such as the Exchange Offer, the public offering requirement will be considered to be satisfied, when the investors of the new issuance are the holders of the existing notes subject to the exchange. The Exchange Offer in Argentina will be carried out by the Company and the Argentine Dealer Manager pursuant to the Dealer Manager Agreement.

#### **Certain U.S. Federal Income Tax Considerations**

The following discussion is a summary of certain U.S. federal income tax considerations generally applicable to the Exchange Offer and Consent Solicitation and APE Solicitation and the ownership and disposition of New Notes acquired in the Exchange Offer. This discussion applies only to U.S. Holders (as defined below) who hold New Notes as capital assets for U.S. federal income tax purposes (generally, property held for investment). This discussion is based on the U.S. Internal Revenue Code of 1986, as amended (the “Code”), U.S. Treasury regulations promulgated thereunder (“Regulations”), published positions of the Internal Revenue Service (the “Service”), court decisions and other applicable authorities, all as currently in effect as of the date hereof and all of which are subject to change or differing interpretations (possibly with retroactive effect).

No opinion of counsel or ruling from the Service has been or will be sought with respect to any of the U.S. federal income tax considerations discussed below, and no assurance can be given that the Service will not take a position contrary to the discussion below or that any such contrary position would not be sustained by a court.

This discussion does not describe all of the U.S. federal income tax considerations that may be applicable to U.S. Holders in light of their particular circumstances or U.S. Holders subject to special treatment under U.S. federal income tax law, such as:

- banks, insurance companies and other financial institutions;

- entities treated as partnerships for U.S. federal income tax purposes, S corporations or other pass-through entities;
- tax-exempt entities;
- real estate investment trusts;
- regulated investment companies;
- dealers or traders in securities;
- certain former citizens or residents of the United States;
- persons that elect to mark their securities to market;
- persons holding New Notes as part of a “straddle,” conversion or other integrated transaction;
- tax consequences attributable to persons required to accelerate the recognition of any item of gross income with respect to the notes as a result of such income being recognized on an applicable financial statement;
- persons that have a functional currency other than the U.S. dollar; and
- persons that actually or by attribution own 10% or more of our equity (by vote or value).

In addition, this discussion does not address any U.S. state or local or non-U.S. tax considerations or any U.S. federal estate, gift, alternative minimum tax or Medicare contribution tax considerations. U.S. Holders should consult their tax advisors concerning the U.S. federal income tax considerations to them in light of their particular situation as well as any considerations arising under the laws of any other taxing jurisdiction.

For purposes of this discussion, a “U.S. Holder” is a beneficial owner of the New Notes and/or Old Notes, as applicable, that is for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust that is subject to the primary supervision of a court within the United States and the control of one or more U.S. persons.

If a partnership (or other entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds New Notes and/or Old Notes, the U.S. federal income tax treatment of a partner in the partnership will generally depend on the status of the partner and the activities of the partnership. Partners in a partnership holding New Notes and/or Old Notes should consult their tax advisors regarding the tax considerations generally applicable to them of the Exchange Offer and the ownership and disposition of any New Notes acquired in the Exchange Offer.

### ***Treatment of U.S. Holders That Exchange Their Old Notes for New Notes***

The treatment of the exchange of the Old Notes for New Notes pursuant to the Exchange Offer depends on whether the terms of the New Notes differ from the terms of the Old Notes to such an extent that the exchange constitutes a “significant modification” of the Old Notes for U.S. federal income tax purposes. Generally, an exchange of an existing debt instrument for a new debt instrument (or a modification of the terms of a debt instrument) results in a taxable exchange for these purposes if the New Notes differ materially from the Old Notes.

To the extent required to do so, the Company intends to take the position that the exchange should, and the remainder of this discussion assumes that it will, not be a significant modification for U.S. federal income tax purposes, and thus, the exchange of Old Notes for New Notes pursuant to the Exchange Offer will not be treated as a deemed exchange for these purposes. Accordingly, U.S. Holders will not recognize any gain or loss in connection with the Exchange Offer, and will have the same adjusted tax basis and holding period in the New Notes after the exchange as in the Old Notes. The payment of accrued but unpaid interest will be treated in the same manner as a payment of interest on the Old Notes. Although the matter is not entirely clear, to the extent required to do so, for U.S. federal income tax purposes, the Issuer intends to treat the Early Participation Consideration as a payment of ordinary income for U.S. federal income tax purposes. U.S. Holders should be taxed on subsequent payments on the New Notes and disposition of the New Notes in the same manner as would have applied in the absence of the Exchange Offer. U.S. Holders should consult their own tax advisors regarding the treatment of the exchange in their particular circumstances.

### ***Backup Withholding and Information Reporting***

Information returns may be filed with the Service in connection with payment made in the Exchange Offer and Consent Solicitation and APE Solicitation and on the New Notes. Additionally, if a U.S. Holder fails to provide its taxpayer identification number, or otherwise establish that it is an exempt recipient from U.S. backup withholding, such U.S. Holder may be subject to U.S. backup withholding on the proceeds from payments on or with respect to the New Notes. Any amounts withheld under the backup withholding rules will be allowed as a credit or a refund against the U.S. Holder's U.S. federal income tax liability provided the required information is furnished to the Service in a timely manner.

U.S. Holders should consult with their own tax advisors regarding any filing and reporting obligations they may have as a result of the Exchange Offer and Consent Solicitation and APE Solicitation.. Failure to comply with certain reporting obligations could result in the imposition of substantial penalties.

### ***Treatment of U.S. Holders That Do Not Consent***

The changes to the terms of the Old Notes may result in a significant modification of the Old Notes for U.S. Holders that do not participate in the Exchange Offer and Consent Solicitation and APE Solicitation. This could result in materially adverse tax consequences for such U.S. Holders, including the possibility of their being required to recognize gain at such time even though they will not be receiving a cash payment on the Old Notes as well as the possibility that they may be required to accrue subsequent income on the Old Notes in a less favorable manner than would otherwise apply. U.S. Holders that do not participate in the Exchange Offer and Consent Solicitation and APE Solicitation should consult their own tax advisors regarding the tax consequences of the change in terms of the Old Notes in their particular circumstances.

**THE FOREGOING SUMMARY DOES NOT DISCUSS ALL U.S. FEDERAL INCOME TAXATION CONSIDERATIONS THAT MAY BE RELEVANT TO PARTICULAR HOLDERS IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES. EACH HOLDER SHOULD CONSULT ITS OWN TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO IT OF PARTICIPATING IN THE TENDER OFFER AND THE ACQUISITION, OWNERSHIP, AND DISPOSITION OF THE NEW NOTES, INCLUDING THE EFFECT OF ANY U.S. FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER TAX LAWS.**

## UNITED STATES ERISA AND CERTAIN OTHER CONSIDERATIONS

*The following is a summary of certain considerations associated with the purchase of the New Notes (including any interest in a note) by employee benefit plans that are subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended (“ERISA”), plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the Internal Revenue Code of 1986, as amended (the “Code”), and persons or entities whose underlying assets include, or are deemed to include under the U.S. Department of Labor regulation at 29 C.F.R. § 2510.3-101, as modified by Section 3(42) of ERISA, or otherwise for purposes of Title I of ERISA or Section 4975 of the Code, “plan assets” by reason of an investment by any such plan, account or arrangement in such person or entity (each, a “Benefit Plan Investor”), and non-U.S. plans, governmental plans (as defined in Section 3(32) of ERISA) and certain church plans (as defined in Section 3(33) of ERISA) (each a “Non ERISA Plan”) subject to the provisions under any other federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of the Code or ERISA (collectively, “Similar Laws”).*

### Overview

The U.S. Employee Retirement Income Security Act of 1974, as amended (“ERISA”), imposes requirements on “employee benefit plans” within the meaning of Section 3(3) of ERISA that are subject to Title I of ERISA, such as pension plans, profit-sharing plans, collective investment funds and separate accounts whose underlying assets include the assets of such employee benefit plans (each, an “ERISA Plan”), and on those persons who are fiduciaries with respect to ERISA Plans. ERISA also imposes limits on transactions between ERISA Plans and the ERISA Plan’s service providers or other “parties in interest.”

Each fiduciary of an ERISA Plan should consider ERISA and the regulations and guidance thereunder when considering an investment in the New Notes. Fiduciaries of ERISA Plans, as well as other “plans” and arrangements within the meaning of Section 4975(e)(1) of the U.S. Internal Revenue Code of 1986, as amended (the “Code”), that are subject to Section 4975 of the Code (together with ERISA Plans, “Plans”), should also consider, among other items, the issues described below when deciding whether to invest in the New Notes.

THIS EXCHANGE OFFER MEMORANDUM IS NOT WRITTEN FOR ANY PARTICULAR PROSPECTIVE INVESTOR, AND IT DOES NOT ADDRESS THE NEEDS OF ANY PARTICULAR PROSPECTIVE INVESTOR. NONE OF THE ISSUER, THE GUARANTORS, THE DEALER MANAGERS, THE INFORMATION, EXCHANGE AND TABULATION AGENT, THE TRUSTEE, THE REGISTRAR OR THEIR RESPECTIVE AFFILIATES HAS UNDERTAKEN TO PROVIDE IMPARTIAL INVESTMENT ADVICE OR TO GIVE ADVICE IN A FIDUCIARY CAPACITY, AND NONE OF THESE PARTIES HAS OR SHALL PROVIDE ANY ADVICE OR RECOMMENDATION WITH RESPECT TO THE MANAGEMENT OF ANY INVESTMENT OR THE ADVISABILITY OF ACQUIRING, HOLDING, DISPOSING OR EXCHANGING OF SUCH INVESTMENT. THE FOLLOWING DISCUSSION IS GENERAL IN NATURE, IS NOT INTENDED TO BE ALL INCLUSIVE AND SHOULD NOT BE CONSTRUED AS LEGAL ADVICE. EACH FIDUCIARY OF A PLAN SHOULD TALK TO ITS LEGAL ADVISER ABOUT THE CONSIDERATIONS DISCUSSED IN THIS SECTION BEFORE INVESTING IN THE NEW NOTES. APPLICABLE LAWS GOVERNING THE INVESTMENT AND MANAGEMENT OF THE ASSETS OF GOVERNMENTAL, CERTAIN CHURCH, NON-U.S. AND OTHER PLANS MAY ALSO CONTAIN FIDUCIARY AND PROHIBITED TRANSACTION REQUIREMENTS. ACCORDINGLY, FIDUCIARIES OF SUCH PLANS, IN CONSULTATION WITH THEIR ADVISERS, SHOULD CONSIDER THE IMPACT OF SUCH LAWS ON AN INVESTMENT IN THE NEW NOTES.

### Fiduciary Duty of Investing ERISA Plans

Under ERISA, a person who exercises discretionary authority or control regarding the management or disposition of an ERISA Plan’s assets is generally considered a fiduciary of such ERISA Plan. Investments by ERISA Plans are subject to ERISA’s general fiduciary requirements, which should be taken into account with regards to each ERISA Plan’s particular facts and circumstances. In considering an investment of an ERISA Plan’s assets in the New Notes, the ERISA Plan’s fiduciary should determine, particularly in light of the risks and limited liquidity inherent in an investment in the New Notes, whether the investment would (i) satisfy the diversification requirements of Section 404(a)(1)(C) of ERISA, (ii) be in accordance with the documents and instruments governing the ERISA Plan pursuant to Section 404(a)(1)(D) of ERISA and (iii) be prudent with respect to the Exchange Offer’s and the nature

of its proposed investments. When evaluating the prudence of an investment, the ERISA Plan's fiduciary should consider the U.S. Department of Labor (the "DOL") regulation on investment duties, which can be found at 29 C.F.R. § 2550.404a-1.

In addition, ERISA requires an ERISA Plan's fiduciary to maintain indicia of ownership for the ERISA Plan's assets within the jurisdiction of the U.S. Federal District Courts. Fiduciaries of ERISA Plans should also consider ERISA's rules relating to delegation of control, and whether an investment in the New Notes might constitute or give rise to a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code.

Administrators of ERISA Plans that invest in the New Notes may be required to report compensation, including indirect compensation, paid in connection with the ERISA Plan's investment in the New Notes on Schedule C of Form 5500 (Annual Return/Report of Employee Benefit Plan). The descriptions in this Exchange Offer Memorandum of fees and compensation, including the fees paid to the Dealer Managers, are intended to satisfy the disclosure requirement for "eligible indirect compensation," for which an alternative reporting procedure on Schedule C of Form 5500 may be available.

## **General**

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of a Plan and persons and their affiliates that have certain relationships to the Plan, including the Plan's fiduciaries and other service providers (referred to as "parties in interest" under ERISA and "disqualified persons" under Section 4975 of the Code, and collectively, "Parties in Interest"). Regardless of whether our underlying assets are deemed to include the assets of a Plan, an investment in the New Notes by a Plan with respect to which any of us, the Guarantors, the Dealer Managers, the Information, Exchange and Tabulation Agent, the Trustee, the Registrar or their respective affiliates (each, a "Transaction Party") is considered a Party in Interest may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless a statutory or administrative exemption is applicable to the transaction.

The Transaction Parties may be Parties in Interest with respect to many Plans. The applicability of any exemption to the prohibited transaction rules will depend in part on the type of fiduciary making the decision to acquire the New Notes and the circumstances under which such decision is made. Included among the exemptions are the statutory exemption of Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code (relating to purchase and sale of securities and related lending transactions, provided that neither the issuer of the securities nor its affiliate has or exercises any discretionary authority or control or renders any investment advice with respect to the assets of any Plan involved in the transaction (in other words, not a fiduciary) and provided further that the Plan pays no more than, and receives no less than, adequate consideration in connection with the transaction) and the administrative exemptions of Prohibited Transaction Class Exemption ("PTCE") 91-38 (relating to investments made by bank collective investment funds), PTCE 84-14 (relating to transactions effected by independent "qualified professional asset managers"), PTCE 95-60 (relating to transactions involving insurance company general accounts), PTCE 90-1 (relating to investments by insurance company pooled separate accounts) and PTCE 96-23 (relating to transactions determined by certain "in-house asset managers"). Each fiduciary of a Plan that proposes to invest in the New Notes should consider, among other things, whether such investment would involve (i) a direct or indirect extension of credit to a Party in Interest, (ii) a sale or exchange of any property between a Plan and a Party in Interest or (iii) a transfer to, or use by or for the benefit of, a Party in Interest of the Plan's assets. In this regard, there can be no assurance that any of these or other exemptions will be available with respect to any particular transaction involving an investment in the New Notes. Most of the exemptions do not provide relief from some or all of the self-dealing prohibitions under Section 406 of ERISA or Section 4975 of the Code.

Each fiduciary of a Plan that has engaged in a prohibited transaction may be required to, among other potential actions, (i) restore to the Plan any profit realized on the transaction, (ii) reimburse the Plan for any losses suffered by the Plan as a result of the transaction or (iii) unwind the transaction. Under Section 4975 of the Code, a Party in Interest may be required to pay excise taxes based on the amount involved in the transaction (including a one hundred per cent (100%) excise tax if the transaction is not corrected within a certain time period).

## **Similar Plans**

“Governmental plans” within the meaning of Section 3(32) of ERISA, “church plans” within the meaning of Section 3(33) of ERISA that have made no election under Section 410(d) of the Code, non-U.S. plans described in Section 4(b)(4) of ERISA and other Non ERISA Plans that are not Plans, while not subject to the fiduciary responsibility and prohibited transaction provisions of Title I of ERISA and Section 4975 of the Code, may nevertheless be subject to a U.S. federal, state, local, non-U.S. or other law or regulation that contains one or more provisions that are substantially similar to the foregoing provisions of ERISA and the Code (“Similar Law”).

## **Representations and Warranties**

Each holder of Old Notes will be deemed to represent, warrant and agree that (I) either (a) no portion of the Old Notes constitutes assets of any Benefit Plan Investor or any Non ERISA Plan or (b) the acquisition and holding of the New Notes (or any interest therein), throughout the period that it holds such New Notes (or any interest therein), and the disposition of the New Notes (or any interest therein) will not constitute or result in (1) a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code, (2) a breach of fiduciary duty under ERISA or (3) a similar violation under any applicable Similar Law and (II) it will notify us immediately if, at any time, it is no longer able to make the representations contained in clause (I) above.

In addition, each holder of Old Notes, if it is an Benefit Plan Investor will be deemed to have represented by its investment in the New Notes that (x) none of the Transaction Parties has provided any investment recommendation or investment advice to the Benefit Plan Investor, or any fiduciary or other person investing on behalf of the Benefit Plan Investor or who otherwise has discretion or control over the investment and management of “plan assets” (a “Plan Fiduciary”), on which either the Benefit Plan Investor or Plan Fiduciary has relied in connection with the decision to invest in the New Notes, (y) the Transaction Parties are not otherwise acting as a “fiduciary,” as that term is defined in Section 3(21) of ERISA or Section 4975(e)(3) of the Code, to the Benefit Plan Investor or Plan Fiduciary in connection with the Benefit Plan Investor’s investment in the New Notes and (z) the Plan Fiduciary is exercising its own independent judgment in evaluating the transaction.



## **LEGAL MATTERS**

Clifford Chance US LLP, our special U.S. counsel, will pass on certain U.S. legal matters for us and the Guarantors. Proskauer Rose LLP, the Dealer Manager's U.S. counsel, will pass on certain U.S. legal matters for the Dealer Manager. Certain matters of Argentine law relating to the New Notes and the Guarantees will be passed upon for us and the Guarantors by CROZ Roberts | Domínguez | Carassai Tax & Legal and for the Dealer Manager by Martínez de Hoz & Rueda.

## **INDEPENDENT ACCOUNTANTS**

The 2020 Audited Consolidated Financial Statements included in this Exchange Offer Memorandum have been audited by Price Waterhouse & Co. S.R.L., independent accountants, as stated in their report appearing herein.

The 2019 Audited Consolidated Financial Statements included in this Exchange Offer Memorandum have been audited by Price Waterhouse & Co. S.R.L., independent accountants, as stated in their report (which contains an emphasis of matter paragraph describing the situation of the Metrovías contracts) appearing herein.

## LISTING AND GENERAL INFORMATION

1. We expect that the New Notes will be delivered in book-entry form through DTC, and its direct and indirect participants, including Clearstream and Euroclear, on August 17, 2021. The CUSIP, ISIN and Common Code numbers for the New Notes are as follows:

	<b>Restricted Global Note</b>	<b>Regulation S Global Note</b>
CUSIP.....	20445P AH8	P3063X AJ7
ISIN .....	US20445PAH82	USP3063XAJ74
Common Code.....	236717275	236717399

2. For so long as our Old Notes and New Notes are listed, copies of our latest audited annual financial statements and unaudited quarterly financial information, electronic copies of our bylaws and those of the Guarantors, as well as the New Notes Indenture (including forms of notes) will be available (free of charge) at the offices of any paying agent.
3. The Exchange Offer and Consent Solicitation and the APE Solicitation and the issuance of the New Notes has been authorized by the resolutions of Clisa's General Shareholders' meeting dated July 7, 2021 and the resolutions of Clisa's Board of Directors' meeting dated July 7, 2021. The specific terms and conditions of the Exchange Offer and Consent Solicitation and APE Solicitation and of the New Notes have been authorized by a sub-delegate minute dated July 7, 2021. The Guarantee by BRH has been authorized by the resolutions of BRH's General Shareholders' meeting dated July 8, 2021, and the Guarantee and the Tecsan Share Pledge by Cliba has been authorized by the resolutions of Cliba's General Shareholders' meeting dated July 7, 2021.
4. Except as disclosed in this Exchange Offer Memorandum, there has been no material adverse change in our financial position since March 31, 2021, the date of our Unaudited Condensed Interim Consolidated Financial Statements included elsewhere in this Exchange Offer Memorandum. In addition, except as disclosed in this Exchange Offer Memorandum there has been no material adverse change in our financial or trading position since March 31, 2021.
5. Application has been made to Euronext Dublin for the New Notes to be admitted to the Official List and to trading on the Global Exchange Market which is the exchange regulated market of Euronext Dublin, and we have also applied to admit the New Notes for listing and trading on the BYMA through the BCBA, and for trading on the MAE. We will comply with any undertakings assumed or undertaken by us from time to time to the Global Exchange Market, the BYMA, the BCBA and the MAE in connection with the New Notes, and we will furnish to them all such information as the rules of the Global Exchange Market, the BYMA, the BCBA and the MAE may require in connection with the listing and trading of the New Notes.
6. The Bank of New York Mellon SA/NV, Dublin Branch is acting solely in its capacity as listing agent for the Issuer (and not on its own behalf) in connection with the application for admission of the notes to the Official List of Euronext Dublin and trading on its Global Exchange Market.
7. The Issuer and each of the Guarantors accepts responsibility for the information contained in this Exchange Offer Memorandum and to the best of the knowledge and belief of the Issuer and each of the Guarantors (having taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and contains no omission likely to affect the import of such information.
8. Except as disclosed in this Exchange Offer Memorandum, the Issuer has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer aware) over the past twelve months, which may have, or have had in the recent past, significant effects on our financial position or profitability.

## ANNEX A: PROPOSED AMENDMENTS TO THE OLD NOTES INDENTURES

The following summary description contains basic information about the proposed amendments to the Old Notes Indentures and certain other aspects of the Exchange Offer and Consent Solicitation and APE Solicitation. It does not contain all the information that may be important to Holders in making a decision regarding the Exchange Offer and Consent Solicitation and APE Solicitation.. **Holders should read the Exchange Offer Memorandum relating to the Exchange Offer and Consent Solicitation in its entirety.**

The Issuer will comply with the requirements established in the Negotiable Obligations Law and any other applicable Argentine regulations relating to the Holders' consent to the proposed amendments to the Old Notes Indentures.

### Proposed amendments to the Old Secured Notes Indenture

#### *General*

To be effective under the Old Secured Notes Indenture, the proposed amendments to such Old Secured Notes Indenture must receive the consent of Holders of a majority in aggregate principal amount of the outstanding Old Secured Notes (excluding any Old Secured Notes owned by the Issuer or its subsidiaries), except that the consent of Holders of at least 75% in aggregate principal amount of outstanding Old Secured Notes is required for the amendments consisting of (i) the release of the Old Share Pledge securing the Old Secured Notes and (ii) the release of the Guarantees of the Old Secured Notes. The information in this section is subject to, and is qualified in its entirety by reference to, the applicable provisions of the Old Secured Notes Indenture, which are referred to herein. Capitalized terms used in this section without definition have the respective meanings assigned to them in the Old Secured Notes Indenture.

In connection with the proposed amendments to the Old Secured Notes Indenture, the Issuer, the guarantors under the Old Secured Notes Indenture and the trustee for the Old Secured Notes Indenture will enter into a supplemental indenture. **If the Exchange Offer and Consent Solicitation and APE Solicitation is consummated, and the required consents for the proposed amendments to the Old Secured Notes Indenture are obtained, any Holders of the Old Secured Notes that have not validly tendered their Old Secured Notes on or prior to the Expiration Date, will be subject to the terms and conditions of the Old Secured Notes Indenture, as modified by the supplemental indenture.**

#### *Deletion of Certain Provisions of the Old Secured Notes Indenture*

The proposed amendments to the Old Secured Notes Indenture would delete the covenants, the events of default and the guarantees indicated below and references thereto in their entirety from the Old Secured Notes Indenture, as well as defined terms and other references related to such provisions, but made irrelevant as a result of their deletion:

- |              |  |
|--------------|--|
| Section 3.2  | <i>Maintenance of Office or Agency.</i> The proposed amendments to the Old Secured Notes Indenture would delete Section 3.2 in its entirety.                     |
| Section 3.4  | <i>Payments of Taxes.</i> The proposed amendments to the Old Secured Notes Indenture would delete Section 3.4 in its entirety.                                   |
| Section 3.5  | <i>Further Instruments and Acts.</i> The proposed amendments to the Old Secured Notes Indenture would delete Section 3.5 in its entirety.                        |
| Section 3.7  | <i>Change of Control Triggering Event.</i> The proposed amendments to the Old Secured Notes Indenture would delete Section 3.7 in its entirety.                  |
| Section 3.8  | <i>Limitation on Incurrence of Additional Indebtedness.</i> The proposed amendments to the Old Secured Notes Indenture would delete Section 3.8 in its entirety. |
| Section 3.9  | <i>Limitation on Restricted Payments.</i> The proposed amendments to the Old Secured Notes Indenture would delete Section 3.9 in its entirety.                   |
| Section 3.10 | <i>Limitation on Asset Sales.</i> The proposed amendments to the Old Secured Notes Indenture would delete Section 3.10 in its entirety.                          |
| Section 3.11 | <i>Limitation on Designation of Unrestricted Subsidiaries.</i> The proposed amendments   |

	to the Old Secured Notes Indenture would delete Section 3.11 in its entirety.
Section 3.12	<i>Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries.</i> The proposed amendments to the Old Secured Notes Indenture would delete Section 3.12 in its entirety.
Section 3.13	<i>Limitation on Liens.</i> The proposed amendments to the Old Secured Notes Indenture would delete Section 3.13 in its entirety.
Section 3.14	<i>Limitation on Transactions with Affiliates.</i> The proposed amendments to the Old Secured Notes Indenture would delete Section 3.14 in its entirety.
Section 3.15	<i>Conduct of Business.</i> The proposed amendments to the Old Secured Notes Indenture would delete Section 3.15 in its entirety.
Section 3.16	<i>Reports to Holders.</i> The proposed amendments to the Old Secured Notes Indenture would delete Section 3.16 in its entirety.
Section 3.17	<i>Listing.</i> The proposed amendments to the Old Secured Notes Indenture would delete Section 3.17 in its entirety.
Section 3.19	<i>Limitation on Sale and Leaseback Transactions.</i> The proposed amendments to the Old Secured Notes Indenture would delete Section 3.19 in its entirety.
Section 3.20	<i>Collateral.</i> The proposed amendments to the Old Secured Notes Indenture would delete Section 3.20 in its entirety.
Section 3.21	<i>Compliance with Laws.</i> The proposed amendments to the Old Secured Notes Indenture would delete Section 3.21 in its entirety.
Section 3.22	<i>Covenant Suspension.</i> The proposed amendments to the Old Secured Notes Indenture would delete Section 3.22 in its entirety.
Section 3.23	<i>Compliance Certificates.</i> The proposed amendments to the Old Secured Notes Indenture would delete Section 3.23 in its entirety.
Article IV	<i>Limitation on Merger, Consolidation and Sale of Assets.</i> The proposed amendments to the Old Secured Notes Indenture would delete Article IV in its entirety.
Section 6.1(a)	The proposed amendments to the Old Secured Notes Indenture would delete the events of default set forth in Section 6.1(a) in their entirety, except for those set forth in (i) and (ii).
Article X	<i>Subsidiary Guarantees.</i> The proposed amendments to the Old Secured Notes Indenture would delete Article X in its entirety.
Article XII	<i>Collateral.</i> The proposed amendments to the Old Secured Notes Indenture would delete Article XII in its entirety.

*Deletion of relevant definitions and provisions in the Old Secured Notes Indenture and termination of the enforcement of the collateral documents*

The proposed amendments to the Old Secured Notes Indenture would also make certain other changes in the Old Secured Notes Indenture of a technical or conforming nature, including the deletion of those definitions from the Old Secured Notes Indenture that are used only in provisions that would be eliminated as a result of the elimination or modification of the foregoing provisions as well as the termination of the enforcement of the Collateral Documents. Cross references to the provisions in the Old Secured Notes Indenture that have been deleted as a result of the proposed amendments to such Old Secured Notes Indenture will be revised to reflect such deletions or modifications.

The draft amendment to the Old Secured Notes Indenture (which reflects the proposed amendments to the Old Secured Notes Indenture) is available for Holders at the office of the Issuer at Av. Leandro N. Alem 1050, 9th floor, 1001AAS, City of Buenos Aires, Argentina.

**Proposed amendments to the Old Unsecured Notes Indenture**

## *General*

To be effective under the Old Unsecured Notes Indenture, the proposed amendments to such Old Unsecured Notes Indenture must receive the consent of Holders of a majority in aggregate principal amount of the outstanding Old Unsecured Notes (excluding any Old Unsecured Notes owned by the issuer or its subsidiaries), except that the consent of Holders of at least 75% in aggregate principal amount of outstanding Old Secured Notes is required for the amendments that would release the Guarantees of the Old Unsecured Notes (excluding any Old Unsecured Notes owned by the issuer or its subsidiaries). The information in this section is subject to, and is qualified in its entirety by reference to, the applicable provisions of the Old Unsecured Notes Indenture, which are referred to herein. Capitalized terms used in this section without definition have the respective meanings assigned to them in the Old Unsecured Notes Indenture.

In connection with the proposed amendments to the Old Unsecured Notes Indenture, the Issuer, the guarantors under the Old Unsecured Notes Indenture and the trustee for the Old Unsecured Notes Indenture will enter into a supplemental indenture. **If the Exchange Offer and Consent Solicitation and APE Solicitation is consummated, and the required consents for the proposed amendments to the Old Unsecured Notes Indenture are obtained, any Holders of Old Unsecured Notes that have not validly tendered their Old Unsecured Notes on or prior to the Expiration Date, will be subject to the terms and conditions of the Old Unsecured Notes Indenture, as modified by the supplemental indenture.**

### *Deletion of Certain Provisions of the Old Unsecured Notes Indenture*

The proposed amendments to the Old Unsecured Notes Indenture would delete the covenants, events of default and guarantees described below and references thereto in their entirety from the Old Unsecured Notes Indenture, as well as defined terms and other references related to such provisions, but made irrelevant as a result of their deletion:

Section 3.2	<i>Maintenance of Office or Agency.</i> The proposed amendments to the Old Unsecured Notes Indenture would delete Section 3.2 in its entirety.
Section 3.4	<i>Payments of Taxes.</i> The proposed amendments to the Old Unsecured Notes Indenture would delete Section 3.4 in its entirety.
Section 3.6	<i>Waiver of Stay, Extension or Usury Laws.</i> The proposed amendments to the Old Unsecured Notes Indenture would delete Section 3.6 in its entirety.
Section 6.1(a)	The proposed amendments to the Old Unsecured Notes Indenture would delete the events of default set forth in Section 6.1(a) in their entirety, except for those set forth in (i) and (ii).
Article X	<i>Subsidiary Guarantees.</i> The proposed amendments to the Old Unsecured Notes Indenture would delete Article X in its entirety.

### *Deletion of relevant definitions and provisions in the Old Unsecured Notes Indenture*

The proposed amendments to the Old Unsecured Notes Indenture would also make certain other changes in the Old Unsecured Notes Indenture of a technical or conforming nature, including the deletion of those definitions from the Old Unsecured Notes Indenture that are used only in provisions that would be eliminated as a result of the elimination or modification of the foregoing provisions. Cross references to the provisions in the Old Unsecured Notes Indenture that have been deleted as a result of the proposed amendments to such Old Unsecured Notes Indenture will be revised to reflect such deletions or modifications.

The draft amendment to the Old Unsecured Notes Indenture (which reflects the proposed amendments to the Old Unsecured Notes Indenture) is available for Holders at the office of the Issuer at Av. Leandro N. Alem 1050, 9th floor, 1001AAS, City of Buenos Aires, Argentina.

## **ANNEX B: CLISA'S APE AGREEMENT**

City of Buenos Aires, [●] [●], 2021

Dear Sirs  
D.F. King & Co., Inc.  
As representative of [\_\_\_\_\_] ]  
48 Wall Street, Floor 22  
New York, NY 10005  
United States of America

In re.: Offer No. 0001/21 for the execution of an out-of-court reorganization agreement under the terms of Title II, Chapter VII of the Argentine Bankruptcy Law No. 24,522 as amended

Dear Sirs,

We write to you solely in your capacity as representative and attorney-in-fact of the holders of the Existing Notes (as defined in the document attached hereto) issued by CLISA - Compañía Latinoamericana de Infraestructura & Servicios S.A. (hereinafter, "**Clisa**"), an Argentine *sociedad anónima* domiciled in [\_\_\_\_\_] ], República Argentina, who granted the Consents and Powers pursuant to the Restructuring Consent Solicitation (as both terms are defined in the document attached hereto), in order to propose (the "**Offer**") the execution of the out-of-court reorganization agreement attached to this letter ("**APE**" for the Spanish initials of "*acuerdo preventivo extrajudicial*" and "**APE Agreement**" for the agreement attached hereto) under the terms of Title II, Chapter VII of the Argentine Bankruptcy Law No. 24,522, as amended, to restructure the debt represented by the Existing Notes and the release of Existing Guarantees (as such terms are defined in the document attached hereto) pursuant to the terms and conditions described in the document attached hereto.

This Offer shall be considered duly accepted by you (solely in your capacity as representative and attorney-in-fact of the holders and not for your own account) on behalf of the holders of the Existing Notes that you represent pursuant to the Restructuring Consent Solicitation (as such term is defined below) if, before 12:00 pm on [●], we receive, in accordance with Section 8.9 of the APE Agreement, an acceptance letter addressed to us in which you express the irrevocable acceptance of all the terms and conditions described in the APE Agreement, in the form of Exhibit [ ].

Upon expiration of the period set forth above without our Offer being accepted as instructed, this Offer shall no longer be valid and effective and shall be regarded as if it had never been made.

Very truly yours,

By: Clisa - Compañía Latinoamericana de Infraestructura & Servicios S.A.  
Name:  
Title:



**ACUERDO PREVENTIVO EXTRAJUDICIAL (APE)**

This *acuerdo preventivo extrajudicial* agreement (hereinafter, together with its Annexes, the "**Agreement**") is entered into as of the date indicated in the letter to which it is attached, between CLISA - Compañía Latinoamericana de Infraestructura & Servicios SAS.A, (hereinafter, "**CLISA**" or the "**Company**"), on the one hand, and on the other, DF King & Co., Inc., solely in its capacity as Exchange, Information and Tabulation Agent (as defined below), representative and attorney-in-fact (hereinafter, interchangeably, the "**Representative**" or the "**Information Agent**") on behalf of the Participating Creditors (as defined below) and not for its own account;

**WHEREAS:**

- (A) On July 20, 2016, Clisa issued U.S.\$ 200,000,000 9.5% Senior Notes due 2023 (the "**First Issued 2016 Notes**") and on February 10, 2017, Clisa issued U.S.\$ 100,000,000 9.5% Senior Notes due 2023 (the "**Additional 2016 Notes**", and together with the First Issued 2016 Notes the "**2016 Notes**"), in each case pursuant to an indenture dated as of July 20, 2016, as amended and supplemented by supplemental indentures dated as of February 10, 2017, and as of January 17, 2020 (the "**2016 Notes Indenture**"). U.S.\$29,960,000 of the 2016 Notes remain outstanding as of the date hereof.
- (B) Pursuant to an Exchange Offer and Consent Solicitation Memorandum dated December 13, 2019 Clisa offered to exchange the 2016 Notes for 9.5% Senior Notes due 2023 (the "**2020 Notes**", and together with the 2016 Notes, the "**Existing Notes**"). On January 17, 2020 Clisa issued U.S.\$270,040,000 of the 2020 Notes pursuant to an indenture dated as of January 17, 2020 (the "**2020 Notes Indenture**"). As a result of the exercise of the right to pay in kind the interest services that expired on July 20, 2020 and January 20, 2021, the amount of the 2020 Notes that remains outstanding as of the date hereof is U.S.\$ 302,261,086.
- (C) Two of the Company's subsidiaries, Benito Roggio e Hijos S.A. (hereinafter, "**BRH**") and Cliba Ingeniería Urbana S.A. (hereinafter, "**Cliba**") guaranteed the obligations of Clisa under the 2016 Notes (hereinafter, the "**2016 Notes Guarantees**") and the 2020 Notes (hereinafter, the "**2020 Notes Guarantees**" and, together with the 2016 Notes Guarantees, the "**Existing Guarantees**").
- (D) The Company intends to restructure the indebtedness under the Existing Notes and to novate and extinguish the Existing Guarantees, pursuant to the exchange offer memorandum and consent solicitation and APE solicitation statement dated [●] (a copy of which is attached hereto as Annex III, and together with the related documentation, hereinafter the "**Restructuring Consent Solicitation**"). The Restructuring Consent Solicitation offers each Existing Noteholder (as defined below) the opportunity to exchange, upon the terms and subject to the conditions set forth in the Restructuring Consent Solicitation, its Existing Notes for New Secured Notes (the "**Exchange**"). Pursuant to the Restructuring Consent Solicitation, if the Participating Creditors, who validly tender their Existing Notes to participate in the exchange and grant the Consents and Powers in accordance with the terms thereof, in aggregate, (i) hold at least 66<sup>2</sup>/<sub>3</sub>% of the outstanding principal amount of the Existing Notes (but less than 98% of the outstanding principal amount of the Existing Notes) and (ii) hold at least 75% of the of the outstanding principal amount of the 2020 Notes (the "**Minimum Conditions**"), the Exchange shall be implemented using an out-of-court reorganization on the terms of this Agreement ("**APE**", for the Spanish initials of "*Acuerdo Preventivo Extrajudicial*") entered into pursuant to the provisions of Title II, Chapter VII of the Argentine Bankruptcy Law (hereinafter, the "**Restructuring**").

- (E) Upon the consummation of the Restructuring, and in the terms stated below, each of the Creditors shall be entitled to receive the Committed Consideration (as defined herein below) in accordance with this Agreement. The Participating Creditors shall receive the Committed Consideration on the Initial Exchange Date (as defined herein below), while the remaining Non-Participating Creditors (as defined herein below) shall receive the Committed Consideration on the Delivery Date (as defined herein below), once the Court Approval (as defined herein below) issued by a Competent Court (as defined herein below) has become final, subject -in all cases- to the conditions provided herein.
- (F) Further, upon consummation of the Restructuring, all of the Existing Guarantees, including the 2016 Notes Guarantees, -and, in general, each and every guarantee or pledge provided by third parties or by CLISA, for any reason, and documented in any document, for the benefit of the holders of the Existing Notes- shall be extinguished.
- (G) At the special general shareholders' meeting of the Company dated [●], the shareholders of the Company expressly approved the execution of this Agreement and confirmed their intention for the Company to file this Agreement for its Court Approval, as well as -for the purposes of Section 6 of the Argentine Bankruptcy Law- their intention for the Company to continue with the proceedings to achieve the aforementioned Court Approval, instructing the Company's Board of Directors to execute and implement this Agreement and to perform -on behalf of the Company- the transactions provided for in the Restructuring Documents (as defined herein below) as well as all such court and out-of-court procedures as may be required to obtain the Court Approval.
- (H) The Parties wish to set forth the rights and obligations of the Company and the Creditors under the Restructuring from the date hereof through to the Termination Date (as defined herein below).
- (I) As a result of the mutually beneficial commitments reached between the Parties, they hereby agree as follows.

## TITLE I

### DEFINITIONS AND INTERPRETATION

#### Section 1.1. Definitions.

(a) The following terms shall have the meanings set forth below:

**"2016 Notes"** have the meaning assigned to them in the recitals of this Agreement.

**"2016 Notes Guarantees"** have the meaning set forth in the recitals of this Agreement.

**"2020 Notes"** have the meaning assigned to them in the recitals of this Agreement.

**"2020 Notes Guarantees"** have the meaning set forth in the recitals of this Agreement.

**"Additional New Secured Notes"** mean the secured notes that, in accordance with the provisions of the Argentine Negotiable Obligations Law, shall be issued by the Company on the Delivery Date in favor of the Non-Participating Creditors in accordance with the terms and conditions set forth in the Indenture Supplement.

**"Affiliate"** means, in relation to a specific Person, any Person who, directly or indirectly, controls, is controlled by, or is directly or indirectly subject to control together with, such specific Person. For purposes of this definition, "control" in relation to a Person means the power to manage and set the policies of such Person, directly or indirectly, either through ownership of securities with voting rights, by contract or

otherwise, and the terms "controlling" and "controlled" shall have the meanings corresponding with the terms defined above.

"**APE**" shall have the meaning given to such term in the Recitals.

"**APE Filing Date**" means the date on which the Company files this Agreement with the Competent Court for Court Approval, in accordance with Section 72 of the Argentine Bankruptcy Law.

"**APE Proceedings**" mean the court proceedings required to seek court approval of this Agreement in accordance with the provisions of Sections 69 to 76 of the Argentine Bankruptcy Law.

"**APE Ratification Meeting**" has the meaning set forth in Section 6.2.

"**Argentina**" means the Argentine Republic.

"**Argentine Bankruptcy Law**" (*Ley de Concursos y Quiebras* in Spanish) means Argentine Law No. 24,522, as amended and supplemented.

"**Argentine Negotiable Obligations Law**" (*Ley de Obligaciones Negociables* in Spanish) means Argentine Law No. 23,576, as amended and supplemented.

"**Business Day**" means any day that banks in the city of Buenos Aires, Argentina, and in the city of New York, United States of America, are open to the public.

"**BRH**" shall have the meaning given to such term in the Recitals.

"**CBA**" means Central Buenos Aires S.A., an indirect Subsidiary of the Company.

"**CBA Share Pledge Agreement**" means the pledge agreement on the shares representing one hundred percent (100%) of the capital and votes of CBA, which shall evidence the pledge that the shareholders of such company will have created to secure payment of the New Secured Notes, to be executed by the Company, the shareholders of CBA and TMF Trust Company (Argentina S.A.) in its capacity as collateral agent, for the benefit of the trustee and the holders of the New Secured Notes, substantially in the form of Annex [ ].

"**CNV**" means the *Comisión Nacional de Valores* (National Securities Commission) of Argentina.

"**Cliba**" shall have the meaning given to such term in the Recitals

"**Committed Consideration**" means the execution of the Indenture and, therefore, the issuance and delivery of the New Secured Notes to the Creditors through the payment of the Exchange Price, all in full compliance with this APE, the full cancellation of the Existing Notes, and the novation and extinction of the Existing Guarantees. Where appropriate, this definition shall include the Early Participation Consideration exclusively regarding the Participating Creditors that have submitted their Existing Notes under the Restructuring Consent Solicitation on or before the Early Participation Date (as defined in the Restructuring Consent Solicitation) and have not withdrawn their offer or revoked their Consents and Powers on or before such date.

"**Company**" has the meaning set forth in the heading of this Agreement.

"**Competent Court**" means a competent commercial court of the Autonomous City of Buenos Aires, Argentina (including, as appropriate, any court of appeals).

"**Court Approval**" means the decision issued by the Competent Court that grants court approval ("*homologación*") to the APE and upon which (i) the Company must deliver the New Secured Notes to the Non-Participating Creditors on the Delivery Date; and (ii) the obligations of the Company under the Existing Notes, and of any third-party grantors under the Existing Guarantees (including the 2016 Notes

Guarantees, if not previously released in accordance with the Restructuring Consent Solicitation), shall be fully and totally released.

**"Consents and Powers"** mean, with respect to a holder of Existing Notes in relation to the Existing Notes held by such holder, each of:

(a) the consent by such holder to the Restructuring pursuant to and in accordance with the Restructuring Consent Solicitation; and

(b) the powers granted by such holder to the Representative pursuant to and in accordance with the Restructuring Consent Solicitation empowering the Representative to, among other things, execute the APE on their behalf, perform any Permitted Amendment and attend and vote in any APE Ratification Meeting.

**"Creditors"** mean the Participating Creditors and Non-Participating Creditors.

**"Cut-off Date"** means the date on which the Company prepared the Statement of Assets and Liabilities and the list of Creditors in accordance with the APE Proceeding, which is [●].

**"Delivery Date"** has the meaning assigned to it in Section 2.4 (c).

**"Early Participation Consideration"** means the payment in cash of U.S.\$13.50 for every U.S.\$1,000 of principal amount of the Existing Notes that the Company shall make **solely and exclusively** in favor of the Participating Creditors that submit their Existing Notes under the Restructuring Consent Solicitation on or before the Early Participation Date (as defined in the Restructuring Consent Solicitation) and do not withdraw their offer or revoke their Consents and Powers on or before such date.

**"Early Participation Date"** shall have the meaning indicated in the Restructuring Consent Solicitation.

**"Effective Date"** shall have the meaning indicated in Section 2.1.

**"Exchange"** shall have the meaning given to such term in the Recitals

**"Exchange Price"** means the obligation that the Company assumes in favor of all Creditors, involving delivery of U.S.\$1,010 of principal amount of the New Secured Notes to each Creditor, on the applicable date and subject to the terms and conditions set forth herein, for every U.S.\$1,000 of principal amount of the Existing Notes.

**"Existing Guarantees"** have the meaning set forth in the recitals of this Agreement.

**"Existing Noteholder"** means either (i) a legal and/or beneficial owner of any of the Existing Notes; or (ii) an investment manager for, or advisor to, discretionary accounts or funds that are a legal and/or beneficial owner of any of the Existing Notes.

**"Existing Notes"** have the meaning assigned to them in the recitals of this Agreement.

**"Existing Share Pledge"** has the meaning set forth in the recitals of this Agreement.

**"Further Exchange"** means the exchange of the Existing Notes held by the Non-Participating Creditors for the Additional New Secured Notes at the Exchange Price, which shall occur at the Delivery Date.

**"Governmental Entity"** means any governmental entity or agency of Argentina, whether federal, provincial, or municipal, or any other entity currently existing or that may be created in the future, or that is directly or indirectly owned or controlled by any governmental entity or agency of Argentina.

**"Guarantees"** mean the guarantees, substantially in the form set forth in Annex VII, to be granted by the Guarantors to secure payment of the New Secured Notes.

**"Indenture"** means the Indenture (*Indenture*) in the form set out in Annex IV pursuant to which the New Secured Notes are issued and entered into between the Company, BRH, Cliba, The Bank of New York

Mellon, acting as trustee, registrar and paying agent and transfer agent, TMF Trust Company (Argentina) S.A., acting as representative of the trustee, registrar and paying agent and transfer agent in Argentina, and TMF Trust Company (Argentina S.A.), acting as collateral agent.

**"Indenture Supplement"** means the Indenture Supplement to be entered into pursuant to Section 2.6(B)(i) herein by the Company, BRH, Cliba, The Bank of New York Mellon, acting as trustee, registrar and paying agent and transfer agent, TMF Trust Company (Argentina) S.A., acting as representative of the trustee, registrar and paying agent and transfer agent in Argentina, and TMF Trust Company (Argentina S.A.), acting as collateral agent.

**"Information Agent"** means D.F. King & Co., Inc., who acts in its capacity as the exchange, information and tabulation agent under the Restructuring Consent Solicitation and as Representative.

**"Initial Exchange"** means the exchange of the Existing Notes held by the Participating Creditors for the New Secured Notes at the Exchange Price.

**"Initial Exchange Date"** means the date on which the exchange of the Existing Notes to be submitted by the Creditors Participating in the Exchange shall take place, which exchange shall occur immediately after execution of this Agreement, subject to the Effective Date.

**"Initial New Secured Notes"** mean the secured notes that, in accordance with the provisions of the Argentine Negotiable Obligations Law, shall be issued by the Company on the Initial Exchange Date in favor of the Participating Creditors in accordance with the terms and conditions set forth in the Indenture.

**"Interim Period"** means the period commencing on the date of execution of this Agreement and terminating on the earlier of (i) the date on which the Court Approval becomes definitive; and (ii) the Termination Date.

**"Local Trustee"** means TMF Trust Company (Argentina) S.A., who shall act as trustee under the Local Trust Agreement.

**"Judicial Business Day"** means any day that the courts of the City of Buenos Aires are open.

**"Local Trust Agreement"** means the agreement that in the terms of Annex V hereto, shall be entered into by the Information Agent, as trustor, the Local Trustee and the Company, as beneficiary, and which provides for the terms and conditions governing the exercise of the fiduciary ownership over the Existing Notes submitted by the Participating Creditors under the Restructuring Consent Solicitation until their cancellation.

**"New Secured Notes"** mean the Initial New Secured Notes and the Additional New Secured Notes.

**"Minimum Conditions"** have the meaning set forth in the recitals of this Agreement.

**"Non-Participating Creditor"** means an Existing Noteholder that is not a Participating Creditor.

**"Participating Creditor"** means an Existing Noteholder that has validly tendered Existing Notes and granted Consents and Powers (as defined below), in each case pursuant to the Restructuring Consent Solicitation.

**"Participating Unaffected Creditors"** mean any person holding any Unaffected Claims that enters into this Agreement pursuant to Section 8.10

**"Party"** or **"Parties"** has the meaning set forth in the heading of this Agreement.

**"Permitted Amendments"** mean those modifications or amendments to the Restructuring Documents that have the effect of:

(a) adding commitments of the Company under the Restructuring Documents or the New Secured Notes, or waiving any right or power that may be conferred on the Company within the framework of the Restructuring, in each case, for the benefit of all Creditors; or

(b) correcting any ambiguity or revising or supplementing any term of any Restructuring Document that could contain manifest errors or are contrary to any other term of such document, provided that such correction, revision, or supplement applies equally to all Creditors and does not adversely affect the rights of the Participating Creditors; or

(c) making any correction, supplement, amendment, or modification to the terms of this Agreement and/or the other Restructuring Documents, as may be required by the CNV, any market in which the Existing Notes are listed and/or traded, the Competent Court -either in the course of the APE Proceedings or by order of the Court Approval-, and/or the Company, provided, however that such correction, supplement, amendment, does not adversely affect the rights, interests, or obligations of any Participating Creditor and applies equally to all Creditors.

**"Person"** means any individual or legal person (including any stock company, partnership, or trust).

**"Pesos"** or **"ARS"** mean the legal tender of Argentina.

**"Pledges"** means the pledges constituted over 100% of the capital stock of CBA and Tecsán pursuant to the Share Pledge Agreements.

**"Pledgors"** mean (i) shareholders of 100% of the capital stock of CBA; and (ii) shareholders of 100% of the capital stock of Tecsán.

**"Representative"** has the meaning set forth in the heading of this Agreement.

**"Required Majority"** has the meaning assigned to it in Section 5.1 (a).

**"Restructuring"** has the meaning set forth in the recitals.

**"Restructuring Consent Solicitation"** has the meaning assigned to it in the recitals of this Agreement.

**"Restructuring Documents"** mean this Agreement, the Restructuring Consent Solicitation, the Indenture, the New Secured Notes, the Guarantees, the Local Trust Agreement, the Share Pledge Agreements, and any other documentation related to Restructuring.

**"Restructuring Meeting"** means one or more meetings of holders of Existing Notes, represented by the Representative, at which the execution of the APE shall be ratified.

**"Share Pledge Agreements"** means the CBA Share Pledge Agreement and the Tecsán Share Pledge Agreement.

**"Statement of Assets and Liabilities"** means the list of the assets and liabilities of the Company (including both the Existing Notes and the Unaffected Claims), as of the Cut-off Date, certified by an independent public accountant, which shall be filed with the Competent Court together with this Agreement, in accordance with Section 72, subsection 1 of the Argentine Bankruptcy Law, and which is attached hereto as Annex VI.

**"Subsidiary"** means, with respect to a specific Person, (i) any company whose outstanding share capital entitling at least to the majority of the votes for the election of directors is owned, directly or indirectly on such date, by the Person in question or (ii) any other Person of which at least the majority of the voting rights are as of such date held by the Person in question, either directly or indirectly.

**"Tecsán"** means Tecsán Ingeniería Ambiental S.A.

**"Termination Date"** has the meaning set forth in Section 8.13.

**"Tecsan Share Pledge Agreement"** means the pledge agreement on the shares representing one hundred percent (100%) of the capital and votes of Tecsan, which shall evidence the pledge that the shareholders of such company will have created to secure payment of the New Secured Notes, to be executed by the Company, each the shareholders of Tecsan and TMF Trust Company (Argentina S.A.) in its capacity as collateral agent, for the benefit of the trustee and the holders of the New Secured Notes, substantially in the form of Annex [ ].

**"Unaffected Claims"** have the meaning set forth in Section 2.3 (c).

**"Unaffected Creditors"** mean the holders of Unaffected Claims.

**"United States Dollars"** "U.S.\$" or **"Dollars"** mean the legal tender of the United States of America.

**"U.S. Securities Act"** means the United States Securities Act of 1933, as amended, which includes the rules and regulations that the Securities and Exchange Commission has promulgated within the framework of its authority under such law.

(b) Unless expressly stated otherwise herein, or unless the context requires otherwise, capitalized terms used herein, but not defined herein, shall have the meaning assigned to them in the Restructuring Consent Solicitation.

#### Section 1.2. Interpretation.

(a) For the purposes of this Agreement, unless expressly stated otherwise herein, or unless the context requires otherwise:

(i) the terms defined in this Agreement include both the plural and the singular forms;

(ii) unless otherwise stated, any reference to a "Title", "Section" or "Annex" refers to a Title, Section, or Annex, as appropriate, of this Agreement;

(iii) all references to this Agreement and the terms "herein", "hereof", "hereto", "hereby", and "hereunder" and other terms of similar meaning, shall refer to this Agreement in its entirety and not to a Title, Section, Annex, or other subdivision in particular;

(iv) "indebtedness" includes any obligation (whether incurred as principal or as surety) for the payment of money, whether present or future, actual or contingent;

(v) any Party shall include that Party's successors and permitted assigns;

(vi) a provision of law is a reference to that provision as amended or re enacted;

(vii) any reference to "includes" or "including" shall mean "including, but not limited to"; and

(viii) the references to agreements or contracts, including this Agreement or any Restructuring Document, shall be construed as such agreements or contracts together with all their annexes, appendices, and attachments thereto, as duly amended, supplemented, or otherwise revised in accordance with their terms.

(b) In the event of a conflict or inconsistency between the English and Spanish versions of this Agreement, the Spanish language version shall prevail.

## TITLE II

### THE RESTRUCTURING. EFFECTS.

#### Section 2.1. Effectiveness.

This Agreement shall become effective and binding in relation to the Company, each Guarantor and each Participating Creditor on the date on which Participating Creditors that have validly tendered their Existing Notes and granted Consents and Powers, in each case pursuant to the Restructuring Consent Solicitation, whose holdings meet the Minimum Conditions, accept, through the Representative, the Offer as contemplated in the Restructuring Consent Solicitation (such date, the “**Effective Date**”).

Section 2.2. APE Filing Date.

The Company shall cause that the APE Filing Date shall occur within (five) Judicial Business Days of the Effective Date.

Section 2.3. Scope of the Restructuring Effects of this Agreement on the Company's Debt.

(a) This Agreement affects solely and exclusively the Company's debt represented by the Existing Notes.

(b) In accordance with the terms and conditions hereof, the Participating Creditors give their consent to the Restructuring and agree to cancel their reciprocal obligations and rights under the Existing Notes, and simultaneously to receive the Committed Consideration, consisting in the delivery of the Initial New Secured Notes -in the proportion determined by the Exchange Price- and the payment of the Early Participation Consideration, if applicable in accordance with the Restructuring Consent Solicitation.

(c) The Participating Creditors acknowledge and agree that the Company: (i) has no intention of modifying the terms and conditions of the Company's obligations under other claims, whatever their nature, including, without limitation, other unsecured, labor, tax, and temporary claims (the “**Unaffected Claims**”), and thus, has not requested the approval for such Unaffected Claims to be included in this Agreement; (ii) shall be entitled to pay such Unaffected Claims in accordance with their terms; and (iii) keeps the right to pay the total amount owed to any holder of an Unaffected Claim, at the expiration date of such Unaffected Claim, and to the extent such Unaffected Claims become due and payable, in the ordinary course of business.

(d) On the Initial Exchange Date, and in any event before the Initial Exchange is consummated, the Participating Creditors shall ratify the execution of this Agreement at a Restructuring Meeting or Meetings in accordance with the provisions set forth in the Argentine Bankruptcy Law. At such Restructuring Meeting or Meetings, the Representative solely acting in its capacity as Representative on behalf of the Participating Holders and not for its own account, shall attend, participate, and vote on behalf of the Participating Creditors in accordance with the Consents and Powers granted by the Participating Creditors to the Representative pursuant to the Restructuring Consent Solicitation.

Section 2.4. Effects of the Court Approval on Non-Participating Creditors. Lifting of measures issued concerning the Company. Compliance. Cancellation, Extinction and Novation of Obligations and Guarantees.

(a) Pursuant to section 76 of the Argentine Bankruptcy Law, if Court Approval is obtained, this Agreement shall be binding and mandatory on all holders of the Existing Notes and shall have novatory effects upon the Company and of the third parties granting the Existing Guarantees, including the 2016 Notes Guarantees (if such 2016 Notes Guarantees have not been previously released in accordance with the Restructuring Consent Solicitation).

(b) Each and every Participating Creditor explicitly declares that, by executing this Agreement, the Participating Creditor has given its consent as regards any petition the Company may submit requesting the lifting of an injunction in connection with disposing of its property ordered against it by the Competent Court as regards this Agreement during the Interim Period, and/or pursuant to Court Approval and/or during the period between the Delivery Date and the date on which the Competent Court formally declares this Agreement has been complied with in accordance with Section 59 of the Argentine Bankruptcy Law.



(c) As soon as possible within thirty (30) days after Court Approval -unless there are delays not attributable to the Company-, or if the Company has sought recognition of the APE from the United States Bankruptcy Court in the Southern District of New York (the "**U.S. Bankruptcy Court**"), under U.S. law, as soon as possible within thirty (30) days as of having obtained such recognition by a competent court and as the case may be, as of the legal measures necessary to enforce the approved APE -unless there are delays not attributable to the Company- (the date on which the Company informs about such effect through the media on the markets where the New Secured Notes are listed and/or traded, the "**Delivery Date**"), each and every Non-Participating Creditor shall receive the Committed Consideration consisting in the delivery of the Additional New Secured Notes in the proportion determined by the Exchange Price and pursuant to the terms and conditions hereof in full satisfaction, cancellation, extinction, and payment of the Existing Notes held by such Non-Participating Creditor and, in all events, the Existing Guarantees (including the 2016 Notes Guarantees, if such 2016 Notes Guarantees have not been previously released in accordance with the Restructuring Consent Solicitation).

(d) For the benefit of the Company and the other Participating Creditors, every Participating Creditor declares and agrees, subject to the terms hereof, that following the Exchange on the Initial Exchange Date and upon fulfillment of the transactions established herein and the delivery of the New Secured Notes to each of the Participating Creditor as confirmed by the Information Agent, the Company shall have finally complied with the obligations set forth in this Agreement, and this Agreement shall be deemed fulfilled for the purposes of Section 59 of the Argentine Bankruptcy Law. This shall entail the following for all the Participating Creditors, without limitation and to the fullest extent permitted by law: (i) the cancellation and extinction of all of the Company's obligations in relation to the Existing Notes; and (ii) the novation and extinction of any guaranteed duty by third parties granting the Existing Guarantees.

#### Section 2.5. Exchange. Effects.

(a) Each and every Participating Creditor shall receive, in accordance with the terms and conditions of this Agreement, by way of fulfillment of the APE and in full satisfaction, cancellation, extinction and payment of the Existing Notes, and novating and extinguishing every duty by third parties granting the Existing Guarantees, including but not limited to the 2016 Notes Guarantees, the Committed Consideration consisting in the New Secured Notes resulting from the execution of the Indenture, in the relation determined by the Exchange Price, and as the case may be, the Early Participation Consideration.

(b) The Company's obligation to comply with the Committed Consideration, and to deliver the New Secured Notes, and as the case may be, to make the Early Participation Consideration in favor of the Participating Creditors who have tendered their Existing Notes on or prior to the Early Participation Date, shall be subject to prior compliance that each and every Participating Creditor has validly transmitted its Existing Notes to the Information Agent in the manner and in accordance with the procedures described in the Restructuring Consent Solicitation.

(c) Under no circumstances the consummation of the Exchange with the Participating Creditors shall prohibit the Company from continuing with the APE Proceedings to obtain Court Approval.

#### Section 2.6. Acts to be Performed on the Exchange Date or on the Delivery Date.

##### A. On the Initial Exchange Date,

(a) the Company shall: (i) issue the Initial New Secured Notes to each of the Participating Creditors at the Exchange Price pursuant to the Initial Exchange, by executing the Indenture and instructing the Indenture Trustee to (y) authenticate the Initial New Secured Notes and (z) deliver the Initial New Secured Notes (in the proportion determined by the Exchange Price) to the Information Agent and procuring that the Information Agent forthwith distributes such Initial New Secured Notes to each Participating Creditor through The Depository Trust Company; execute the Share Pledge Agreements and cause the Guarantors to issue the Guarantees in connection therewith; and (ii) transfer an amount equal to the Early Participation Consideration in Dollars, in freely available funds, to the Information Agent and procure that the

Information Agent forthwith pays such amount (through The Depository Trust Company or such other clearing entity, as applicable) to the Participating Creditors that have submitted their Existing Notes under the Restructuring Consent Solicitation on or before the Early Participation Date and have not withdrawn their offer or revoked their Consents and Powers on or before such date, in proportion to their holding of the Existing Notes;

(b) the Information Agent, acting as trustor, shall deliver the Existing Notes surrendered by the Participating Creditors under the Restructuring Consent Solicitation to the Local Trustee, so that the Local Trustee exercises the trust ownership thereon in accordance with the provisions of the Local Trust Agreement keeping them in its custody until the Local Trustee delivers the Existing Notes to the corresponding Existing Notes indentures' **trustee** for the cancellation thereof, which shall take place: (i) on the Delivery Date once the Company has notified the corresponding Existing Notes indentures' trustee and the Local Trustee that the Court Approval is final; (ii) on the date on which the Company notifies the corresponding Existing Notes indentures' trustee and the Local Trustee that the rejection of the Court Approval is final; or (iii) at any other time as resolved by the Company in its sole discretion as long as such cancellation shall not prejudice the APE's proceeding or the Court Approval.

B. On the Delivery Date, the Company shall immediately

(i) issue the Additional New Secured Notes to each of the Non-Participating Creditors at the Exchange Price pursuant to the Further Exchange by executing the Indenture Supplement and instructing the Indenture Trustee to (y) authenticate the Additional New Secured Notes and (z) deliver the Additional New Secured Notes (in the proportion determined by the Exchange Price) to the Information Agent and procuring that the Information Agent forthwith distributes such Additional New Secured Notes to each Non-Participating Creditor through The Depository Trust Company or such other clearing entity, as applicable).

Section 2.7. Effects of this Agreement on the Company's Transactions.

(a) The Parties agree that, except for the express provisions herein, the Company shall continue operating during the Interim Period in the ordinary course of business; it being provided that nothing herein established shall forbid the Company from adopting certain measures considered necessary for, and to give effect to, the consummation of this Agreement.

(b) The Parties hereby agree that as regards the filing of this Agreement with the Competent Court, the Company shall at its sole discretion request the appropriate measures before the Competent Court to continue operating and reach Court Approval regarding this Agreement.

### TITLE III

#### GUARANTEES AND SECURITY

Section 3.1. Guarantees on the New Secured Notes.

The New Secured Notes shall be guaranteed and secured in accordance with the Guarantees and the Pledges described in Annexes VII and VIII hereof, respectively.

### TITLE IV

#### REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company represents and warrants for the benefit of Creditors that, as of the Effective Date, the Initial Exchange Date and/or the Delivery Date, as the case may be, except to the extent such representations and warranties are made as of a specific prior date:

Section 4.1. Outstanding Liabilities of the Company.

The outstanding liabilities of the Company as of the Cut-Off Date are those set forth in the Statement of Assets and Liabilities.

#### Section 4.2. Due Incorporation and Legal Standing.

The Company is duly organized and is a validly existing corporation under the laws of Argentina.

#### Section 4.3. Powers and Capacity of the Company.

The Company has all the powers and capacity required to enter into and deliver this Agreement, as well to carry out all the transactions therein established and exercise all the obligations thereunder and all the remaining Restructuring Documents.

#### Section 4.4. Authorizations.

The execution and performance of this Agreement, as well as the consummation of the transactions established herein and in the other Restructuring Documents have been validly and duly approved by the Company. The execution and performance of the Guarantees, as well as the consummation of the transactions established therein, have been validly and duly approved by each of the Guarantors. The execution and performance of the Share Pledge Agreements, as well as the consummation of the transactions established therein, have been validly and duly approved by each of the Pledgors.

#### Section 4.5. Binding Obligation.

This Agreement and the Indenture, the New Secured Notes, the Local Trust Agreement, the Share Pledge Agreements, the Guarantees, and any other Restructuring Document executed by the Company, the Guarantors and the Pledgors constitute valid, legal and binding obligations of the Company, the Guarantors and the Pledgors, as applicable, and the performance thereof shall be enforceable against the Company, the Guarantors and the Pledgors in accordance with the terms thereof, unless such enforceability is limited in case of bankruptcy, meeting of creditors, insolvency, debt restructuring, moratorium or other similar laws affecting creditors' rights generally by virtue of the general equitable principles (whether the issue of enforceability is considered in a proceeding in equity or at law or not).

#### Section 4.6. Third-Party Authorizations.

No consents, approvals, authorizations, notices, or orders by, and no filing of documentation with any Governmental Authority, regulatory body or courts is required for the performance of the transactions established in this Agreement and in the Restructuring Documents, with the exception of: (i) the Court Approval; and (ii) CNV's authorization for the public offering of the New Secured Notes and the proposed amendments to the 2016 Notes Indentures and the 2020 Notes Indentures and the APE Solicitation.

#### Section 4.7. No Conflicts.

The execution and performance of this Agreement and of the remaining Restructuring Documents, the performance of the obligations herein provided for, and the performance of the transactions established therein and in the Restructuring Documents shall not be in conflict with, or result in a violation or breach of the terms, conditions, and provisions of the Company's (or of each of the Guarantors' or Pledgors', as applicable) Bylaws (or any comparable articles of incorporation), any law, rule, regulation, order, and/or decision of any governmental authority, or any other agreement, contract, permit, authorization, license, and/or concession to which the Company may be a party.

#### Section 4.8. Litigation.

Without prejudice to the provisions set forth in the Restructuring Consent Solicitation or in the provisions herein, as of the Effective Date, there are currently no pending actions, suits, lawsuits or arbitration proceedings, or any other administrative proceedings or any other type of proceedings, before courts or

government entities, authorities or agencies, against or affecting the Company or any of its Subsidiaries the result of which may reasonably, adversely and significantly affect the capacity of the Company to comply with its obligations under this Agreement; and none is threatened.

#### Section 4.9. True and Accurate Information.

As of the Effective Date, and as of the APE Filing Date, the statements contained in the Restructuring Consent Solicitation concerning the Company, its Subsidiaries and Affiliates, considered as a whole, are accurate in their relevant parts and are not false in any material respect considering the circumstances of the case when they were made. There are no other issues concerning the Company, its Subsidiaries, or Affiliates that should be known to the investing public in relation to the issuance and offering of the New Secured Notes, in accordance with applicable rules and regulations, and/or that are necessary so that the information contained in Restructuring Consent Solicitation, within the context and in light of the circumstances in which it was formulated, is not false, incorrect, inaccurate, or misleading in any material respect.

### TITLE V

## ACKNOWLEDGEMENTS AND COVENANTS OF THE COMPANY AND OF PARTICIPATING CREDITORS

#### Section 5.1. Participation.

The Company and the Participating Creditors acknowledge and agree that as of the Effective Date:

- (a) Participating Creditors who are holders of 2016 Notes for a principal amount of U.S.\$ [●] have executed this Agreement; and
- (b) Participating Creditors, who are holders of 2020 Notes for a principal amount of U.S.\$ [●] have executed this Agreement.

#### Section 5.2. Required Majorities.

(a) For the purposes of calculating majorities required to obtain Court Approval in accordance with Section 73 of the Argentine Bankruptcy Law: (i) as regards the aggregate principal amount, the Participating Creditors who represent at least two thirds (2/3) of the aggregate amount of principal of, and accrued interest on, the outstanding Existing Notes, considering the Statement of Assets and Liabilities and (ii) as regards the majority of persons, pursuant to paragraph 3, Section 45bis of the Argentine Bankruptcy Law, (A) all the holders of the Existing Notes shall be grouped considering whether they have given their consent to this Agreement or not; (B) every group shall be considered as only one Creditor for the purposes of considering the majority of persons, in such a way that the Existing Notes shall be considered as held by two Creditors (one for and one against); and (C) considering that the Existing Notes constitute only one restructured liability through this Agreement, the Company with the explicit consent given by the Participating Creditors, shall ask the Competent Court to consider the requirement of the majority of head count participating creditors as complied with (the "**Required Majority**").

(b) The Parties hereby agree that in order to calculate the Required Majorities, the Creditors constitute only one category (*clase*) of unsecured creditors in accordance with the Argentine Bankruptcy Law.

#### Section 5.3. Non-Participating Creditors Adhering to the Terms of the APE Prior to Court Approval.

The Company reserves the right to allow one or more Non-Participating Creditors willing to adhere to the terms of the APE to do so prior to Court Approval.

#### Section 5.4. Actions to Defeat Claims from Non-Participating Creditors.

Nothing provided for in this Agreement may be construed as conditioning or restricting the right of the Company and its Subsidiaries to adopt such measures and take such actions as may be necessary to defeat or successfully extinguish any potential claim from one or more Non-Participating Creditors.

## TITLE VI

### REPRESENTATIONS AND WARRANTIES, COMMITMENTS, AND SPECIAL CONSENTS OF CREDITORS

#### Section 6.1. Representations and Warranties.

Each Participating Creditor represents and warrants, for the benefit of the Company, as of the Effective Date that:

- (a) it is the beneficial owner of its Existing Notes to be exchanged pursuant to the Initial Exchange or a duly authorized representative of one or more beneficial owners of the Existing Notes delivered by it to be exchanged pursuant to the Initial Exchange;
- (b) it holds the Existing Notes to be exchanged free and clear of any encumbrance, charge, claim, right, and restriction;
- (c) (i) neither this Agreement nor the New Secured Notes to be delivered by the Company on the Initial Exchange Date have been registered pursuant to the U.S. Securities Act, or under any applicable state securities law of the United States of America; and (ii) the Restructuring Consent Solicitation was made, and this Agreement and any other security issued under this Agreement, shall be executed and delivered by the Company outside the United States of America, in transactions performed abroad in accordance with Regulation S of the U.S. Securities Act or in the United States to qualified institutional buyers or QIBS pursuant to Rule 144A of the U.S. Securities Act; and
- (d) all the representations deemed to be made by the Participant Creditors under "*Description of the Exchange Offer and Consent Solicitation and APE Solicitation*" and "*Restrictions on Transfer*" in the Restructuring Consent Solicitation are true and correct as of the Effective Date and of the Initial Exchange Date, which representations are also made for the benefit of the Company and the Guarantors in this Agreement.

#### Section 6.2. Regarding the Ratification of this Agreement.

In the event that, after the APE Filing Date, the Competent Court calls one meeting of holders of the Existing Notes or more, with the intention of ratifying its consent to this Agreement (each one, an "**APE Ratification Meeting**"), from the Effective Date until the Termination Date, each one of the Participating Creditors gives its consent for the Local Trustee to participate and vote at such meeting or meetings in favor of the ratification of the APE, and of all the terms thereof, as such may be amended by virtue of the Court Approval and of one or more requirements made by the Competent Court, and to make decisions at such meetings, consistent with the Consents and Powers and/or with the terms under this Agreement, as they can be amended by virtue of the Court Approval and of one or more requirements made by the Competent Court, or with what the Company deems more convenient for the fulfillment of this APE and the events herein provided for. In any case, the Participating Creditors who have surrendered their Existing Notes by virtue of the Restructuring Consent Solicitation, declare, consent, and explicitly agree that the Consents and Powers in favor of the Representative shall survive and shall remain in full force and effect so that such Representative solely acting in its capacity as Representative on behalf of the Participating Holders and not for its own account, performs those acts necessary in order to obtain Court Approval, on behalf of the Participating Creditors.

#### Section 6.3. Other Commitments.

Each Participating Creditor shall also undertake to refrain from performing any acts or actions that may obstruct, prevent or delay the term for the issuance of the Court Approval or for the Court Approval to become definitive. In that sense, each Participant Creditor commits not to revoke, in whole or in part, the Consents and Powers granted, and not to initiate any proceedings, in any jurisdiction, to object or alter the Restructuring, the Local Trust Agreement or any of the Restructuring Documents, and not to object to the request for protection that the Company may seek in accordance with the provisions of Chapter 15 of the United States Bankruptcy Law; and to refrain from instructing the trustee of the indentures of the Existing Notes, to adopt an action contrary to the Restructuring or the commitments included in this Agreement. Finally, in the same line, each Participating Creditor undertakes the commitment no to object to any action taken by the Company to revoke a precautionary measure against the Company or its assets, and to attend any APE Ratification Meeting, on its own behalf or by proxy, to confirm, ratify, or validate the APE and its consent to this Agreement and the Restructuring.

## TITLE VII

### COVENANTS

In addition, and irrespective of the covenants and undertakings of the Company in the Indenture, the Company undertakes to be bound by and comply with the covenants established in this Title VII.

#### Section 7.1. Ordinary Course of Business.

During the Interim Period, the Company shall continue, and shall procure that each of its Affiliates shall continue, with the ordinary course of business in a manner consistent with past practices, it being understood that this Agreement does not limit the disposal of property or assets by the Company.

#### Section 7.2. Maintenance of Legal Status and Property.

During the Interim Period, the Company shall (and shall procure that each of its Affiliates shall): (i) maintain its legal status as well as all the filings necessary to such end; (ii) take all the steps necessary to keep all rights, whatever their nature, necessary for the ordinary performance of its business activities, notwithstanding, however, that this Section shall not require the Company (or any of its Affiliates) to maintain such rights provided the Board of Directors, or the shareholders' meeting of the Company (or of such Affiliate), determine that they are no longer necessary for the Company's (of the Affiliate's) day to day operations.

#### Section 7.3. Other Commitments.

During the Interim Period, the Company shall comply with and procure that its Subsidiaries comply with, their commitments, including the terms and conditions of the Indenture.

#### Section 7.4. Execution of the Local Trust Agreement.

On the Initial Exchange Date, the Company shall execute, together with the Representative solely acting in its capacity as Representative on behalf of the Participating Holders and not for its own account, and the Local Trustee, the Local Trust Agreement. For such purposes, the Representative, on behalf and by the order of the Participating Creditors, shall transfer to the Local Trustee, under the terms of Section 1666 *et seq.* and related provisions of the Argentine Civil and Commercial Code, the trust ownership of the Existing Notes submitted by the Participating Creditors under the Restructuring Consent Solicitation, so that it exercises the trust ownership thereon in accordance with the terms and conditions of the Local Trust Agreement for the purposes set forth in Section 6.2 of this Agreement, keeping them in its possession until it delivers them to the corresponding Existing Notes indentures' trustee for the cancellation thereof, which shall take place: (i) on the Delivery Date once the Company has notified the corresponding Existing Notes indentures' trustee and the Local Trustee that the Court Approval is final; (ii) on the date on which the Company notifies the corresponding Existing Notes indentures' trustee and the Local Trustee that the

rejection of the Court Approval is final; or (iii) at any other time as resolved by the Company at its sole discretion as long as such cancellation does not prejudice the APE proceeding or the Court Approval.

#### Section 7.5. Restrictions on Payments Associated with the Existing Notes.

During the Interim Period, the Company shall not (and shall procure that none of its Affiliates) make any payments on account of principal, interest or otherwise under or in relation to the Existing Notes, with the exception of those payments that may be made pursuant to Section 5.4. of this Agreement, if applicable.

### TITLE VIII

#### MISCELLANEOUS PROVISIONS

##### Section 8.1. Discharge of Existing Notes and release of Existing Guarantees.

(a) The Parties acknowledge and agree that all consideration committed by virtue hereof has as its purpose the full cancellation and release of all claims and interest, whatever their nature against the Company and the Guarantors or against any of the assets or property of the Company and the Guarantors in connection with the Existing Notes, and the novation and full release of third-party obligations under the Existing Guarantees (including the 2016 Notes Guarantees, if such 2016 Notes Guarantees have not been previously released in accordance with the Restructuring Consent Solicitation).

(b) The Parties acknowledge and agree that, subject to the terms hereof, upon performance of all the acts the Company has to perform on the Initial Exchange Date and on the Delivery Date pursuant to this Agreement, the Existing Notes and the Existing Guarantees shall have been deemed fully paid and cancelled.

##### Section 8.2. Amendments to this Agreement.

Prior to Court Approval, the Company may introduce any Permitted Amendments to this Agreement required to obtain Court Approval, provide that under no circumstance shall any Permitted Amendments adversely affect the rights, interest, or obligations of any Participating Creditor. The Participating Creditors state, consent and specifically agree that the Consents and Powers granted by virtue of the Restructuring Consent Solicitation in favor of the Representative are and shall be fully valid and effective for such a Representative solely acting in its capacity as Representative on behalf of the Participating Holders and not for its own account, to give its consent, on behalf of the Participating Creditors, for the purposes of effecting any Permitted Amendments. Once Court Approval has been obtained, this Agreement cannot be amended, revised, waived, or supplemented. In the event of a Permitted Amendment, the Company shall report such amendment as a relevant event to be published in the CNV's website, which is currently the Financial Information Highway (AIF for the Spanish initials of *Autopista de Información Financiera*).

##### Section 8.3. Fees and Expenses.

The Company shall pay any fees and expenses payable as regards the filing of this Agreement for Court Approval.

##### Section 8.4. Applicable Law.

THIS AGREEMENT SHALL BE GOVERNED BY AND SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE REPUBLIC OF ARGENTINA.

##### Section 8.5. Heirs and Assigns.

(a) This Agreement has as its purpose to bind and benefit the Parties and their respective successors, assigns, heirs, administrators, and representatives. The agreements and obligations of the Participating Creditors under this Agreement are undertaken, in all aspects, as joint but not joint and several obligations.

Section 8.6. No Third-Party Beneficiaries.

Except as expressly stated otherwise herein, this Agreement shall only benefit the Parties and no other Person shall be a third-party beneficiary to this Agreement.

Section 8.7. Severability.

The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of the remaining provisions of this Agreement, to the extent that such invalidity or unenforceability does not prevent to carry out the Restructuring with the Participating Creditors. Any invalid or unenforceable clause shall be considered eliminated from this Agreement, it being expressly stated that the Parties shall negotiate in good faith any amendment to the invalid or unenforceable provision, showing the original intent of the Parties, if necessary to achieve such end.

Section 8.8. Survival.

Without prejudice to any other provision to the contrary herein, the provisions of Titles I, IV, and VI, and Sections 8.1, 8.4, 8.5, 8.6, 8.7, 8.8, 8.9, 8.11, and 8.12 shall remain in full force and effect after termination of this Agreement.

Section 8.9. Notices.

All notices, requests and other communications provided for herein shall be in writing and shall be validly made if delivered by hand or by email transmission with acknowledgment of explicit receipt by the addressee or if delivered by mail (certified prepaid mail) to the Parties to the following addresses:

To the Company:

CLISA - Compañía Latinoamericana de Infraestructura & Servicios S.A.

\_\_\_\_\_ (\_\_\_\_\_)

Buenos Aires,

Argentina

Attention:

Email:

with copy (which shall not be considered a notice) to:

\_\_\_\_\_

Buenos Aires,

Argentina

Attention:

To the Participating Creditors:

Through the Representative

\_\_\_\_\_ (\_\_\_\_\_)



Buenos Aires,

Argentina

Attention:

Email:

with copy (which shall not be considered a notice) to:

---

Buenos Aires,

Argentina

Attention:

All notices, requests, and further communications: (i) if sent by hand to the address set forth in this Section 8.9, shall be considered made at the time of delivery; (ii) if sent by mail, at the email address informed in this Section 8.9, shall be considered delivered at the time the addressee evidences receipt; and (iii) if sent by mail as herein above described, to the address set forth in this Section 9.9, shall be considered delivered at the time of reception (in each case, without prejudice to the fact that if the notice, requirement or communication is received by another person, a copy of the notice, request or communication shall be given to this person pursuant to this Section 8.9). Any Party hereto may duly change its address, either physical or email, as well as any other information necessary for notices, and shall give notice to the other Parties hereto with at least five (5) Business Days in advance, in writing and indicating the amendment made.

#### Section 8.10 Inclusion of Unaffected Claims in the APE Proceedings

If the Competent Court requires the Company or if the Company decides, at its sole criterion, to include the treatment of one or more Unaffected Claims in the APE Proceedings:

(a) Unaffected Creditors thus included in this Agreement, shall become Participating Unaffected Creditors and a party to this Agreement, for the sole scope and purposes of this Section 8.10.

(b) in this way, every Participating Unaffected Creditor shall receive, by way of full satisfaction and cancellation and in exchange of his Unaffected Claim, a treatment that maintains unaltered those rights pursuant to law, to contracts or to equitable principles applicable to him at that time;

(c) every Participating Creditor declares and especially agrees that no new consent shall be required from such Participating Creditor for: (i) the adherence of holders of Unaffected Claims to this Agreement pursuant to Section 8.10 and (ii) any amendment hereto, necessary to give effect to the provisions of Section 8.10, provided such amendment does not materially and adversely affect the rights, interests, or obligations of any Participating Creditor.

#### Section 8.11. Headings.

The headings of sections, paragraphs, and subparagraphs of this Agreement are included for reference only and shall not affect its construction and interpretation.

#### Section 8.12. Entire Agreement.

This Agreement and all the other Restructuring Documents hereto attached or mentioned herein, form an integral part of the Restructuring terms and conditions, and prevail over other agreements, either written or oral, prior, or contemporaneous, between the Company and the Participating Creditors, as regards the Existing Notes and the Existing Guarantees.

Section 8.13. Termination.

This Agreement may only be terminated: (i) automatically, upon court declaration of compliance with the Agreement decreed by the Competent Court; or (ii) by the Company, once the resolution rejecting the Court Approval becomes final (such date, the “**Termination Date**”), *provided however*, that in this case the issuance and delivery of the New Secured Notes as well as the acts performed by the Company, the Guarantors, the Pledgors, the Representative on behalf of the Participating Creditors and the Participating Creditors pursuant to this Agreement shall remain in full effect.

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### **Participating Creditors**

## **Annex II**

### **Representative's Certificate**

## **Annex III**

### **Restructuring Consent Solicitation**

## **Annex IV**

### **Indenture**

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**CLISA**

**CLISA - Compañía Latinoamericana de  
Infraestructura & Servicios S.A.**

Legal address: Leandro N. Alem 1050, 9<sup>th</sup> Floor  
City of Buenos Aires

Condensed Interim Consolidated Financial Statements for the three-month period ended  
March 31, 2021, presented in comparative format

# **CLISA - Compañía Latinoamericana de Infraestructura & Servicios S.A.**

## **Condensed Interim Consolidated Financial Statements**

For the period commenced January 1, 2021 and ended March 31, 2021, presented in comparative format

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**CLISA – COMPAÑÍA LATINOAMERICANA DE INFRAESTRUCTURA & SERVICIOS S.A.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF INCOME**  
*For the three-month period ended March 31, 2021, presented in comparative format*

CONSOLIDATED RESULTS	Notes	For the three-month period ended	
		03/31/2021 In Pesos	03/31/2020 In Pesos
Revenue from contracts with customers	3.6	11,030,305,231	14,693,386,473
Cost of providing services	4	(8,271,627,116)	(10,625,740,736)
<b>Gross profit</b>		<b>2,758,678,115</b>	<b>4,067,645,737</b>
Administrative expenses	5	(1,567,050,905)	(1,765,732,218)
Selling expenses and other operating expenses	6	(587,456,269)	(883,355,330)
Other operating income and expenses, net		106,042,933	55,543,320
<b>Operating Income</b>		<b>710,213,874</b>	<b>1,474,101,509</b>
Financial income	7	1,197,782,971	727,198,580
Financial expenses	7	(1,685,229,735)	(2,921,866,569)
Share of net income of associates and joint arrangements accounted for under the equity method	8	49,274,304	(23,247,286)
Goodwill impairment			
<b>Loss before income tax</b>		<b>272,041,414</b>	<b>(743,813,766)</b>
Income tax		(297,026,668)	(449,973,837)
<b>NET LOSS FOR THE PERIOD</b>		<b>(24,985,254)</b>	<b>(1,193,787,603)</b>
<b>Net (loss)/income for the period attributable to:</b>			
Owners of the parent		<b>(138,467,870)</b>	<b>(1,244,927,756)</b>
Non-controlling interests		113,482,616	51,140,153
		<b>(24,985,254)</b>	<b>(1,193,787,603)</b>
<b>Basic and diluted loss per share attributable to the owners of the parent during the period</b> (stated in Ps. per share)	9	(1.43)	(12.88)

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements. These Condensed Interim Consolidated Financial Statements should be read with the audited Consolidated Financial Statements for the year ended December 31, 2020.

**CLISA – COMPAÑÍA LATINOAMERICANA DE INFRAESTRUCTURA & SERVICIOS S.A.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME**  
*For the three-month period ended March 31, 2021, presented in comparative format*

OTHER CONSOLIDATED COMPREHENSIVE INCOME	For the three-month period ended	
	03/31/2021 In Pesos	03/31/2020 In Pesos
<b>Net loss for the period</b>	<b>(24,985,254)</b>	<b>(1,193,787,603)</b>
<b>Other comprehensive income:</b>		
<b><i>Items that may be reclassified subsequently to profit and loss</i></b>		
Effect of currency translation differences, net of income tax	(129,281,492)	(461,425,567)
<b><i>Items that cannot be subsequently reclassified into profit or loss</i></b>		
(Loss) Gain on revaluation of property plant and equipment in subsidiaries, net of income tax	(20,043,458)	67,148,269
<b>Other comprehensive loss for the period</b>	<b>(149,324,950)</b>	<b>(394,277,298)</b>
<b>Total comprehensive loss for the period</b>	<b>(174,310,204)</b>	<b>(1,588,064,901)</b>
<b>Comprehensive (loss) / income attributable to:</b>		
Owners of the parent	(327,059,732)	(1,654,893,455)
Non-controlling interests	152,749,528	66,828,554
	<b>(174,310,204)</b>	<b>(1,588,064,901)</b>

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements. These Condensed Interim Consolidated Financial Statements should be read with the Audited Consolidated Financial Statements for the year ended December 31, 2020.

**CLISA - COMPAÑIA LATINOAMERICANA DE INFRAESTRUCTURA & SERVICIOS S.A.**  
**CONDENSED INTERIM CONSOLIDATED BALANCE SHEET**  
*As of March 31, 2020 and as of December 31, 2020*

<b>ASSETS</b>		<b>03/31/2021</b>	<b>12/31/2020</b>
	<b>Notes</b>	<b>In Pesos</b>	<b>In Pesos</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	32,382,505,633	33,484,497,507
Intangible Assets	12	4,470,377,592	4,596,433,618
Goodwill	11	837,141,063	895,651,985
Investments in associates and joint arrangements accounted for under the equity method	13	437,660,252	386,085,446
Deferred tax assets		210,608,309	255,882,614
Other receivables		1,936,326,669	1,708,870,993
Trade receivables		902,977,194	1,469,416,708
<b>Total non-current Assets</b>		<b>41,177,596,712</b>	<b>42,796,838,871</b>
<b>CURRENT ASSETS</b>			
Contractual assets		620,015,567	598,437,209
Other receivables		5,894,822,396	5,518,363,513
Inventories		2,541,187,950	2,555,382,308
Trade receivables		24,311,113,754	24,929,040,049
Other investments	14	103,928,236	111,945,379
Cash and cash equivalents	15	2,938,387,564	3,903,198,069
<b>Total current Assets</b>		<b>36,409,455,467</b>	<b>37,616,366,527</b>
<b>Total Assets</b>		<b>77,587,052,179</b>	<b>80,413,205,398</b>
<b>EQUITY</b>			
Attributable to the owners of the parent		194,935,466	521,995,198
Non-controlling interests		1,839,233,643	1,828,445,105
<b>Total Equity</b>		<b>2,034,169,109</b>	<b>2,350,440,303</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Bank and financial debts	16	31,982,535,627	33,999,815,863
Provisions for contingencies	18	1,171,752,946	1,248,299,194
Contractual liabilities		-	53,515,249
Deferred tax liability		4,539,693,573	4,809,883,573
Other liabilities		4,796,236,839	4,879,078,437
Trade payables		660,214,470	761,155,109
<b>Total non-current Liabilities</b>		<b>43,150,433,455</b>	<b>45,751,747,425</b>
<b>CURRENT LIABILITIES</b>			
Bank and financial debts	16	10,652,986,527	10,102,843,826
Provisions for contingencies	18	194,654,883	233,277,139
Contractual liabilities		570,494,512	498,992,484
Other liabilities		11,220,848,287	11,577,714,150
Trade payables		9,763,465,406	9,898,190,071
<b>Total current Liabilities</b>		<b>32,402,449,615</b>	<b>32,311,017,670</b>
<b>Total Liabilities</b>		<b>75,552,883,070</b>	<b>78,062,765,095</b>
<b>Total Equity and Liabilities</b>		<b>77,587,052,179</b>	<b>80,413,205,398</b>

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements. These Condensed Interim Consolidated Financial Statements should be read with the audited Consolidated Financial Statements for the year ended December 31, 2020.



**CLISA - COMPAÑIA LATINOAMERICANA DE INFRAESTRUCTURA & SERVICIOS S.A.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
*For the three-month period ended March 31, 2021, presented in comparative format*

Item	Attributable to owners of the parent					Total	Non-controlling interests	Total of equity
	Share capital	Capital Adjustment	Effect of foreign currency translation	Balances of revaluation in subsidiaries	Retained earnings / (Accumulated losses)			
<b>Balances as of January 1, 2020</b>	<b>96,677,524</b>	<b>132,018,419</b>	<b>2,392,278,418</b>	<b>10,232,759,029</b>	<b>(11,076,281,566)</b>	<b>1,777,451,824</b>	<b>2,066,163,123</b>	<b>3,843,614,947</b>
Net (loss) / income for the period					(1,244,927,756)	(1,244,927,756)	51,140,153	(1,193,787,603)
Other comprehensive (loss) /income			(448,676,631)	38,710,932	-	(409,965,699)	15,688,401	(394,277,298)
<b>Total Comprehensive (loss) / income</b>	<b>-</b>	<b>-</b>	<b>(448,676,631)</b>	<b>38,710,932</b>	<b>(1,244,927,756)</b>	<b>(1,654,893,455)</b>	<b>66,828,554</b>	<b>(1,588,064,901)</b>
Reversal of revaluation in subsidiaries				(5,714,587)	5,714,587	-	-	-
<b>Transactions with shareholders</b>								
- Distribution of dividends in subsidiaries							(119,278,362)	(119,278,362)
- Contributions and withdrawals in joint ventures							(897,235)	(897,235)
<b>Total Transactions with shareholders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(120,175,597)</b>	<b>(120,175,597)</b>
<b>Balances as of March 31, 2020</b>	<b>96,677,524</b>	<b>132,018,419</b>	<b>1,943,601,787</b>	<b>10,265,755,374</b>	<b>(12,315,494,735)</b>	<b>122,558,369</b>	<b>2,012,816,080</b>	<b>2,135,374,449</b>
<b>Balances as of January 1, 2021</b>	<b>96,677,524</b>	<b>51,988,127</b>	<b>1,895,816,792</b>	<b>12,822,305,005</b>	<b>(14,344,792,250)</b>	<b>521,995,198</b>	<b>1,828,445,105</b>	<b>2,350,440,303</b>
Net (loss) / income for the period					(138,467,870)	(138,467,870)	113,482,616	(24,985,254)
Other comprehensive (loss) /income			(166,148,875)	(22,442,987)		(188,591,862)	39,266,912	(149,324,950)
<b>Total Comprehensive (loss) / income</b>	<b>-</b>	<b>-</b>	<b>(166,148,875)</b>	<b>(22,442,987)</b>	<b>(138,467,870)</b>	<b>(327,059,732)</b>	<b>152,749,528</b>	<b>(174,310,204)</b>
Reversal of revaluation in subsidiaries				(3,833,461)	3,833,461	-	-	-
<b>Transactions with shareholders</b>								
- Distribution of dividends in subsidiaries							(67,324,253)	(67,324,253)
- Contributions and withdrawals in joint ventures							(74,636,737)	(74,636,737)
<b>Total transactions with shareholders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(141,960,990)</b>	<b>(141,960,990)</b>
<b>Balances as of March 31, 2021</b>	<b>96,677,524</b>	<b>51,988,127</b>	<b>1,729,667,917</b>	<b>12,796,028,557</b>	<b>(14,479,426,659)</b>	<b>194,935,466</b>	<b>1,839,233,643</b>	<b>2,034,169,109</b>

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements. These Condensed Interim Consolidated Financial Statements should be read with the audited Consolidated Financial Statements for the year ended December 31, 2020.

**CLISA – COMPAÑÍA LATINOAMERICANA DE INFRAESTRUCTURA & SERVICIOS S.A.**  
**CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT**  
For the three-month period ended March 31, 2021, presented in comparative format

	Notes	03/31/2021 In Pesos	03/31/2020 In Pesos
<b>Cash from operating activities</b>			
Net loss for the period		(24,985,254)	(1,193,787,602)
Adjustments for:			
Depreciation and amortization		1,350,781,591	1,501,092,121
Income tax		297,026,668	449,973,837
Loss / (gain) on sales of property, plant and equipment		(4,324,253)	2,210,441
Share of net income of associates and joint arrangements accounted for under the equity method		(49,274,304)	23,247,286
Other operating and financial income and expenses, net		(571,175,433)	309,349,930
Interest income and interest expense, net		949,293,760	1,020,687,579
<b>Changes in operating assets and liabilities:</b>			
Decrease in inventories		7,371,732	26,202,063
Increase in allowances and provisions for contingencies		78,232,395	394,056,536
Increase in investments		(5,029,348)	(670,275,103)
Increase in operating receivables		(2,403,746,150)	(2,582,846,735)
Increase in operating liabilities		1,456,250,876	1,579,945,074
<b>Net cash flow provided by operations</b>		<b>1,080,422,280</b>	<b>859,855,427</b>
Payments and collection of interests, net		(883,225,890)	(2,409,387,404)
Payments of income tax		(71,017,205)	(59,612,402)
<b>Net cash flow provided by (used in) operating activities</b>		<b>126,179,185</b>	<b>(1,609,144,379)</b>
<b>Cash from investing activities</b>			
Purchases of property, plant and equipment		(144,894,209)	(524,591,240)
Increases of intangible assets		(58,947,243)	(160,894,421)
Proceeds from sales of property, plant and equipment		21,743,161	6,447,096
<b>Net cash flow used in investing activities</b>		<b>(182,098,291)</b>	<b>(679,038,565)</b>
<b>Cash from financing activities</b>			
Changes in other receivables and other liabilities		(321,890,378)	(219,610,621)
Dividends paid to non-controlling interests in subsidiaries		(39,432,041)	(11,189,928)
Proceeds from increase in Corporate Bonds		-	1,283,509,265
Repayment of leases		(120,273,762)	(211,978,979)
Proceeds from self-liquidating debt		230,987,214	369,714,457
Proceeds from other bank and financial debts		1,309,419,175	2,833,613,863
Repayment of other bank and financial debts		(1,689,464,337)	(2,672,173,805)
<b>Net cash flow (used in) provided by financing activities</b>		<b>(630,654,129)</b>	<b>1,371,884,252</b>
Subtotal		(686,573,235)	(916,298,692)
Effect of inflation on cash and cash equivalents		(294,183,066)	(93,122,969)
Effect of foreign currency exchange differences and foreign currency translation on cash and cash equivalents		15,945,796	(38,250,375)
<b>Decrease in cash and cash equivalents</b>		<b>(964,810,505)</b>	<b>(1,047,672,036)</b>
Cash and cash equivalents as of the beginning of the period	15	3,903,198,069	5,123,762,808
<b>Cash and cash equivalents as of the end of the period</b>	<b>15</b>	<b>2,938,387,564</b>	<b>4,076,090,772</b>

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements. These Condensed Interim Consolidated Financial Statements should be read with the audited Consolidated Financial Statements for the year ended December 31, 2020.

Note 20 discloses the significant investing and financing transactions that did not affect cash or cash equivalents.

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## 1. General Information

CLISA - Compañía Latinoamericana de Infraestructura & Servicios S.A. (hereinafter "CLISA") runs its business operations through the equity interests it holds in Benito Roggio e Hijos S.A. ("BRH"), Benito Roggio Transporte S.A., Cliba Ingeniería Urbana S.A., Cliba Ingeniería Ambiental S.A. and Roggio Brasil Investimentos e Serviços Ltda, (jointly with CLISA, "the Company"). As detailed in Note 3, these subsidiaries engage mainly, through their operations and interests in other companies, in the following operating activities: construction, waste management, transportation and water supply services.

CLISA is a holding company whose Incorporation Agreement dated October 21, 1996 was registered before the Inspección General de Justicia ("IGJ") (Office of Corporations) on November 15, 1996 under registration No. 11,458 of Book 120, Volume A, of Corporations and its incorporation is valid until November 15, 2095.

The latest registered amendment to its Bylaws was approved by the Ordinary and Extraordinary Meeting of Shareholders No. 42 held on June 27, 2019, and registered before IGJ under No. 20715 of Book 97 of Corporations on October 9, 2019.

Roggio S.A. is the parent company of CLISA. Roggio S.A. is a holding company with legal address at Leandro N, Alem 1050, 9th floor, City of Buenos Aires and holds 97.44% of CLISA's capital stock and voting rights.

The following chart describes the share capital of CLISA:

Ordinary shares	Subscribed and paid (In Pesos)
Class "A" Ps. 1 – 5 Votes	96,677,524

The share capital status is as follows:

	03/31/2021	12/31/2020	12/31/2019
Share capital at the beginning of the year	96,677,524	96,677,524	96,677,524
Share capital at the end of the period / year	96,677,524	96,677,524	96,677,524

On May 15, 1997 CLISA was admitted to the corporate bonds Public Offering System by Resolution No. 11,735 of the National Securities Commission ("CNV").

### Economic environment in which the Company operates

These financial statements must be read in light of the economic environment in which the Company operates. In this sense, as part of a process that began in mid-2018 and deepened with the emergence of the Covid-19 pandemic, Argentina have experienced significant deterioration and volatility in its main macroeconomic variables, including a drop in GDP, persistent budget deficits of the Argentine Government, high levels of inflation and interest rates and a strong devaluation of the peso, together with higher restrictions on foreign exchange transactions imposed by the Argentine monetary authority. These measures, that aims to restrict the access to the Argentine Foreign Exchange Market in order to limit the demand of foreign currency, include the requirement of prior authorization from the Central Bank of Argentina for certain transactions, such as payments for import of services or repayments of financial debts. In this context, assets and liabilities denominated in foreign currency as of March 31, 2021 were valued at the exchange rates current in the Argentine Foreign Exchange Market.

Volatility and uncertainty continue at the date of these financial statements. Management closely monitors the changes in the variables affecting business to define possible actions to be taken as well as identify their potential impact on the Company's financial and equity position.

### Impact of Covid-19 on the Company's business operations

For much of the previous year and during the current period, the Company has developed its activities in the context of the Covid-19 outbreak, which was declared a global pandemic on March 11 by the World Health Organization. This pandemic continues generating various consequences on global and local business.

In Argentina, the National Government implemented a series of measures aimed at decreasing the population movement and provided for preventive and compulsory social isolation ("ASPO") since March 20, 2020, allowing the circulation only of those people related to the provision and / or production of essential services and products. The ASPO was successively extended, allowing for different levels of relaxation, according to the criteria adopted by the different provincial and municipal authorities until November 9, when the so-called "social, preventive and compulsory distancing" (DISPO) came into effect throughout the country, with the objective of recovering a greater degree of normality in the economic and social functioning, but maintaining constant monitoring of the epidemiological evolution.

However, given the increase in cases registered since March of this year, on April 8, 2021, through Decree 235/2021, the Argentine Government once again established a series of restrictions and local and focused provisions in order to mitigate the spread of the Covid-19 virus and its health impact. The Government later widened the scope of such restrictions and extended them until May 21, 2021, and in addition, established certain guidelines to determine the existence of low, medium and high risk or epidemiological and health alarm in each district.

In relation to the waste management segment, the activities carried out in this segment have been declared essential. In this sense, the provision of services continues regularly, although at the beginning of the ASPO there were restraints in economic activities that affected the normal provision of services. Likewise, the Company implemented internal procedures to preserve the health of workers, their families, customers and suppliers. However, it is worth mentioning that Covid-19 has had a negative impact on some economic and financial variables of the subsidiaries in this segment of activity, resulting in lower efficiency in the management of operations, new costs associated with mitigating the effect of the pandemic, a certain slowdown in waste transport and disposal operations caused by the decline in economic activity, and a certain delay on the part of clients in the approval and payment of price adjustments in contracts.

In relation to the transport segment, that activity has also been considered essential by the national authorities and, for this reason, the provision of services must be guaranteed. In this sense, Metrovias has taken preventive actions and measures, giving priority to the health

of workers and users. Additionally, the Company implemented measures aimed at controlling the demand in stations, thus generating a safe space for the movement of users, as well as strong user awareness campaigns. Likewise, the restrictions imposed to prevent the spread of the pandemic led to a drop in ridership from March 2020 onwards. The consequent fall in revenues from fares was, regarding the Subway and Premetro operations, mostly offset by an increase in government contributions received in compensation for operating costs, in order to balance Metrovias' economic and financial equation. On the other hand, the decrease in revenues from fares in the Urquiza Railway has not been compensated by the National Government. In both cases, the drop in revenues was partially offset by a reduction in certain variable operating expenses. In addition, the level of activity of Benito Roggio Transporte S.A. and Benito Roggio Ferroindustrial S.A. was partially reduced, as well as they have been granted with the Emergency Assistance of Work and Production Programme (ATP, for its acronym in Spanish), for which the National Government has paid a portion of the wage cost and has allowed to postpone the payment of certain social security contributions, having such reduction been accounted for as an adjustment to related costs.

Regarding the construction segment, the Covid-19 outbreak deepened the decline in activity that affects the Company and the other players in the construction industry in Argentina, and particularly public works contractors, which had started primarily as a consequence of the decrease in investment in public works by the National Government and the different provincial states due to budget constraints. As a consequence of this situation, the companies involved in this activity segment are currently carrying out an analysis and monitoring of their cost structure. Likewise, some of the Argentine subsidiaries and joint ventures in this segment have also accessed the ATP, through which the National State has paid a portion of the salary cost and has allowed to postpone the payment of certain social security contributions. Said reduction was accounted for by adjusting the related costs. As of the date of issuance of these financial statements, most of the works that had come to a halt when the preventive and mandatory social isolation was declared or that had been suspended for government budget restrictions, have been gradually restarted. Consequently, it should be noted that Covid-19 had a significant and negative impact on the economic and financial variables of the Company's construction segment, resulting in a lower level of construction activity in general, lower efficiency in the management of operations, and new costs associated with mitigating the effect of the pandemic.

Construction activities outside of Argentina have suffered an uneven effect from Covid-19. While there was almost no impact in our activities in Paraguay, the operations and financial condition of our subsidiary Haug in Peru have been significantly and adversely affected, resulting in a lower level of activity, less efficiency in the management of operations and new costs associated with mitigating the effect of the pandemic.

Water supply activities has also been deemed essential and the Company continues providing services regularly, having implemented all the procedures necessary to take care of its workforce, suppliers and customers. However, it is worth mentioning that Covid-19 had a negative impact on some economic and financial variables in this segment, resulting in lower efficiency in the management of operations, new costs associated with mitigating the effect of the pandemic, certain general lengthening of the payment terms and, mainly, delays in the approval of tariff adjustments.

The final extent of the Coronavirus outbreak and its impact on the economies of the countries where the Company does business is unknown and cannot be reasonably foreseen. Although to date there have been various difficulties, the Company understands that it has been able to deal with them effectively and plans to continue to do so in the future.

## **2. Accounting policies and basis of preparation**

### **2.1 Basis of preparation**

The National Securities Commission (CNV), has established the applicability of Technical Resolution No. 26, and amendments, of the Argentine Federation of Professional Councils in Economic Sciences, which adopt the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), for entities included in the public offering regime, whether for their capital or for their corporate bonds, or which have requested authorization to be included in this regime. Application of these standards became mandatory for the Company since the year commenced January 1, 2012.

These Condensed Interim Consolidated Financial Statements of the Company for three-month period ended March 31, 2021 have been prepared in terms of the measuring unit current at end of the reporting period, as required by IAS 29 "Financial Reporting in Hyperinflationary Economies" for hyperinflationary economies.

These Condensed Interim Consolidated Financial Statements of the Company for the three-month period ended March 31, 2021 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" (IAS 34). The Condensed Interim Consolidated Financial Statements have been prepared in accordance with the accounting policies used in preparing the information under IFRS as of December 31, 2020 (as described in Note 2 to the audited Consolidated Financial Statements for the year ended December 31, 2020), and on IFRS which are expected to come into effect by December 31, 2021 (as described in Note 25 to these Condensed Interim Consolidated Financial Statements).

IAS 29 requires that the financial statements of an entity whose functional currency is that of a hyperinflationary economy should be stated in terms of the measuring unit current at end of the reporting period regardless of whether they are based on a historical cost approach or a current cost approach. To this aim, as a general rule, non-monetary items must be restated since the date of acquisition (or the date of the last adjustment for inflation, whichever is later) or since the date of the last revaluation performed, as appropriate. Every item in the balance sheet not already expressed in terms of the measuring unit current at the end of the reporting period must be restated by applying a general price index. Likewise, all items in the statement of income must be expressed in terms of the measuring unit current at the end of the reporting period, by applying the change in the general price index from the dates when the items of income and expenses were initially recorded in the financial statements.

Figures at December 31, 2020 and March 31, 2020, disclosed in these Condensed Interim Consolidated Financial Statements for comparative purposes, are expressed in terms of the monetary unit current at the end of the reporting period, as required by IAS 29.

These Consolidated Financial Statements have been prepared on a going concern basis, which contemplates the continuity of the operations of the Company, the realization of its assets and the settlement of its liabilities in the ordinary course of business.

These Condensed Interim Consolidated Financial Statements of the Company were restated by applying the index adopted by the FACPCE based on the price indices reported by the Argentine Bureau of Statistics ("INDEC", for its Spanish acronym). Such index rose 13.0% in the first three-month period ended March 31, 2021.

These financial statements are stated in Argentine pesos without cents, except for earning per share, which is presented with decimals, and the operating segment information which is presented in thousands of Argentine pesos.

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These Condensed Interim Consolidated Financial Statements were approved by the Company's Board of Directors on May 11, 2021.

## 2.2 Consolidation basis

2.2.1 Companies consolidated at 100% are as follows:

Companies	Ref.	Ownership Percentage as of		Line of business
		03/31/2021	12/31/2020	
- Benito Roggio e Hijos S.A.	(1)	99.61%	99.61%	Construction and waste management
- Cclip S.A.	(2)	68.58%	68.58%	Services
- Aguas Cordobesas S.A.	(2)	71.98%	71.98%	Water supply
- Sehos S.A.	(5)	100.00%	100.00%	Construction and maintenance
- Benito Roggio Panamá S.A.	(2)	100.00%	100.00%	Construction
- Benito Roggio e Hijos S.A. (Paraguay)	(2)	80.00%	80.00%	Construction
	(15)			Construction and assembling of industrial facilities
- Haug S.A. (Peru)		100.00%	100.00%	
- Haug Chile International Ltda.	(14)	100.00%	100.00%	Engineering, construction and assembly services
- Hame Representaciones S.A.C.	(14)	100.00%	100.00%	Marketing services
- Katmai S.A.	(14)	100.00%	100.00%	Representation services
- Necoha S.A.C.(formerly Benito Roggio Perú S.A.C).	(14)	100.00%	100.00%	Engineering, construction and assembly services
- Consorcio Andino Haug - ABS S.A.	(14)	100.00%	100.00%	Engineering, construction and assembly services
- Haug Limitada (Chile)	(14)	100.00%	100.00%	Engineering, construction and assembly services
- Benito Roggio Construcciones y Concesiones S.A.C.	(16)	100.00%	100.00%	Construction and concession services
- Haug S.A. (Panamá)	(14)	100.00%	100.00%	Repair and maintenance of metal mechanics manufactures
- Haug Construcciones S.A.C.	(14)	100.00%	100.00%	Construction
- Haug S.A. (Argentina)	(2)	95.00%	95.00%	Construction and metal mechanics
- Benito Roggio Transporte S.A.	(1)	99.68%	99.68%	Investment and advisory
- Metrovías S.A.	(3)	90.66%	90.66%	Transportation
- Corredores Ferroviarios S.A.	(3)	95.00%	95.00%	Transportation
- Neoservice S.A.	(3)	95.00%	95.00%	Investment
- Miplus S.A.	(7)	100.00%	100.00%	Investment
- Prominente S.A.	(6)	100.00%	100.00%	IT services
- Grunwald Comunicaciones S.A.	(7)	100.00%	100.00%	Investment
- Metronec S.A.	(5)	100.00%	100.00%	Real estate services
- Compañía Metropolitana de Seguridad S.A.	(6)	100.00%	100.00%	Security and surveillance services
- Benito Roggio Ferroindustrial S.A.	(3)	95.00%	95.00%	Services related to transportation
- Cliba Ingeniería Ambiental S.A.	(4)	98.43%	98.43%	Waste management
- Tecsan Ingeniería Ambiental S.A.	(8)	100.00%	100.00%	Waste management
- Envairo S.A.	(11)	100.00%	100.00%	Waste management
- Cliba Ingeniería Urbana S.A.	(9)	100.00%	100.00%	Waste management
- Taym S.A.	(11)	100.00%	100.00%	Waste management
- Ecoayres Argentina S.A.	(11)	100.00%	100.00%	Waste management
- Enerco <sub>2</sub> S.A.	(11)	100.00%	100.00%	Waste management
- Central Buen Ayre S.A.	(12)	100.00%	100.00%	Waste management
- Metro Ambiental S.A.	(13)	100.00%	100.00%	Waste management
- Tecsoil S.A.	(10)	100.00%	100.00%	Waste management
- Roggio Brasil Investimentos e Serviços Ltda.	(1)	100.00%	99.99%	Investment

Voting interest percentages are the same as ownership percentages, except for the following:

Name	Voting interest percentages	
	03/31/2021	12/31/2020
- Metrovías S.A.	96.93%	96.93%
- Cliba Ingeniería Ambiental S.A.	95.79%	95.79%

References:

- (1) Direct interest held by Clisa.
- (2) Direct interest held by BRH.
- (3) Direct interest held by Benito Roggio Transporte S.A.
- (4) Direct interest held by Cliba Ingeniería Urbana S.A.
- (5) Interest jointly held by BRH and Benito Roggio Transporte S.A.
- (6) Interest jointly held by Metronec S.A. and Benito Roggio Transporte S.A.
- (7) Direct interest held by Neoservice S.A.
- (8) Interest jointly held by Cliba Ingeniería Urbana S.A. and Clisa
- (9) Interest jointly held by Clisa and Cliba Ingeniería Ambiental S.A.
- (10) Interest jointly held by Cliba Ingeniería Ambiental S.A. and Tecsan Ingeniería Ambiental S.A.
- (11) Interest jointly held by Cliba Ingeniería Urbana S.A. and Tecsan Ingeniería Ambiental S.A.
- (12) Interest jointly held by Tecsan Ingeniería Ambiental S.A. and Enerco<sub>2</sub> S.A.
- (13) Interest jointly held by Enerco<sub>2</sub> S.A. and Cliba Ingeniería Urbana S.A.
- (14) Direct and indirect interest held by Haug S.A. (Peru)
- (15) Interest jointly held by BRH y Sehos S.A.
- (16) Interest jointly held by BRH y Haug S.A.(Peru)

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On March 19, 2021, an Extraordinary Shareholders' Meeting of Cliba Ingeniería Ambiental S.A. approved the redemption of all the preferred shares of that company that were held by Benito Roggio e Hijos S.A. and the corresponding reduction of its share capital. As a result of said redemption, the common shares held by Clisa came to represent 97.41% of the capital stock of Cliba Ingeniería Ambiental S.A. Subsequently, on March 22, 2021, Cliba Ingeniería Urbana S.A. accepted an offer from Clisa for the acquisition of all the common stock of Cliba Ingeniería Ambiental S.A. owned by Clisa, together with all the rights and obligations inherent to said shareholding.

2.2.2 Companies which are consolidated proportionately - Joint operations- are as follows:

Companies	Ref.	Ownership Percentage as of		Line of business
		03/31/2021	12/31/2020	
Unidad de Gestión Operativa Ferroviaria de Emergencia S.A. – in liquidation	(1)	50.00%	50.00%	Public railway passenger transportation service
Unidad de Gestión Operativa Mitre Sarmiento S.A. – in liquidation	(1)	50.00%	50.00%	Public railway passenger transportation service

(1) Represents the direct ownership percentage held by Metrovias S.A.

2.2.3 Interests in temporary associations of companies and consortiums

Name	Ref.	Ownership Percentage as of		Line of business
		03/31/2021	12/31/2020	
<b>Temporary associations of companies and consortiums in which the Company has control – (Consolidation at 100%)</b>				
C.P.C. S.A. / BRH UTE (Branch C – Belgrano Railway – Province of Santa Fe)	(1)	50.00%	50.00%	Construction
BRH / ROMERO CAMMISA CONSTRUCCIONES S.A. UTE (Contract for road repair and maintenance No. 308)	(1)	70.00%	70.00%	Construction
BRH / VIALMANI S.A. UTE (Paving of National Road No. 76, Quebrada Santo Domingo - Pircas Negras tranche, Province of La Rioja)	(1)	80.00%	80.00%	Construction
C.P.C. S.A. / BRH UTE (Branch C – Belgrano Railway – San Cristobal, Province of Santa Fe )	(1)	50.00%	50.00%	Construction
SEHOS S.A. / COMSA DE ARGENTINA S.A. (Track renewal – Maldonado Junction – J.L. Suárez – Gral. Mitre Railway)	(5)	47.50%	47.50%	Construction
BRH / BOETTO Y BUTTIGLIENGO S.A. UTE – Closure of Cordoba city beltway – El Tropezon-Spilimbergo tranche- Province of Córdoba	(1)	80.00%	80.00%	Construction
BRH / MIJOVI S.R.L. – Construction of a weir on the Salado river and a water channel to connect with Canal de Dios – Province of Santiago del Estero	(1)	50.00%	50.00%	Construction
BRH / JUMI S.R.L. / AGV SERVICIOS MINEROS S.R.L UTE - Sales de Olaroz	(1)	44.00%	44.00%	Construction
BRH / MAPAL S.A.C.I.A. / SIGMA S.A. - UT- (Gran Tulum water channel, Province of San Juan)	(1)	51.00%	51.00%	Construction
BRH / DECAVAL S.A. UTE – Construction of Villa María By-Pass Road	(1)	65.00%	65.00%	Construction
CLIBA Ing. Amb. S.A. / TECSAN Ing. Amb. S.A. U.T.E. (Cliba San Isidro)	(2)	100.00%	100.00%	Waste management
CLIBA Ing. Amb. S.A. / TECSAN Ing. Amb. S.A. U.T.E. (Cliba Santa Fe)	(2)	100.00%	100.00%	Waste management
CLIBA Ing. Amb. S.A. / TECSAN Ing. Amb. S.A. S.A. U.T.E. (Cliba Neuquén)	(2)	100.00%	100.00%	Waste management
TECSAN Ing. Amb. S.A. / BRH U.T.E. (Norte III landfill)	(3)	100.00%	100.00%	Waste management
BENITO ROGGIO TRANSPORTE S.A. – BENITO ROGGIO FERROINDUSTRIAL S.A. – UTE	(4)	100.00%	100.00%	Transportation
<b>Temporary associations of companies and consortiums in which the Company has joint control – (Proportionate consolidation)</b>				
BRH / SUPERCIMENTO S.A.C.I. / J.C.C.C. S.A. UTE (Vega Creek Second Emissary)	(1)	33.33%	33.33%	Construction
BRH / JOSE J. CHEDIACK S.A.I.C.A. UTE (Elevation of rail line - Gral. Mitre Railway)	(1)	50.00%	50.00%	Construction
BRH / SUPERCIMENTO S.A.C.I. / J.CARTELLONE C.C. S.A. UTE (Water Treatment Plant in Tigre, Province of Buenos Aires)	(1)	33.34%	33.34%	Construction
BRH / MINERA SAN PEDRO S.R.L. – Consortium for Cooperation – Aggregate materials supply	(1)	60.00%	60.00%	Construction
BRH / ELEPRINT S.A. / ECODYMA S.A. UT - Salado river expansion - Province of Buenos Aires	(1)	33.34%	33.34%	Construction
HAUG S.A. / Obrainsa	(6)	42.31%	42.31%	Construction
<b>Temporary associations of companies and consortiums in which the Company has significant influence – (Equity method)</b>				
COMSA DE ARGENTINA S.A. / SEHOS S.A. (Track renewal - Merlo St. to Marcos Paz St. tranche and Moreno St. to Km 51.200 tranche)	(5)	50.00%	50.00%	Construction

(1) Direct interest held by BRH

(2) Direct and indirect interest held by Cliba Ingeniería Ambiental S.A. and Tecsán Ingeniería Ambiental S.A.

(3) Direct and indirect interest held by Cliba Ingeniería Urbana S.A. and BRH

(4) Direct and indirect interest held by Benito Roggio Transporte S.A.

(5) Direct interest held by Sehos S.A.

(6) Direct interest held by Haug S.A. (Peru)

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**2.2.4 Non-controlling interests**

The chart below discloses selected financial information as of March 31, 2021 and December 31, 2020 of those consolidated entities with the most significant non-controlling interests.

**(a) As of March 31, 2021**

Name	Date	Issuer information				Revenues from contracts with customers	Net income /(loss) for the period	Other comprehensive income
		Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities			
Metrovías S.A.	03/31/2021	4,332,038,554	1,128,239,331	3,588,463,167	959,924,821	277,018,403	156,148,804	-
Benito Roggio e Hijos S.A. (Paraguay)	03/31/2021	4,120,640,280	3,622,161,321	3,048,489,696	1,166,094,635	971,508,508	(20,442,381)	117,826,813
Aguas Cordobesas S.A.	03/31/2021	1,130,084,000	6,819,514,000	1,471,830,000	2,608,129,000	1,167,962,000	167,769,000	61,278,000
BRH / JUMI S.R.L. / AGV	03/31/2021	216,953,542	21,808,043	277,283,001	2,633,919	83,510,391	17,730,997	-
SERVICIOS MINEROS S.R.L UTE	03/31/2021	260,292,318	36,772,972	298,037,533	143,263,082	175,056,641	(980,818)	-
BRH / MAPAL S.A.C.I.A. / SIGMA S.A. UT								

**(b) As of December 31, 2020**

Name	Date	Issuer information				Revenues from contracts with customers	Net income /(loss) for the period	Other comprehensive income
		Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities			
Metrovías S.A.	12/31/2020	4,118,803,639	1,067,787,550	3,426,723,768	1,004,126,328	1,735,916,486	488,244,851	-
Benito Roggio e Hijos S.A. (Paraguay)	12/31/2020	4,101,408,782	3,538,131,358	2,930,770,588	1,141,589,758	5,348,546,755	323,630,137	208,826,464
Aguas Cordobesas S.A.	12/31/2020	1,006,580,029	6,926,031,900	1,381,125,165	2,945,958,103	4,507,583,178	110,081,666	270,043,345
BRH / ROVELLA CARRANZA S.A. UTE	12/31/2020	17,597,904	19,647,946	28,515,874	101,104,890	256,199,548	149,930,264	-
BRH / BOETTO Y	12/31/2020	252,483,282	22,871,291	331,233,133	2,975,089	1,175,318,257	206,140,971	-
BUTTIGLIENGO S.A. UTE	12/31/2020	220,065,793	23,477,972	217,127,942	163,803,241	143,071,794	(62,973,977)	-
BRH / JUMI S.R.L. / AGV	12/31/2020	4,118,803,639	1,067,787,550	3,426,723,768	1,004,126,328	1,735,916,486	488,244,851	-
SERVICIOS MINEROS S.R.L UTE								
BRH / MAPAL S.A.C.I.A. / SIGMA S.A. UT								

**2.3. Accounting policies**

The accounting policies adopted by the Company have been described in Note 2 to the audited Consolidated Financial Statements for the year ended December 31, 2020.

Furthermore, Note 25 describes the accounting standards, amendments and interpretations that came into force for the year beginning on January 1, 2021.

**2.4. Estimates**

The preparation of these financial statements requires the use of estimates. It also requires the Company's management to exercise judgment in the process of applying accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates might differ from actual results. The Company's most critical estimates and judgments are discussed below.

**(a) Estimated impairment of goodwill**

Periodically, the Company conducts goodwill impairment tests, according to the accounting policy described in Note 2.7 to the audited Consolidated Financial Statements for the year ended December 31, 2020. The recoverable amounts of the cash generating units (CGU) have been determined by calculating the value-in-use. These calculations require the use of estimates.

**(b) Revenue recognition**

The Company uses the percentage of completion method based on the costs incurred (POC) to account for the construction and service contracts at a fixed price. The application of this method requires estimating the costs to be incurred and the services to be provided to date, to determine the actual services provided and actual costs incurred as a proportion of the total services to be provided and total costs to be incurred for each of the contracts.

**(c) Provisions for lawsuits and contingencies**

The Company's Management and its legal counsel evaluate contingent liabilities based on the elements of judgment available at the time of preparing these consolidated financial statements. In order to estimate their amounts, the likelihood of occurrence has been considered, among other conditions. If in evaluating the contingency there is a chance that losses could materialize and the amount may be estimated by reliable means, a provision must be recognized. If the potential loss is not probable, or if it is probable but its amount cannot be reliably



estimated, the nature of the contingent liability and an estimate of its probability of occurrence are disclosed in a note to the consolidated financial statements.

**(d) Revaluation of property, plant and equipment**

Property, plant and equipment of the Company classified under "Heavy machinery and equipment", "Heavy vehicles", "Transformers", "Buildings", "Land" and "Building improvements" captions, have been recorded at the value arising from the independent appraisal reports, which estimate a reasonable value of property through the identification of the fair value of the new units with similar features and considering the use and remaining useful life of those assets, as well as improvements therein, or through the use of valuation techniques based on location, existing buildings, condition and remaining useful life of the building, the possibility of access and benefits from potential improvements, among other factors.

**(e) Going concern**

These Financial Statements were prepared on a going concern basis. The going concern assessment is based on the expectations of current and potential business and requires management to make critical judgments about the future performance of its operations.

**3. Operating segment information**

The Company operates through four principal business segments: Waste Management, Construction, Transportation and Water Supply.

**3.1. Waste management**

The Company provides waste management services through Cliba Ingeniería Urbana S.A., Cliba Ingeniería Ambiental S.A. and Tecsán Ingeniería Ambiental S.A. ("Tecsán"), and in the companies or the joint ventures in which they participate directly and indirectly. Waste management services by operating in four major lines of business: (i) urban waste management; (ii) landfill; (iii) industrial services; and (iv) waste valorization.

**3.1.1. Urban Waste Management**

The following chart briefly summarizes the services provided in the main contracts in force:

City	Population served	Participation in each project (%)	Services (1)
Buenos Aires (Zone 2) .....	613,000	100%	A/B/C/D
San Isidro .....	292,000	100%	A/B/C/D
Neuquén .....	426,000	100%	A/B/D
Santa Fe (Zone 1) .....	292,000	100%	A/B/D

- (1) Services rendered:  
A — Collection  
B — Manual and mechanical street cleaning  
C — Street cleaning  
D — Other services

The Company has been rendering urban waste management services in the city of Buenos Aires since 1987. Currently, Cliba Ingeniería Urbana S.A. provides services in the so-called Zone 2 (Recoleta, Palermo, Belgrano, Colegiales and Nuñez neighborhoods) of the city of Buenos Aires, within the framework of the Public Bid No. 997/2013 for the provision of urban waste (wet stream) management services. The contract term is 10 years, as from October 1, 2014, with an option to renew it for a further 12 month-period, upon decision of the Government of the City of Buenos Aires.

The Company has been rendering urban waste management services in San Isidro since 1991. The Municipality of San Isidro called for bids for the provision of urban waste management services in the county of San Isidro through Public Bid No. 40/2019. Due to the restrictions imposed by the National Government to prevent the spread of the pandemic, the municipal authorities postponed the opening of the bid envelopes until September 30, 2020 and, after the assessment of the proposals, decided, through Decree No. 1556/2020 dated November 13, 2020, not to continue with the bidding process. Consequently, the Municipality of San Isidro extended again the current contract until June 30, 2021. The Company continues providing services regularly.

The Company has been rendering urban waste management services in the city of Neuquén since 2000. The contract currently in force was signed on November 16, 2015, in the framework of Public Bid No. 06/2015 for "Provision of Urban Cleaning Services", for an 8-year term, with an extension option for an additional year.

The contract for services for the City of Santa Fe (Zone 1), where the Company has been providing services since 1996, was extended until there is a call for bids. On October 29, 2019, the Company notified the City of Santa Fe of its intention to terminate the contract due to significant overdue payments owed by the City of Santa Fe. On September 1, 2020, the Company entered into an agreement with the Municipality of Santa Fe (endorsed and published by Decree No. 00180 of the Government Secretariat of the Municipality of Santa Fe) through which the latter undertook to pay all the monthly certifications until February 2020 for all concepts, corresponding to the services included in the comprehensive urban waste management system, pursuant to the bidding terms and conditions and all the Decrees that provided for additional services. Likewise, the Company committed to revoke its declaration of unilateral termination of the contract, retroactive to September 1, 2020, depending upon the effective receipt of the amounts subject to the agreement. As of the date of issuance of these financial statements, the Municipality of Santa Fe paid for the amounts owed, so the provision of services, billing and collection continues on a regular basis.

In addition, in the province of Neuquén, the Company provides urban waste management services in the towns of Centenario and, since July 1, 2020, San Patricio del Chañar, with an aggregate population served of approximately 75,000 people.

**3.1.2. Landfill**

Landfill operations covers a wide range of services, including civil works and construction of infrastructure for final disposal of household waste, disposal of waste through different mechanisms, treatment of leachate, transportation of waste and the composting of organic waste.

The Company currently operates, through UTE Norte III, the state-owned CEAMSE landfills located in the Norte III environmental complex under a one-service contract. The "Norte III D" module is currently in operation, while modules Norte III (2001), Norte IIIA (2005), Norte IIIB (2010), Norte IIIC (2014), Norte III B+C (2016) and Norte III "Unification of Modules A+B" (2017) have already been completed. As a consequence of the health emergency situation derived from the Covid-19 pandemic, there has been a decline in the amount of tons disposed of as compared to the same period of the previous year, although there is a recovery since August. Currently, approximately 386,000 tons of waste coming from the City of Buenos Aires and 27 districts from the Greater Buenos Aires area are disposed monthly on average. As of March 31, 2021 Norte III D module still has capacity to receive approximately 8.2 million cubic meters of waste.

In October 2014, a new leachate treatment plant became operative, with a treatment capacity of 2,000 m3 per day, which has been developed with membrane biological reactor (MBR) technology, thus providing a cutting-edge technology solution for the treatment of leachate generated in the Norte III landfill. In addition, the Company is currently reorganizing capacity increase works from current 1,350 to 2,350 cubic meters/day in other leachate treatment plant.

In addition:

i) Municipality of General Pueyrredón: Tecsan designed, built and is currently operating a landfill in the Municipality of General Pueyrredón. After successive temporary contract extensions to avoid the interruption of services, on October 1, 2018 CEAMSE took control of the landfill and requested Tecsan to continue the provision of services in the existent module and to develop the necessary infrastructure to increase waste disposal capacity. On July 27, 2020, as a result of the health emergency situation derived from the Covid-19 pandemic and the particular conditions in the provision of the service that have resulted in a slight improvement in the remaining capacity of the disposal module in operation, CEAMSE asked Tecsan to continue rendering services until the end of September 2020. Subsequently, on September 28, 2020, CEAMSE again requested Tecsan to extend the services until October 15, 2020, when Tecsan made the final delivery of the facility, upon expiration of the term of its agreement with CEAMSE; and

ii) On December 20, 2016 Tecsan entered into an agreement with the National Ministry of Environment and Sustainable Development for the "Construction of a Landfill in the Chanchillos Environmental Complex and Compost Facility, San Pedro Transfer Station and Clean-up of the Palpalá and El Pongo Open Dumpsites - Province of Jujuy – GRSU-LPI-O-1/2015". This work currently has a degree of completion of 80% approximately and its prompt completion is expected.

### **3.1.3. Industrial services**

Through its subsidiary Envairo S.A., the Company provides non-hazardous industrial waste collection and transportation services for large quantity generators in the City of Buenos Aires and the Province of Buenos Aires, with a specialized fleet for that activity, and through Taym S.A. it continues working on cleaning services in Uruguay.

In regard to the treatment and disposal plant for hazardous and special waste located near the City of Córdoba, it flooded as a result of the extraordinary weather conditions that took place in late March 2017, a fact that affected its operation.

### **3.1.4. Waste valorization**

Our waste valorization activities started with a greenhouse gases emission reduction project in 2007.

Later, in the framework of the National and International Public Bid ENARSA N° EE 001/2010, the Company was awarded a contract for energy supply by using biogas extracted from the Norte III C landfill. The project is carried out by our subsidiary Central Buen Ayre S.A., which has built and is currently operating an electric power station running on biogas, with a nominal capacity of 11.8 MW. Approximately 73,000 MW were generated and supplied to the electrical grid in the last twelve months. The contract will be in force until 2026.

UTE Norte III operates, under a contract signed with CEAMSE, a plant for the mechanical and biological treatment of urban solid waste for a 15-year period since October 2012. Approximately 347,000 tons of urban solid waste were treated during the last twelve months. This operation is estimated to continue for approximately 23 years, the maximum term permitted by contract.

Furthermore, the Company, through Ecoayres S.A., was granted the exclusive rights derived from the exploitation of biogas in the Norte III B module and its extension.

On December 4, 2015, the Government of the City of Buenos Aires, through the Environment and Public Space Ministry, pre-awarded Tecsan the National and International Public Bid No. 49-SIGAF/2015 for the Design, Construction, Operation and Maintenance of a plant for the mechanical and biological treatment of urban solid waste in the City of Buenos Aires (MBT Sur). This project will be executed by a joint venture between Tecsan, which holds a 75% interest, and Sorain Cechini Tecno España S.L., which holds a 25% stake. The contract term will be 10 years with the possibility of extending it for an additional 10-year period. At the date of these financial statements, the Government of the City of Buenos Aires has not yet informed neither the contract award date nor the date of commencement.

## **3.2. Construction**

### **3.2.1. Benito Roggio e Hijos S.A.**

Through its subsidiary BRH, a construction company which is positioned as one of Argentina's largest construction companies, the Company is engaged in a wide range of activities in the construction industry.

BRH develops different types of projects, such as road, railway and subway infrastructure, water treatment, ports, industrial facilities and architectural projects. BRH has completed important construction projects, such as the IBM corporate building in Buenos Aires; the Santiago International Airport, in Chile; the Piedras Moras Dam in the Province of Córdoba; the Mario Alberto Kempes Football Stadium in the City of Córdoba (formerly, Chateau Carreras Football Stadium); the Western Access in Buenos Aires; the Conrad Hilton Punta del Este Resort & Casino, in Punta del Este, Uruguay; the Pichi Picún Leufú Hydroelectric Dam in the province of Neuquén; the 9 de Julio Northern Highway in Buenos Aires; the extension of B and D Subway Lines in Buenos Aires City, with the addition of new stations; the Córdoba-Villa María and the Oliva- Ballesteros tranches of the Córdoba-Rosario highway and Sections I and II of National Road No. 76, in the Province of La Rioja, among others.

BRH performs works in diverse sectors of the construction industry throughout the country. The following are the most important construction works in progress:

- Repaving of National Roads Nos. 9 and 60, Province of Córdoba.

- Contract for road repair and maintenance No 308, comprising National Road No. 150, Parque Natural Provincial Ischigualasto and National Road No. 79 in the Provinces of La Rioja and San Juan.
- Paving of National Road No. 76, Quebrada Santo Domingo - Pircas Negras tranche, Province of La Rioja.
- Replacement of mechanical signals by colour light signals - San Martín, Belgrano Sur and Urquiza Railways - Province of Buenos Aires.
- Contract for road repair and maintenance No 303, comprising National Roads No. 38 and No. 74 in the Province of La Rioja.
- Duplication of Roadway in Provincial Roads No. 11 and No. 56 – Province of Buenos Aires.
- Vega Creek Second Emissary– City of Buenos Aires
- Implementation of Automatic Railroad Crossing Systems – Gral. Mitre and Sarmiento Railways (diesel traction) – Province of Buenos Aires.
- Construction of a weir on the Salado River and a water channel to connect with Canal de Dios – Province of Santiago del Estero.
- Lithium Carbonate Plant - Salar de Olaroz – Province of Jujuy
- Construction of Gran Tulum water channel – Province of San Juan.
- Salado river expansion - Province of Buenos Aires
- Construction of Villa María By-Pass Road - National Road No. 158 – Province de Córdoba

Further, through its branch in Brazil, BRH is currently performing roadworks in the Northern Region of Brazil, in the State of Pará, consisting of the construction of a 112 km- paved road which is part of Federal Road BR163, in the Campo Verde –Rurópolis tranche.

### **3.2.2. Haug S.A.**

Haug S.A. (“Haug”), a Peruvian company leading in the metal mechanical sector with over 70 years of experience, specializes in (i) engineering, construction and assembly of processing plants and production facilities for the mining, oil & gas, energy and manufacturing industries; (ii) metalmechanical manufactures such as storage tanks, pipelines and other metallic structures; and (iii) maintenance services for facilities and equipment in said industries.

Haug has also carried out activities in Chile, Argentina and Dominican Republic. Currently, Haug mainly provides services through its head office in Peru and Consorcio Andino Haug-ASB S.A. that develops a project for major maintenance, inspection, cleaning and certification of tanks in Chile.

### **3.2.3. Benito Roggio Panamá S.A.**

BRH holds a 100% ownership interest in Benito Roggio Panamá S.A., a company incorporated under the laws of Panama, which was awarded the Design and Construction project for road improvement along the Divisa-Chitré Highway, in the province of Herrera, Republic of Panama. This project included a 3-year maintenance period, and its completion took place in 2018. The company also performed works in Panama for the improvement of various tranches of road in the province of Herrera.

### **3.2.4. Sehos S.A.**

BRH holds a 95% equity interest in Sehos S.A., which provides preventive, corrective and operating maintenance services to hospitals and public buildings, and general architectural services, in particular, railway infrastructure services such as the refurbishment and renovation of railway stations, rail level crossing renewals, elevation of train platforms, delimitation of operating areas, among others.

### **3.2.5. Transportel Patagónica S.A.**

BRH holds a 45% equity interest in Transportel Patagónica S.A., whose purpose is to engage, on its own or third parties' account or in association with third parties, in any form or manner, in the construction, operation and maintenance of electric power lines, transformer stations and associated communication systems.

On July 7, 2015, Transportel Patagónica S.A. and the Committee for the Administration of the Trust Fund for the Federal Electric Power Distribution (CAF) entered into a contract for the construction, operation and maintenance (COM) of the enlargement of the 500/132 kW La Rioja Sur Transformer Station and Complementary Works”, under National Public Bid 11/2014. The works include the modification, by opening, of the 132 kW Recreo – La Rioja I and II power lines, the enlargement of the 500/132 kW La Rioja Sur Transformer Station, the enlargement of the San Martín 132 kW Marshalling Yard and the modification, by opening, of the 132 kW Recreo – La Rioja double-circuit transmission line in the surroundings of the marshalling yard. This work will be executed in two stages: a) Construction and b) Operation and Maintenance, which will be in charge of Transener S.A., which operates the national high-voltage transmission network.

In December 2020, works corresponding to the last commissioning stage, which had been delayed by the mandatory preventive social isolation measures, were completed. At the date of these financial statements, minor fine-tuning works are being carried out in order to obtain commercial authorization.

### **3.2.6. Benito Roggio e Hijos S.A. de Paraguay**

BRH holds a 80% interest in a corporation in Paraguay called Benito Roggio e Hijos S.A. (“Benito Roggio Paraguay”), through which the Company have developed construction projects in that country since 1974.

In addition, due to their connection with the construction business, this segment, formerly named “Construction and toll road concessions”, includes different road concessions in which the Company participated, which are briefly described below:

### **3.2.7. CV1 - Concesionaria Vial S.A.**

CV1 - Concesionaria Vial S.A. (“CV1”) was engaged in the construction, improvement, reparation, preservation, extension, remodeling, maintenance, administration and management of National Corridor No. 1 through a toll road concession, for an initial term of 6 years since April 22, 2010, when takeover of the corridor took place. After successive extensions on July 31, 2018, CV1 and the National Road Authority (*Dirección Nacional de Vialidad*, “DNV”) signed the Act of Acceptance of the National Corridor No. 1. Consequently, the new concessionaires took control of the corridor. However, according to the works plan set forth by DNV, CV1 will continue with the works agreed before the end of the concession contract. At the date of these financial statements most works have started, while another work is still awaiting definitions by the DNV.

On another note, in July and August 2016 CV1 was forbidden to dispose of real and personal property, within the framework of a legal action against the shareholders of the other business group that owns shares in CV1, a company in which said shareholders do not hold direct ownership interests. For this reason, CV1 filed appeals against this measure in various judicial instances, including an appeal before the Supreme Court of Justice of the Nation which was rejected in February 2019. It is worth mentioning that CV1’s operations have not

been affected by those measures.

### **3.2.8. Autovía del Mar S.A.**

BRH holds a 26.67% of interest in Autovía del Mar S.A., which was engaged in a toll road concession for the construction, improvement, repair, preservation, extension, remodeling, maintenance, administration and operation, for a 30-year term since July 1, 2011, of the Integrated Road System of the Atlantic, a network of roads providing access to many cities and seaside resorts on the Atlantic coast of the Province of Buenos Aires.

On November 8, 2016, Autovía del Mar S.A. entered into an agreement with the Ministry of Infrastructure for the Province of Buenos Aires, approved by the Province of Buenos Aires Executive Branch on November 25, 2016 through Decree 1495/16, which provided, among other things, that: (i) the Province of Buenos Aires assumed part of the rights and duties set forth in the concession contract, particularly those related to the management, operation and maintenance of the Atlantic Integrated Road System, including toll collection; (ii) capital expenditures undertaken by Autovía del Mar S.A. would be compensated in six instalments totaling Ps. 200 million, the last of which was paid in September 2019; (iii) Autovía del Mar S.A. would continue to execute certain road works for about Ps. 4,832 million, expressed in March 2016 prices, paid for directly by the Province of Buenos Aires; and (iv) the parties agreed to terminate any pending claims. As of December 1, 2016, Autopistas de Buenos Aires S.A., a state-owned company controlled by the Province of Buenos Aires, assumed the management, operation and maintenance of the Atlantic Integrated Road System.

### **3.2.9. Covisur S.A.**

Covisur S.A. (Covisur), a company in which BRH holds a 25% equity interest, was in charge of the toll road concession for the maintenance, improvement and operation of Provincial Road No. 2, in the Province of Buenos Aires.

On December 4, 2015 the Ministry of Infrastructure of the Province of Buenos Aires, Covisur and Autovía del Mar S.A. agreed to terminate, by mutual consent, the concession contract for the remaining tranche of Provincial Road No. 2, which also became part of the concession in charge of Autovía del Mar S.A. as from December 10, 2015. At the date of issuance of these financial statements, Covisur is in position to meet its obligations, to collect its receivables and to resolve any administrative or legal issue that may arise.

### **3.2.10. Toll Road Concession Agreement**

On October 31, 2003 Covicentro S.A., Covinorte S.A., Concanor S.A. and Red Vial Centro S.A., companies in which BRH holds a 53.77%, 38.47%, 38.46% y 57.00% equity interest, respectively, returned the assets related to their toll road concessions to the National Government, ending, on that date, the generation of income and any maintenance and exploitation duties under the concession. However, the concession grantor and those companies have not yet expressly agreed to the full termination of the concession contract, and there are still legal actions pending between the parties in connection with the final settlement of the concession contracts. The shareholders of the concessionaires severally guarantee any difference that may arise as a result of the termination process.

Based on the opinion of their legal counsel, the concessionaires believe that no further debts will be incurred in addition to those recognized by them.

In view of the current status of the negotiations, the Company management has decided to value at zero the interests held in Covinorte S.A., Red Vial Centro S.A., Concanor S.A. and Covicentro S.A.

### **3.2.11. Puentes del Litoral S.A.**

Puentes del Litoral S.A. ("PDL"), a company in which BRH holds a 20% equity interest, was awarded by the Argentine Federal Government a concession for the construction, conservation and maintenance of a road nearly 60 km long connecting the cities of Rosario in the Province of Santa Fe, and Victoria in the Province of Entre Ríos. The concession period was twenty five years, until September 13, 2023.

Upon release of Public Emergency Law No 25,561 in 2002, the economic and financial conditions of the concession were substantially altered due to the conversion of tolls into pesos, the removal of any indexation mechanism and the increase in operating and maintenance costs, among others, and a contractual renegotiation process started, which has been extended through successive laws.

On May 22, 2007, PDL commenced a reorganization procedure (*concurso preventivo de acreedores*). An agreement with creditors was approved on December 30, 2009 but it could only be partially fulfilled, due to PDL's weak financial condition.

In May 2014, PDL commenced legal proceedings against the Argentine Federal Government in order to declare the concession contract's termination under the exclusive fault of the grantor, and also requested damages deriving from the Argentine Government's refusal to restore the initial economic and financial equation of the concession. In addition, the meeting of shareholders of PDL held on June 30, 2014 resolved to dissolve and liquidate the company in line with Section 94, Subsection 5 of the General Companies Law 19,550, since, according to PDL's financial statements as of December 31, 2013, accumulated losses exceeded the amount of share capital plus reserves.

On August 29, 2014 the DNV notified PDL of the termination of the concession contract through Resolution AG No. 1994/14 and PDL surrendered the concession on September 1, 2014. PDL then challenged the DNV's resolution and filed a supplemental complaint in the legal proceeding that is being conducted for termination of contract.

At the date of issuance of these financial statements, the PDL liquidation process is still in progress and the legal action initiated by PDL against the Argentine Federal Government is currently in the evidence stage.

Since June 30, 2006, the investment in PDL is valued at zero.

### **3.2.12. Polledo S.A.I.C.y F.**

The Company holds a 46.18% interest in Polledo S.A.I.C. y F. which carries out its business activities through the investments it holds in other companies, primarily in Coviare S.A. ("Coviare"), in which it holds a minority interest.

Coviare was in charge of a concession for the construction, preservation and operation of the La Plata - Buenos Aires Highway, the Riverside Highway in the City of Buenos Aires and the new bridge over the Riachuelo River, in accordance with the Agreement for the Restatement of the Concession Contract signed with the then Secretary of Public Works and Communications of the Argentine Ministry of Economy and Public Works and Services on December 29, 1993, which was approved by the Ministry Resolution No. 538/94 and a decree issued by the National Executive Branch. The concession term was 22 years, since July 1, 1995.

As from the enactment of the Public Emergency Law No. 25,561 in 2002, the economic and financial conditions of the concession were substantially altered due to the conversion of dollar-denominated tolls into pesos and the removal of any indexation mechanism, among

others, and a contractual renegotiation process started, which has been extended through successive laws. Law No. 27,200 extended the term until December 31, 2017. In spite of negotiations, the parties have only entered into one amended agreement on October 9, 2009, that provided for fare increases and a new investment schedule, among others, and which was only partially fulfilled.

On February 5, 2013, the Province of Buenos Aires assumed the role of grantor of the concession contract, upon release of the Province of Buenos Aires Law No. 14,443 that approved the Transfer Agreement through which the Argentine Federal Government ceded the rights and duties under the concession contract to the Province of Buenos Aires. Since then, Coviare made several presentations to procure compliance by the Province with its contractual duties, as well as to renegotiate contractual terms and conditions affected by the Emergency Law.

Coviare did not receive any answer to its requirements and on July 12, 2013, through Provincial Decree No. 419/2013, the Province of Buenos Aires unilaterally terminated the Coviare concession contract. Consequently, Coviare made a presentation rejecting the termination, denied the alleged breach of contract that gave rise to the rescission, and requested that Provincial Decree No. 419/2013 was declared null and void and illegitimate, on the grounds that the Province of Buenos Aires had no power to resolve the rescission, that there were no good reasons, that the facts invoked were false and that there had been a violation of the essential and substantial procedures established by applicable laws, as well as a violation of the purpose of the Transfer Agreement. Coviare denied on good grounds the alleged breach of contract invoked in the whereas clauses of Decree 419/2013, as well as the allegations of abandonment of the operation, maintenance, preservation, execution of works and failure to provide users with the essential services. Coviare also reserved its rights and causes of action against the Province of Buenos Aires and the Argentine Federal Government in connection with the termination of the concession contract.

In December 2013, Coviare filed an action against the Province of Buenos Aires and the Argentine Federal Government before the Argentine Supreme Court of Justice, claiming the invalidity of the administrative act by which the contract was terminated as well as a compensation for damages. The damages claimed have been assigned as collateral to the trust acting as administrative agent under the Coviare's syndicated loan, so that the trustee must join the claim as a mandatory third party. Since August 2015 the case is established at the Contentious Administrative Federal Court No. 7.

On June 13, 2014, Coviare began its reorganization procedure (concurso preventivo de acreedores), under File No. 61006/2014 before the National Commercial Court No. 22, Secretariat No. 43. The credit-filing period for creditors ended on October 3, 2014. The DNV and the Province of Buenos Aires, among other creditors, submitted credits which included penalties and reserved their rights based on the fact that final liquidation of the concession had not occurred. Coviare rejected the credits submitted by those two entities on similar grounds as those of the legal claim for termination of concession and the inapplicability of fines. On April 7, 2015, through the opinion of the judicial trustee in the reorganization proceeding, the credits were endorsed in accordance with Section 36 of the Bankruptcy Law.

On another note, Decree No. 13/2015 amended the Ministries Act, establishing that the issues relating to concessions and licenses for public utility services and the determination of the applicable prices and rates shall be within the different ministries' sphere of competence. In this context, the DNV, now in the scope of the Ministry of Transport, began negotiations with Coviare to analyze the possibility of coming to an extrajudicial resolution. Coviare signed a letter of understanding with the DNV, in which it did not concede any facts and expressly reserved its rights to legal action and defenses. As a result of these negotiations, the judge in charge of the reorganization procedures ordered an extension of the exclusivity period until June 30, 2018 and suspended all procedural deadlines in the judicial actions begun by Coviare against the Argentine Federal Government and the Province of Buenos Aires until the committee releases its final report. The extension of the period was appealed by the Argentine tax authority (*Administración Federal de Ingresos Públicos*, "AFIP") and the National Court of Appeals ordered the lower court to continue with the applicable procedural acts. Coviare filed an extraordinary appeal with the Argentina's Supreme Court, which was rejected on August 2, 2018.

Polledo S.A.I.C. y F., as minority shareholder, has valued its equity interest in Coviare at zero since December 31, 2011, and is currently analyzing the possible economic, financial and legal implications of the contract rescission declared by Provincial Decree No. 419/2013.

### **3.3. Transportation**

The Transportation segment comprises passenger railway transportation services, both ground and underground, and related business.

#### **3.3.1. Benito Roggio Transporte S.A.**

Benito Roggio Transporte S.A. ("BRT") mainly provides advisory services to different local and regional railway operators and performs railway infrastructure works. Furthermore, BRT carries out the following activities through the companies in which it holds equity interests.

#### **3.3.2. Metrovías S.A.**

BRT holds a 90.66% equity interest in Metrovías S.A. ("Metrovías"), which provides ground and underground railway transportation services in the Metropolitan Area of the City of Buenos Aires. Metrovías was granted the operation and maintenance of the Buenos Aires subway system and the Premetro, through an operation and maintenance agreement entered into with the Government of the City of Buenos Aires, effective until the successful bidder for the National and International Public Bid No. 212/18 called for the concession of the service starts operations. The consortium integrated by Metrovías and BRT (the "Metrovias-BRT Consortium") was awarded the contract under the bidding process and, at the date of issuance of these financial statements, is conducting the formal steps required in the tendering process prior to execution of the concession contract. Additionally, Metrovías is the operator of the concession, granted by the Argentine Federal Government, for the exclusive management and development of the General Urquiza suburban railway ("Urquiza Railway"). Although the concession term originally expired on December 31, 2017, it has been extended until the winner of the international bidding process called through Decree No 423/2019 issued by the National Executive Branch on June 18, 2019 for the construction, operation and maintenance of the Urquiza and Belgrano Norte Railways takes possession of the service.

#### Background

On November 25, 1993, Metrovías entered into a concession contract with the Argentine Federal Government to manage the so called Group of Services 3, comprising the Buenos Aires Subway system and its complementary above-ground Premetro network and the Urquiza Railway, on an exclusive basis until December 31, 2017, with the option for the grantor to renew the concession for successive additional 10- year terms. The concession contract was approved and enacted through Decree No. 2608/93 dated December 22, 1993. This concession for the operation of public utilities also included the commercial exploitation of shops, retail spaces and advertising at stations, rail cars and real estate comprised by such concession.

The concession contract was later amended by means of an addendum approved by Decree No. 393/99 dated April 21, 1999, and its amended text was approved by the then Ministry of Economy and Public Works and Services and informed to Metrovías through Resolution No. 153/99, dated April 30, 1999, issued by the Secretariat of Transport. The addendum, that created a more ambitious investment schedule and a new fare schedule, was executed only in part due to the shortage of budget resources of the Argentine Federal Government and the delay in the approval of the planned fare increases. In addition, the renegotiation of the concession contract triggered by the Public Emergency Law 25,561 did not occur, despite the presentations made by Metrovías. Furthermore, within the framework of that emergency, Decree No. 2075/02 on Railway Emergency, issued on October 16, 2002, eventually declared a state of emergency in the railway and subway systems in the Metropolitan Area of the City of Buenos Aires.

Subsequently, the Argentine Federal Government took a number of emergency actions aimed at regulating the relations arising from the concession contract to ensure a continued service on a provisional basis until a comprehensive contractual renegotiation was held. Emergency measures included, among others, the suspension of the original investment plan and the payment of subsidies to Metrovías in compensation for the suspended fare increases as set forth in the concession contract.

At the end of 2011, the Argentine Federal Government publicly declared its intention to transfer control of the Buenos Aires subway system and the Premetro to the Government of the City of Buenos Aires. Accordingly, on January 3, 2012, the Argentine Federal Government entered into an agreement with the Government of the City of Buenos Aires, pursuant to which, effective January 1, 2012, the latter accepted to take control only over the Buenos Aires subway system and the Premetro and become the sole legal authority to set tariffs for those services, and the Argentine Federal Government committed to pay an annual sum in twelve monthly instalments as its only contribution to afford the payment of subsidies.

The differences between the Argentine Federal Government and the Government of the City of Buenos Aires regarding the interpretation of the terms and conditions of the agreement prevented performance thereof within the terms set therein, for reasons beyond Metrovías' control. Throughout 2012, Metrovías filed many requests and made several claims to the signatories to such agreement, alleging that its vested rights had been affected by this situation, which worsened the already deteriorated economic and financial equation even further.

#### Operation and Maintenance Agreement of the Subway and Premetro in the City of Buenos Aires

On December 19, 2012, pursuant to Law No. 4,472, the Buenos Aires City Legislature resolved that: (i) the Government of the City of Buenos Aires would take control of the public passenger transportation service involving the subway and ground railway system operating exclusively in its jurisdiction, as well as of any new lines or expansions of existing lines as may be built in the future after January 1, 2013; (ii) such service involved a utility; (iii) such utility service was at the time in a state of emergency; (iv) the necessary legal instruments would be provided to operate such utility service; (v) Metrovías and/or its parent would be convened to enter into an agreement to be awarded a contract, on a direct basis, for the provisional operation of the service for an initial maximum term of two (2) years, extendable for one additional year based on the duration of the emergency declared; and (vi) the Government of the City of Buenos Aires would create a fund to finance maintenance and investments.

During the first quarter of 2013 and until the execution of an operation and maintenance agreement, Metrovías continued rendering services taking as parameters the terms of the concession contract entered into with the Argentine Federal Government, as provided for by Law No. 4,472.

On April 5, 2013, Metrovías and SBASE executed an operation and maintenance agreement (the "AOM", for its Spanish acronym) whereby, within the terms of Law No 4,472, SBASE awarded to Metrovías, on an exclusive basis, the operation and maintenance of the Subway and Premetro Public Service within the City of Buenos Aires, including Lines A, B, C, D, E, and H, and the Premetro, as well as those eventually added to the network during the term of the agreement; excluding the operation of any collateral services and the performance of works and investments. The initial term of the AOM was two years from the date of execution, and it could be extended by SBASE provided, however, that the aggregate duration of the AOM did not exceed the effective term of emergency declared by Law No. 4,472, which was initially set for two years, extendable for one additional year. Law No. 4,790 later provided that the emergency period would last four years as of December 2012, keeping the Executive Branch the power to extend such period for another additional year, which was subsequently confirmed and supplemented through Decree No. 127/16 of February 1, 2016.

In view of the amendment introduced by Law 4,790 to the emergency period and the Decree 127/16 above mentioned, an addendum to the AOM was executed on February 26, 2016, whose main amendments in terms of management were: (i) the extension of the AOM until December 31, 2017, (ii) the readjustment of the baseline cost structure at January 2016 prices by using price indexes that faithfully reflect price variations occurred in the preceding periods, and (iii) the consideration of seasonality for the calculation of the monthly subsidy.

Afterwards, the Legislature of the City of Buenos Aires, in the ordinary session of November 2, 2017, passed Law N° 5,885, enacted by Decree N° 469/17, extending the emergency period established in section 6 of Law 4,472 until December 31, 2018 and authorizing SBASE to extend the term of the AOM until the successful bidder for the competitive bidding process for the concession of the service, called pursuant to Article 1 of Law N° 5,885, started operations or until December 31, 2018, whichever occurred first. Consequently, on December 28, 2017 Metrovías and SBASE entered into the second addendum to the AOM that extended its term until December 31, 2018, among other amendments in terms of management.

Meanwhile, the Invitation for Tenders for the National and International Public Bid No. 212/18 was published in the Official Gazette on February 20, 2018, at the request of SBASE, regarding the concession for the operation and maintenance of the Subway and Premetro Network in the City of Buenos Aires, for a term of 12 (twelve) years, renewable for a further 3 (three) years.

The Legislature of the City of Buenos Aires, in the ordinary session of December 6, 2018, passed Law N° 6,102, enacted by Decree N° 444/18, that modified Law N° 5,885 extending the term of the AOM until the successful bidder for the competitive bidding process called for the concession of the service started operations or until December 31, 2019, whichever occurred first. Consequently, on December 28, 2018 Metrovías and SBASE entered into the third addendum to the AOM that extended its term, among other amendments in terms of management.

Finally, on December 27, 2019, SBASE through Resolution N° 3360/19 and for reasons of pressing need, extended the term of the AOM until the successful bidder for the competitive bidding process called for the concession of the service starts operations. Consequently, on December 27, 2019 Metrovías and SBASE entered into the fourth addendum to the AOM, whose main amendments in terms of management were: (1) the extension of the AOM until the successful bidder for the competitive bidding process called for the concession of the service starts operations and, (2) the commitment of Metrovías to cooperate during the transition period.

Regarding the bidding process, on December 29, 2020, through Resolution No. 3382/20, SBASE awarded the contract under the National and International Public Bid No. 212/18 - Concession for the Operation and Maintenance of the Subway and Premetro Public Service in the Autonomous City of Buenos Aires to the Consortium Metrovías-BRT, which. At the date of issuance of these financial statements, the

Metrovias-BRT Consortium is conducting the formal steps required in the tendering process prior to execution of the concession contract. In this context, on March 4, 2021 SBASE notified the Company of the approval of the draft of the articles of incorporation and the bylaws of the new concessionaire. As of the date of issuance of these financial statements, said company is in the process of incorporation with the Office of Corporations.

On another note, in respect of the operator remuneration, according to the AOM, Metrovías receives: (i) the fare paid by the user (Ps. 19.00 since April 9, 2019 to November 24, 2020, Ps. 21.00 since November 25, 2020 to March 18, 2021, Ps. 25.50 since March 19, 2021 to April 17, 2021 and Ps. 30.00 since April 18, 2021 in every case for contactless cards with discounts as from the 21st day trip and having been discontinued the option to pay in cash), (ii) fees for the charge of travel cards; and (iii) government subsidies in compensation for operating costs that revenues from fares cannot meet. Upon the Ministry of Transport Resolution 77-E/2018, effective February 1, 2018 the Subway fare is included in the Integrated Ticket System applicable in the Buenos Aires metropolitan area, which offers different discounts for passengers using different means of transport over a given time period.

Subsidies are adjusted whenever either party claims an increase or decrease above 7% in operating costs measured based on a baseline cost structure including price indexes representative of such costs, according to the AOM. Any request for cost adjustment submitted by Metrovías must be approved or rejected by SBASE within a 30-business day term. Subsidies must also be adjusted, upon approval by SBASE, if new tasks and activities are required in order to meet the operation and maintenance commitments or in case of changes in the conditions of the baseline cost structure. As of the date of this financial statements, subsidies related to the operation of the Subway and Premetro in the amount of Ps.231.4 million for 2019, 2020 and 2021 are pending payment.

Subsidies received by Metrovías in compensation for cost increases are not recorded as revenues but are deducted from cost of providing services, administrative expenses and selling expenses and other operating expenses, under the "Adjustment due to higher costs" caption.

Notwithstanding the terms agreed upon, Metrovías expressed in the AOM its reservation of rights in relation to the fact that the execution of the AOM did not purport a waiver or acknowledgment in favor of the Argentine Federal Government regarding the rights acquired by the company through the original concession contract and its related addendum.

Law No. 4,472 expressly excluded the operation of any other collateral services by Metrovías in the Buenos Aires subway system and the Premetro, except for the fees for the recharge of trip cards and/or other devices, which remained as part of the operator's compensation. Despite having claimed the reservation of its rights over such items in various notes and filings before the SBASE, Metrovías discontinued revenue recognition for these services since the fiscal year ended December 31, 2013.

#### Urquiza Railway Concession

Without prejudice of the situation regarding the SBA and Premetro, Metrovías continues operating the Urquiza Railway under the concession agreement executed in 1993. As the contract allowed for a 10-year extension, Metrovías reiterated the petition for extension which had already submitted to the Renegotiation Commission created under National Executive Branch Decree No. 367/16, within the framework of the renegotiation of the concession contract that was being conducted since January 2002. Although the renegotiation of the concession contract had not concluded, on December 18, 2017 the Ministry of Transport passed Resolution 1325-E/2017 whereby: (i) The petition for contract extension submitted by Metrovías was rejected; (ii) the Transport Secretariat and the Transport Planning Secretariat were instructed to establish, jointly with the state-owned Railway Operator (*Operadora Ferroviaria Sociedad del Estado*, "SOFSE"), the Railway Infrastructure Administration and the National Commission for Transport Regulation (*Comisión Nacional de Regulación del Transporte*, "CNRT"), the terms and conditions for a call for bids for the so-called Group of Services No. 3, that includes the Urquiza Railway, which should be awarded within a maximum term of 18 (eighteen) months as from the date of that resolution; (iii) operation shall be automatically assigned to SOFSE if there was no awardee upon expiration of the term set in the preceding point; and (iv) Metrovías would continue providing services for the term stipulated in point (ii). On February 28, 2018, Metrovías challenged said resolution by filing with the Transport Ministry a Motion for Reconsideration and an administrative appeal in the alternative to be heard and disposed of.

On June 18, 2019, the National Executive Branch, through Decree No 423/2019, called a National and International Public Bid to award a concession for the construction, operation and maintenance of the Urquiza and Belgrano Norte Railways. On the same date, the Ministry of Transport passed Resolution 360/2019 whereby the term stipulated in the abovementioned Resolution 1325-E/2017 was extended until March 31, 2020 or until the winner of the bidding process took possession of the service, whichever occurred first.

On March 26, 2020, the Ministry of Transport passed Resolution 76/2020 whereby the term stipulated in the abovementioned Resolution 1325-E/2017 for the fulfillment of the all the steps required for the awarding of the concession was extended for another 18 months - renewable automatically for the same such period if the award of the bidding process is not made within the established time frame or until the winner of the bidding process takes possession of the service, whichever occurred first.

In addition, within the framework of Resolution No. 748/12 adopted by the then Ministry of the Interior and Transport (MlyT), the Joint Technical Committee on Follow-up and Redetermination of Costs of the Railway Passenger Transport Concessionaires for the Buenos Aires Metropolitan Area and the Unit for the Renegotiation and Analysis of Public Utility Contracts (UNIREN) completed the analysis of the cost structure required for the management of the Urquiza Railway (the "Operation Account"), which came into effect upon release of the MlyT Resolution 1604/14 dated December 16, 2014. Such resolution approved: (i) a new Operation Account effective July 1, 2014 and a new monthly subsidy; (ii) the gradual hiring of personnel and the new operating account to be considered when all the new employees have been hired; (iii) a "Levelling Plan" including "Works & Maintenance Tasks" and "Necessary Investment Works"; and (iv) the methodology for assessing the concessionaire's own rate, subsidy and/or compensation for operating costs, which allows to adjust the Operation Account whenever there is an increase of over 6% in any of the cost items other than personnel, the assessment of which will occur upon changes arising from collective wage bargaining and/or from the hiring of new employees. On May 10, 2018, the Ministry of Transportation through Resolution No. 404/18 approved a new methodology for redetermining the subsidy and/or adjustments to the Operation Account.

According to Resolution 36/21 issued by the Transport Management Secretariat ("SGT") on February 4, 2021, as of the date of issuance of the current financial statements, the monthly subsidy for the management of the Urquiza Railway amounts to Ps.211.2 million, effective as of October 2020, except for December 2020 when it reached Ps. 263.7 million due to the inclusion of 50% of the "13<sup>th</sup> month bonus" ("aguinaldo").

However, Metrovías filed several notes with the Argentine Federal Government requesting for certain pending restatements to the Operation Account due to (i) certain salary increases and increases above 6% in the other items that make up the Operation Account occurred between January 2015 and December 2017, (ii) certain one-time expenses, such as an extraordinary bonus for cooperation given by train drivers, training, year-end solidary bonus and early retirement compensations for drivers, as agreed with trade unions during 2016, (iii) extraordinary contributions granted to on-site employees from September 2020 to March 2021, as agreed in the bargaining

agreements with trade unions on May 28, 2020 and February 2, 2021, (iv) salary increases granted between February and April 2021, as agreed in the bargaining agreements with trade unions on November 6, 2020, and (v) salary increases, as agreed in the bargaining agreements with trade unions on January 20, 2021. At the date of these financial statements pending restatements totaled Ps. 390.0 million.

Subsidies received by Metrovías in compensation for cost increases are not recorded as revenues but are deducted from cost of providing services, administrative expenses and selling expenses and other operating expenses, under the "Adjustment due to higher costs" caption.

#### Other recognitions and / or claims

Without prejudice to the above indicated, Metrovías made several presentations both to the Argentine Federal Government and the Government of the City of Buenos Aires, including those arising from the compensation of higher operating costs incurred between 2008 and 2012 and for the payment of commissions on sales of tickets, which at the date of issuance of these financial statements had not been resolved yet. Therefore, all payments received are considered as preliminary and in advanced payments as envisaged by Law 25,561 and Buenos Aires Law 4,472.

Metrovías also filed other claims with the Argentine Federal Government and/or the Government of the City of Buenos Aires for the lack of recognition and/or nonpayment of outstanding obligations, over which Metrovías has rights under the provisions of both the concession contract and the AOM, in view of the reservation of rights made in the latter.

As mentioned above, the contractual term of the AOM will expire when the successful bidder for the competitive bidding process called for the concession of the service starts operations, while the concession contract to manage the Urquiza Railway will be in force for one or more 18-month periods or until the winner of the bidding process takes possession of the service, whichever occurs first. Although these factors generate uncertainty as to its ability to continue operating as a going concern, Metrovías has prepared its financial statements using accounting standards that are applicable to a going concern, which do not include the possible effects of the future adjustments or reclassifications, if any, that could be required if the situation described above was not resolved in favor of the continuity of operations of Metrovías.

#### **3.3.3. Agreements on operation of urban passenger railway services**

BRT holds a 95% interest in Corredores Ferroviarios S.A. ("COFESA"), which was engaged in the operation of the urban railway transport service for passengers of the Mitre and San Martín lines from February 2014 until March 2015. COFESA is making the administrative and legal procedures to settle the outstanding liabilities, formalize the transfer of the assets used in the operation, and the rights and obligations pending enforcement and/or settlement regarding the contracts being performed, as well as the works in progress, pending lawsuits and remuneration for management services pending collection. All this will be addressed during the process for computation and settlement of receivables and debts that will form part of the final rendering of accounts, in accordance with the provisions of the pertinent Agreements timely signed.

Through Metrovías, the Company holds a 50% interest in Unidad de Gestión Operativa Ferroviaria de Emergencia S.A. in Liquidation (UGOFE), as well as in Unidad de Gestión Operativa Mitre Sarmiento S.A. in Liquidation (UGOMS). UGOFE operated for account and by order of the Argentine Government the passenger railway services of the San Martín Line from January 2005 to February 2014, and of the General Roca and Belgrano Sur Lines from July 2007 to February 2014. UGOMS operated the passenger railway services of the Sarmiento Line from July 2012 to October 2013, and of the General Mitre Line from July 2012 to February 2014. UGOFE and UGOMS should agree upon with SOFSE the process for the settlement of outstanding liabilities, the formalization of the transfer of assets allocated to the transaction, and the rights and obligations pending exercise and/or settlement as regards the contracts being carried out, as well as regards works, pending lawsuits and compensation for management pending collection, all of which should be handled in the process for liquidation and settlement of receivables and debts that will be part of the final statements of accounts. For such purpose, UGOFE and UGOMS will formalize with SOFSE and the new operators the agreements necessary to determine the procedure to be followed in each case for an organized transfer, and thus comply with the acts resulting from the transition.

#### **3.3.4. Other activities related with Transportation**

On June 27, 2018, BRT, forming a joint venture (*unión transitoria* or UT, for its Spanish acronym) with Siemens Mobility S.A., was awarded the bidding called by SBASE for the improvement of the railway electrification system in Subway Lines C and D. Ownership interests in the joint venture are 63.78% and 36.22%, respectively. In accordance with the requirements set forth in the bidding documents, the term of the UT will expire two years after the final reception of works or when the duties and responsibilities assumed under the contract end, whichever occurs later.

BRT holds a 95% ownership interest in Benito Roggio Ferroindustrial S.A., ("BRF") which operates a railway maintenance and repair workshop located in Juárez Celman (Province of Córdoba) since February 2008, in a plant that was designed and fully constructed by the Company. BRF provides solutions for the rail industry by performing reconditioning and repair works on cargo railcars, passenger railcars (electric or towed), locomotives, bogies, and other pieces of rolling stock.

#### **3.4. Water supply**

BRH holds a 71.98% ownership interest in Aguas Cordobesas S.A. ("ACSA"), which is in charge of the supply, conservation, transportation, distribution and sale of potable water for household, commercial and industrial consumption in the city of Córdoba, Argentine.

The term of the concession, granted by the Province of Córdoba, is thirty years as from May 7, 1997. Management and technical operations are in charge of an operator, whom ACSA is required to maintain during the concession term, unless otherwise authorized in writing by the concession grantor. BRH is the operator of the concession since December 22, 2006.

The concession area falls within the municipal boundaries of the city of Córdoba. The concessionaire can carry out activities and works outside this area only for the purposes of securing the supply and transportation of potable water for the rendering of the service. In addition, the concessionaire must provide bulk water to certain cities outside the concession area in the same conditions as the Provincial Bureau of Water and Sanitation did.

#### Transfer of ownership

The Government of the Province of Córdoba informed ACSA of its decision to decentralize potable water supply services by transferring them to the respective municipalities, as permitted by Provincial Law N° 7,850, with the provision of Art. 2° section b) of Provincial Law



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No. 8,836, in accordance with Art. 75 of the Constitution of the Province of Córdoba. Within this framework, the Province of Córdoba agreed to transfer to the Municipality of Córdoba the ownership of the existing drinking water supply service within its jurisdiction and the contractual position the former held in the concession contract for drinking water supply services in the city of Córdoba.

On December 16, 2019, the "Agreement for the transfer of ownership of the Public Drinking Water Supply Services in the city of Córdoba - Assignment of the Concession Contract for the Public Supply Service (its addenda, appendices and annexes) approved by provincial laws No. 9,279, 9,339 and 9,340" was signed. The agreement would come into effect, in accordance with the provisions of its second clause, upon its approval by the provincial and municipal legislative bodies and the Boards of Directors of ACSA and the Public Utilities Regulatory Agency of the Province of Córdoba (*Ente Regulador de Servicios Públicos de la Provincia de Córdoba* or "ERSeP"). On December 30, 2019, Law No. 10,682 was published in the Official Gazette of the Province of Córdoba, through which the Province of Córdoba ratified the agreement. Said agreement was also ratified by Municipal Ordinance No. 13,022 / 2020, General Resolution ERSeP No. 1/2020 and the Extraordinary General Shareholders Meeting of ACSA held on January 29, 2020. On March 2, 2020 the Province of Córdoba and the Municipality of Córdoba executed the "Service Delivery Act - Agreement for the transfer of ownership of the Public Drinking Water Supply Services in the city of Córdoba - Law No. 10,682". The Municipality of Córdoba became the new owner of the concession as of that date.

### 3.5. Other activities

The Company also performs other commercial activities and provides services which, jointly with Clisa's own activities, are grouped under "Others and eliminations".

Through BRT and Metronec S.A., the Company holds a 100% interest in Prominente S.A., which provides IT services to corporations in different industries.

### 3.6. Segments Information as of March 31, 2021 and 2020

The segments are disclosed according to the internal information provided to the Board of Directors of Clisa, which is the main authority in operation making decisions. The operating segments have been determined based on information reviewed by the Board of Directors in order to allocate resources and evaluate its performance.

Described below are the main indicators of each of the segments mentioned above:

#### Segments Information as of March 31, 2021

Item	Construction	Transportation	Waste management	Water supply	Others and eliminations	Total
(In thousands of Pesos)						
Net sales to third parties	3,550,307.1	459,796.9	5,819,251.9	1,170,544.2	30,405.1	11,030,305.2
Inter-segment sales	17,893.7	7,388.5	-	-	(25,282.2)	-
Net sales	3,568,200.8	467,185.3	5,819,251.9	1,170,544.2	5,123.0	11,030,305.2
Operating income	(48,303.9)	183,646.5	548,713.4	95,622.7	(69,464.8)	710,213.9
Total assets	36,808,780.3	8,574,039.5	29,997,356.1	7,924,756.4	(5,717,880.1)	77,587,052.2
Total liabilities	18,728,311.1	5,447,941.4	18,745,997.7	4,217,272.2	28,413,360.7	75,552,883.1
Additions of property, plant and equipment	66,976.6	1,349.3	117,658.3	-	1,917.2	187,901.4
Depreciation of property, plant and equipment	(334,632.3)	(5,703.8)	(802,032.1)	(11,546.3)	(7,575.0)	(1,161,489.5)
Additions of intangible assets	-	50.0	-	63,324.0	-	63,374.0
Amortization of intangible assets	(2,720.5)	(27.2)	-	(186,544.4)	-	(189,292.1)
Investments in associates and joint arrangements accounted for under the equity method	416,784.4	16,401.0	-	-	4,474.9	437,660.3

#### Geographical breakdown of business segments as of March 31, 2021

	City of Buenos Aires and Greater Buenos Aires	Rest of the country	Abroad	Total
(In thousands of Pesos)				
<b>Construction</b>				
Revenues from contracts with customers	768,253.1	988,639.4	1,811,308.3	3,568,200.8
Total assets	8,887,060.9	14,494,266.9	13,427,452.5	36,808,780.3
Investments in associates and joint arrangements accounted for under the equity method	359,363.0	11,686.2	45,735.2	416,784.4
Additions of property, plant and equipment	3,040.3	10,284.3	53,652.0	66,976.6
<b>Transportation</b>				
Revenues from contracts with customers	464,055.2	3,130.1	-	467,185.3
Total assets	7,219,457.6	1,259,078.5	95,503.4	8,574,039.5
Investments in associates and joint arrangements accounted for under the equity method	151.1	-	16,249.9	16,401.0
Additions of property, plant and equipment	1,349.3	-	-	1,349.3
Additions of intangible assets	50.0	-	-	50.0
<b>Waste management</b>				

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Revenues from contracts with customers	4,784,947.1	548,523.8	485,781.0	5,819,251.9
Total assets	25,976,155.7	2,617,172.7	1,404,027.7	29,997,356.1
Additions of property, plant and equipment	105,182.6	9,190.8	3,284.9	117,658.3
<b>Water supply</b>				
Revenues from contracts with customers	-	1,170,544.2	-	1,170,544.2
Total assets	-	7,924,756.4	-	7,924,756.4
Additions of intangible assets	-	63,324.0	-	63,324.0

**Segments Information as of March 31, 2020**

Item	Construction	Transportation	Waste management	Water supply	Others and eliminations	Total
(In thousands of Pesos)						
Net sales to third parties	5,190,593.5	1,590,156.5	6,568,292.1	1,314,278.3	30,066.1	14,693,386.5
Inter-segment sales	15,775.0	911.2	-	-	(16,686.2)	-
Net sales	5,206,368.4	1,591,067.8	6,568,292.1	1,314,278.3	13,379.9	14,693,386.5
Operating income	63,231.4	395,562.4	972,216.1	94,884.7	(51,793.1)	1,474,101.5
Total assets	37,851,051.2	8,659,580.0	29,782,329.3	8,553,116.3	(6,589,976.2)	78,256,100.6
Total liabilities	20,389,196.1	6,564,932.2	18,516,062.5	4,643,985.5	26,006,550.0	76,120,726.3
Additions of property, plant and equipment	42,350.6	282.3	155,580.7	60.8	451.8	198,726.2
Depreciation of property, plant and equipment	(425,127.2)	(6,704.8)	(888,613.3)	(12,809.3)	(10,372.6)	(1,343,627.2)
Additions of intangible assets	-	-	-	151,719.3	-	151,719.3
Amortization of intangible assets	(2,971.8)	(561.2)	-	(153,409.1)	(522.8)	(157,464.9)
Investments in associates and joint arrangements accounted for under the equity method	407,695.1	17,412.3	-	-	6,129.8	431,237.2

**Geographical breakdown of business segments as of March 31, 2020**

	City of Buenos Aires and Greater Buenos Aires	Rest of the country	Abroad	Total
(In thousands of Pesos)				
<b>Construction</b>				
Revenues from contracts with customers	544,536.1	1,497,569.1	3,164,263.2	5,206,368.4
Total assets	5,545,173.1	16,780,822.8	15,525,055.3	37,851,051.2
Investments in associates and joint arrangements accounted for under the equity method	306,830.5	45,776.6	55,088.0	407,695.1
Additions of property, plant and equipment	150.9	6,309.4	35,890.3	42,350.6
<b>Transportation</b>				
Revenues from contracts with customers	1,591,067.8	-	-	1,591,067.8
Total assets	7,523,134.4	1,034,349.5	102,096.1	8,659,580.0
Investments in associates and joint arrangements accounted for under the equity method	214.0	-	17,198.3	17,412.3
Additions of property, plant and equipment	282.3	-	-	282.3
<b>Waste management</b>				
Revenues from contracts with customers	5,488,248.7	658,002.8	422,040.6	6,568,292.1
Total assets	26,392,035.3	2,324,377.4	1,065,916.6	29,782,329.3
Additions of property, plant and equipment	148,113.9	6,041.5	1,425.3	155,580.7
<b>Water supply</b>				
Revenues from contracts with customers	-	1,314,278.3	-	1,314,278.3
Total assets	-	8,553,116.3	-	8,553,116.3
Additions of property, plant and equipment	-	60.8	-	60.8
Additions of intangible assets	-	151,719.3	-	151,719.3

**4. Cost of providing services**

	<b>03/31/2021</b>	<b>03/31/2020</b>
	<b>In Pesos</b>	<b>In Pesos</b>
Freight	79,729,181	77,430,970
Subcontracts	1,264,447,244	1,429,943,301
Salaries, wages and social security contributions	5,153,261,264	6,459,244,182
Fees for professional services	94,633,740	86,890,360
Hardware and software services	241,144	15,637,800
Taxes, rates and contributions	131,733,769	144,710,397
Depreciation and amortization	1,113,432,935	1,255,669,121
Maintenance expenses	603,469,905	542,313,289
Rail car expenses	102,940,736	102,637,137
Travel expenses	149,682,334	354,240,696
Insurance	212,880,986	228,331,037
Water and electricity services	170,725,936	358,566,254
Telephone, internet and communications	11,910,931	14,225,267
Rental	454,834,310	746,490,788
Stationery and printed material	5,387,447	3,050,125
Adjustment due to higher costs	(3,003,692,039)	(2,959,198,567)
Materials and spare parts	1,477,129,608	1,550,349,092
Security and surveillance	20,726,406	19,094,718
Litigation, insurance claims and penalties	56,896,218	30,932,784
Sundry	171,255,061	165,181,985
<b>Total</b>	<b>8,271,627,116</b>	<b>10,625,740,736</b>

**5. Administrative expenses**

	<b>03/31/2021</b>	<b>03/31/2020</b>
	<b>In Pesos</b>	<b>In Pesos</b>
Subcontracts	79,866,552	134,144,456
Salaries, wages and social security contributions	1,209,684,749	1,272,152,792
Fees for professional services	225,334,298	259,370,846
Bid and proposal costs	668,577	723,615
Hardware and software services	13,220,445	20,231,985
Taxes, rates and contributions	227,491,537	246,445,014
Depreciation and amortization	86,281,378	94,755,487
Maintenance expenses	14,333,131	17,794,444
Travel expenses	6,179,896	23,952,716
Insurance	23,563,814	25,660,471
Water and electricity services	1,878,076	3,259,398
Telephone, internet and communications	34,442,784	24,570,674
Rental	17,270,101	14,474,697
Press and media	61,629,923	54,458,280
Stationery and printed material	13,004,533	22,600,208
Adjustment due to higher costs	(504,367,565)	(505,788,269)
Materials and spare parts	823,780	1,877,460
Security and surveillance	2,225,223	2,354,842
Litigation, insurance claims and penalties	6,260,831	478,032
Sundry	47,258,842	52,215,070
<b>Total</b>	<b>1,567,050,905</b>	<b>1,765,732,218</b>

**6. Selling and other operating expenses**

	<b>03/31/2021</b> <b>In Pesos</b>	<b>03/31/2020</b> <b>In Pesos</b>
Subcontracts	47,645,074	81,014,019
Salaries, wages and social security contributions	1,056,887,153	1,200,739,208
Fees for professional services	5,873,514	5,695,618
Taxes, rates and contributions	85,892,221	109,353,898
Depreciation and amortization	151,067,278	150,667,515
Maintenance expenses	57,940,819	48,145,298
Commissions and fee	5,215,630	23,043,892
Travel expenses	3,259,144	5,226,521
Insurance	37,423,952	42,926,189
Telephone, internet and communications	28,224,827	28,350,870
Rental	1,709,662	2,785,992
Press and media	3,262,417	4,699,924
Stationery and printed material	747,881	1,167,607
Adjustment due to higher costs	(1,028,833,460)	(1,030,908,891)
Materials and spare parts	8,337,000	11,778,516
Security and surveillance	1,159,977	1,473,446
Litigation, insurance claims and penalties	114,121,000	190,727,218
Sundry	7,522,180	6,468,490
<b>Total</b>	<b>587,456,269</b>	<b>883,355,330</b>

**7. Financial income and expenses**

<b>Financial income</b>	<b>03/31/2021</b> <b>In Pesos</b>	<b>03/31/2020</b> <b>In Pesos</b>
Interest generated by assets	128,437,678	284,879,643
Foreign currency exchange differences generated by assets	129,452,183	129,910,680
Foreign currency exchange differences generated by liabilities	928,641,055	-
Other financial results	11,252,055	312,408,257
<b>Total</b>	<b>1,197,782,971</b>	<b>727,198,580</b>

<b>Financial expenses</b>	<b>03/31/2021</b> <b>In Pesos</b>	<b>03/31/2020</b> <b>In Pesos</b>
Interest generated by liabilities	(1,077,731,438)	(1,305,567,223)
Foreign currency exchange differences generated by liabilities	-	(140,853,868)
Financial commissions	(3,818,152)	(16,288,233)
Loss due to the effect of inflation on net monetary position	(526,883,032)	(327,201,291)
Other financial expenses	(76,797,113)	(1,131,955,954)
<b>Total</b>	<b>(1,685,229,735)</b>	<b>(2,921,866,569)</b>

**8. Share of net income of associates and joint arrangements accounted for under the equity method**

	<b>03/31/2021</b> <b>In Pesos</b>	<b>03/31/2020</b> <b>In Pesos</b>
Covisur S.A.	(1,738,510)	(226,534)
Polledo S.A.I.C.y F.	4,547,303	516,044
Autovía del Mar S.A.	9,533,856	(2,128,890)
CV1 - Concesionaria Vial S.A.	47,140,208	(6,044,774)
Transportel Patagónica S.A.	(6,348,058)	(11,068,438)
Joint ventures	(3,444,704)	(3,915,257)
Sundry	(415,791)	(379,437)
<b>Total</b>	<b>49,274,304</b>	<b>(23,247,286)</b>

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**9. Earnings per share**

Earnings per share is calculated by dividing the result for the period attributable to the owners of the parent by the average number of ordinary shares outstanding during the period.

	03/31/2021 In Pesos	03/31/2020 In Pesos
Net loss for the period attributable to the owners of the parent	(138,467,870)	(1,244,927,756)
Weighted average common shares outstanding	96,677,524	96,677,524
Basic and diluted loss per share (Ps. per share)	(1.43)	(12.88)

**10. Property, plant and equipment**

Items	Original Values							Balances as of the end of the period
	Balances as of the beginning of the period	Additions	Deductions	Transfers	Currency translation differences	Adjustments for revaluation	Impairment (*)	
Heavy machinery and equipment	8,426,412,751	13,804,642	(12,066,431)	(19,204,026)	67,378,206	(211,327,693)	(449,546,860)	7,815,450,589
Vehicles	1,747,871,361	9,318,733	(13,680,681)	-	14,530,917	-	-	1,758,040,330
Furniture and fixtures and computer hardware	1,895,053,298	19,930,909	(9,629,845)	-	(20,827,705)	-	-	1,884,526,657
Equipment	89,976,723	-	-	-	-	-	-	89,976,723
Real estate	5,166,144,332	-	-	2,817,000	(69,038,249)	281,490,780	(42,708,012)	5,338,705,851
Building improvements	2,821,609,718	66,551,516	-	-	-	(329,130,185)	(2,262,411)	2,556,768,638
Minor equipment	4,894,530,035	63,793,261	(32,535,368)	-	(4,208,642)	-	-	4,921,579,286
Permanently installed equipment	1,724,820,309	6,807,367	(5,297,628)	-	1,950,368	-	-	1,728,280,416
Heavy vehicles	1,110,288,450	6,444,979	-	19,204,026	9,735,231	(52,602,903)	(46,520,245)	1,046,549,538
Water treatment plants	22,079,000	-	-	-	-	-	-	22,079,000
Transformers	45,316,845	-	-	-	-	(6,938,295)	(278,631)	38,099,919
Rail car improvements	594,252,724	-	-	-	-	-	-	594,252,724
Land	14,226,646,639	955,173	-	-	(103,822,817)	108,377,660	(285,258,705)	13,946,897,950
Construction in progress	7,996,145	294,821	-	(2,817,000)	(100,027)	-	-	5,373,939
Others	31,175,991	-	-	-	-	-	-	31,175,991
<b>Total as of 03/31/2021</b>	<b>42,804,174,321</b>	<b>187,901,401</b>	<b>(73,209,953)</b>	<b>-</b>	<b>(104,402,718)</b>	<b>(210,130,636)</b>	<b>(826,574,864)</b>	<b>41,777,757,551</b>
<b>Total as of 03/31/2020</b>	<b>42,012,374,680</b>	<b>198,726,204</b>	<b>(23,902,905)</b>	<b>-</b>	<b>(354,626,070)</b>	<b>74,662,157</b>	<b>(1,126,607,697)</b>	<b>40,780,626,369</b>

(\*) Recognized in Other Comprehensive Income.

Items	Accumulated depreciation					Balances as of the end of the period	Net carrying value as of 03/31/2021	Net carrying value as of 03/31/2020
	Balances as of the beginning of the period	Deductions	Amount for the period	Currency translation differences	Adjustments for revaluation			
Heavy machinery and equipment	-	671,155	(429,996,571)	(2,323,741)	431,649,157	-	7,815,450,589	9,371,842,088
Vehicles	(1,509,231,487)	10,907,293	(23,855,525)	(10,452,600)	-	(1,532,632,319)	225,408,011	281,138,226
Furniture and fixtures and computer hardware	(1,565,357,960)	4,957,378	(28,827,700)	12,428,509	-	(1,576,799,773)	307,726,884	384,586,470
Equipment	(89,976,723)	-	-	-	-	(89,976,723)	-	-
Real estate	-	-	(49,937,695)	(30,593)	49,968,288	-	5,338,705,851	5,464,339,666
Building improvements	-	-	(442,046,121)	-	442,046,121	-	2,556,768,638	3,900,880,086
Minor equipment	(3,934,078,189)	28,744,815	(74,074,111)	12,696,420	-	(3,966,711,065)	954,868,221	1,047,686,270
Permanently installed equipment	(1,573,524,311)	5,297,626	(13,024,410)	(373,228)	-	(1,581,624,323)	146,656,093	169,600,380
Heavy vehicles	-	-	(79,703,076)	(364,242)	80,067,318	-	1,046,549,538	1,152,834,684
Water treatment plants	(22,079,000)	-	-	-	-	(22,079,000)	-	1,654,617
Transformers	-	-	(20,024,259)	-	20,024,259	-	38,099,919	56,867,537
Rail car improvements	(594,252,724)	-	-	-	-	(594,252,724)	-	-
Land	-	-	-	-	-	-	13,946,897,950	9,819,986,919
Construction in progress	-	-	-	-	-	-	5,373,939	5,611,563
Others	(31,175,991)	-	-	-	-	(31,175,991)	-	-
<b>Total as of 03/31/2021</b>	<b>(9,319,676,385)</b>	<b>50,578,267</b>	<b>(1,161,489,468)</b>	<b>11,580,525</b>	<b>1,023,755,143</b>	<b>(9,395,251,918)</b>	<b>32,382,505,633</b>	
<b>Total as of 03/31/2020</b>	<b>(9,022,605,161)</b>	<b>13,315,728</b>	<b>(1,343,627,207)</b>	<b>62,102,316</b>	<b>1,167,216,461</b>	<b>(9,123,597,863)</b>		<b>31,657,028,506</b>

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A detail of leases included in Property, plant and equipment as of March 31, 2021 is disclosed below:

Leases included in:	Balances as of the beginning of the period	Balances as of the end of the period	Additions	Depreciation
Heavy machinery and equipment	32,728,378	3,966,630	-	(28,678,155)
Vehicles	10,422,834	8,790,478	-	(708,533)
Furniture and fixtures and computer hardware	8,242,736	2,390,773	-	(1,434,464)
Real estate	21,599,593	13,773,529	-	(7,580,668)
Minor equipment	3,549,281	2,661,961	-	(887,320)
Permanently installed equipment	60,307,191	58,526,323	4,826,749	(6,607,616)
Heavy vehicles	55,325,826	43,220,083	-	(9,220,971)
<b>Total</b>	<b>192,175,839</b>	<b>133,329,777</b>	<b>4,826,749</b>	<b>(55,117,727)</b>

Assets recorded under "Heavy machinery and equipment", "Heavy vehicles", "Transformers", "Buildings", "Land" and "Building improvements" are valued through the revaluation model described in IAS 16.

At the end of the current period, the Company's management revised the valuation of the assets described above, to determine variations between fair values and carrying values, in compliance with current regulations for those using fair value as primary measurement criteria. For this purpose, the Company obtained and approved valuations prepared by independent external experts. Fair values thus obtained led to a net decrease in the book value of revalued assets of Ps. 12,950,357, which was recorded in the statement of changes in equity, net of the effect of the deferred income tax.

The carrying values that would have been reported as of March 31, 2021 had the revaluation model not been applied are as follows:

	<b>03/31/2021</b>	<b>12/31/2020</b>
	<b>In Pesos</b>	<b>In Pesos</b>
Machinery and heavy equipment	1,976,403,057	3,495,042,556
Heavy vehicles	384,023,234	583,107,547
Transformers	1,230,847	6,518,877
Real estate	1,599,074,377	1,719,003,897
Land	961,329,216	1,616,758,179
Building improvements	2,120,411,624	3,002,967,812
<b>Total</b>	<b>7,042,472,355</b>	<b>10,423,398,868</b>

Total assets revalued comprise a single category under IFRS 13, for the purposes of determining their fair values. For this type of assets, there are no relevant observable data (Level 3), so their valuation was based on the economic value of the assets for the Company according to their use, due to the non-existence of an active, dynamic and representative market of assets in their present condition.

In the case of Heavy machinery and equipment, Heavy vehicles and Transformers, the valuation is made through independent appraisers which assess the fair value of the assets through the identification of the market value of new units of similar characteristics and considering the use and remaining useful life of the assets in question, as well as the improvements made to them.

In regard to Real Estate, Land and Building improvements, reports from independent appraisers - which applied valuation techniques based on the location, existent constructions, preservation conditions and remaining useful life of the buildings, possibility of access, the benefit of potential improvements made, among other factors were used.

The Company estimates that, if the rest of the factors remains constant, a 10% appreciation/depreciation of the US dollar against the Argentine peso at closing date would decrease/increase the book value of revalued assets in the amount of Ps.1,665.6 million before taxes. Likewise, a 10% increase in the consumer price index, the rest of the factors remaining constant, would result in a Ps. 653.3 million increase in the book value of revalued assets.

## 11. Goodwill

	<b>03/31/2021</b>	<b>03/31/2020</b>
	<b>In Pesos</b>	<b>In Pesos</b>
<b>Opening balances, net</b>	895,651,985	946,101,662
Effect of currency translation differences	(58,510,922)	(33,904,915)
<b>Closing balances, net</b>	<b>837,141,063</b>	<b>912,196,747</b>

To assess the recoverability of acquired goodwill, goodwill has been allocated to each acquired investment, since each of these companies is deemed to be a cash generating unit. The recoverable amount of each cash generating unit is determined based on the calculations of the value in use. These calculations use discounted cash flow projections based on financial budgets approved by management.

## 12. Intangible assets other than Goodwill

Items	Original values				Net carrying value as of 03/31/2021	Net carrying value as of 03/31/2020
	Balances as of the beginning of the period	Additions	Currency translation differences	Balances as of the end of the period		
Concession rights	11,992,249,711	63,324,007	-	12,055,573,718		
Software	330,583,723	50,029	(8,092,978)	322,540,774		
Other intangible assets	3,314,382	-	(221,942)	3,092,440		
<b>Total as of 03/31/2021</b>	<b>12,326,147,816</b>	<b>63,374,036</b>	<b>(8,314,920)</b>	<b>12,381,206,932</b>		
<b>Total as of 03/31/2020</b>	<b>11,868,005,320</b>	<b>151,719,329</b>	<b>(4,810,462)</b>	<b>12,014,914,187</b>		

Items	Accumulated amortization				Net carrying value as of 03/31/2021	Net carrying value as of 03/31/2020
	Balances as of the beginning of the period	Amount for the period	Currency translation differences	Balances as of the end of the period		
Concession rights	(7,404,741,989)	(186,501,351)	-	(7,591,243,340)	4,464,330,378	4,787,805,788
Software	(321,657,829)	(2,790,772)	7,955,041	(316,493,560)	6,047,214	19,839,069
Other intangible assets	(3,314,381)	-	221,941	(3,092,440)	-	-
<b>Total as of 03/31/2021</b>	<b>(7,729,714,199)</b>	<b>(189,292,123)</b>	<b>8,176,982</b>	<b>(7,910,829,340)</b>	<b>4,470,377,592</b>	
<b>Total as of 03/31/2020</b>	<b>(7,054,425,879)</b>	<b>(157,464,916)</b>	<b>4,621,465</b>	<b>(7,207,269,330)</b>		<b>4,807,644,857</b>

## 13. Investments in associates and joint arrangements accounted for under the equity method

Associates	Ownership percentage (1)	03/31/2021 In Pesos	12/31/2020 In Pesos
CV1 - Concesionaria Vial S.A. (2)	51.00%	116,761,896	67,444,642
Transportel Patagónica S.A. (3)	45.00%	11,586,238	17,934,296
Tranelpa S.A. de Inversión (4)	42.12%	583,163	658,873
Autovía del Mar S.A. (2)	26.67%	192,069,643	182,535,786
Concesionaria Do VLT Carioca S.A. (5)	0.25%	10,359,907	11,626,322
Concesionaria do Monotrilho da Linha 18 – Bronze S.A. (5)	1.00%	5,890,000	6,610,005
Covisur S.A. (2)	25.00%	50,900,573	52,639,083
Sundry	-	49,508,832	46,636,439
<b>Total</b>		<b>437,660,252</b>	<b>386,085,446</b>

- (1) It is the ownership percentage held by CLISA or the pertinent subsidiary of CLISA.  
(2) Toll Road concessions  
(3) Construction, operation and maintenance of electric power lines and transformer stations  
(4) Investment  
(5) Transportation

In applying the equity method, the Company used the financial statements of its associates as of March 31, 2021, except for CV1 - Concesionaria Vial S.A., for which financial statements as of January 31, 2021 were used since its fiscal year-end differs from that of Clisa. The pertinent adjustments were made on the financial statements to show the effects of the transactions and events, if significant, that took place between the dates referred to in the financial statements of this associate until March 31, 2021.

### (a) As of March 31, 2021

Associates	03/31/2021 In Pesos	Date	Issuer information					Revenues from contracts with customers	Net income (loss) for the period
			Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities			
Polledo S.A.I.C. y F. (1)	-	03/31/2021	225,797	11,168,452	3,476,958	97,845,435	-	-	9,847,096
CV1 - Concesionaria Vial S.A.	116,761,896	01/31/2021	405,121,174	44,774,897	172,637,474	66,361,065	156,579,838	54,783,551	
Transportel Patagónica S.A.	11,586,238	03/31/2021	12,903,152	86,457,958	73,613,915	-	-	4,087,080	
Tranelpa S.A. de Inversión	583,163	03/31/2021	3,379	1,423,542	42,393	-	-	(475,936)	
Autovía del Mar S.A.	192,069,643	03/31/2021	2,365,675,106	23,140,132	1,654,662,248	13,891,827	2,020,021,249	81,300,486	
Covisur S.A.	50,900,573	03/31/2021	228,365,456	9,194,741	16,989,665	16,968,239	20,829,767	(33,344,728)	
Concesionaria Do VLT Carioca S.A.	10,359,907								
Concesionaria do Monotrilho da Linha 18 – Bronze S.A.	5,890,000								
Sundry	49,508,832								
<b>Total</b>	<b>437,660,252</b>								

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**(b) As of December 31, 2020**

Associates	12/31/2020 In Pesos	Issuer information						Revenues from contracts with customers	Net income (loss) for the year
		Date	Current Assets	Non- Current Assets	Current Liabilities	Non-Current Liabilities			
Polledo S.A.I.C. y F.	-	12/31/2020	256,775	12,459,068	4,538,204	106,921,586	-	16,197,735	
CV1 - Concesionaria Vial S.A.	67,444,642	10/31/2020	302,682,359	54,881,562	146,316,656	79,002,868	-	(37,221,565)	
Transportel Patagónica S.A.	17,934,296	12/31/2020	27,758,100	90,994,083	78,898,194	-	-	(86,152,253)	
Tranelpa S.A. de Inversión	658,873	12/31/2020	3,816	1,608,344	47,884	-	-	(296,190)	
Autovía del Mar S.A.	182,535,786	12/31/2020	2,112,894,889	28,390,025	1,439,810,379	16,965,335	1,108,184,124	45,548,524	
Covisur S.A.	52,639,083	12/31/2020	237,585,339	10,599,397	18,943,071	18,685,332	9,352,591	(26,390,689)	
Concesionaria Do VLT Carioca S.A.	11,626,322								
Concesionaria do Monotrilho da Linha 18 – Bronze S.A.	6,610,005								
Sundry	46,636,439								
<b>Total</b>	<b>386,085,446</b>								

The following chart presents the evolution of investments in associates and joint arrangements accounted for under the equity method as of March 31, 2021 and 2020:

	03/31/2021 In Pesos	03/31/2020 In Pesos
<b>Opening balance</b>	386,085,446	458,563,755
Share of net income of associates and joint arrangements accounted for under the equity method	44,727,001	(23,763,330)
Others	6,847,805	(3,563,213)
<b>Closing balance</b>	<b>437,660,252</b>	<b>431,237,212</b>

**14. Other investments**

	03/31/2021 In Pesos	12/31/2020 In Pesos
<b>Current</b>		
Other financial investments	103,928,236	111,945,379
<b>Total</b>	<b>103,928,236</b>	<b>111,945,379</b>

**15. Cash and cash equivalents**

	03/31/2021 In Pesos	12/31/2020 In Pesos
Cash and banks	631,524,348	1,255,254,654
Investments equivalents to cash	2,051,206,747	2,552,105,308
Specific allocation funds	255,656,469	95,838,107
<b>Total</b>	<b>2,938,387,564</b>	<b>3,903,198,069</b>

**16. Bank and financial debts**

	03/31/2021 In Pesos	12/31/2020 In Pesos
<b>Non-Current</b>		
Loans	526,660,456	750,377,568
Leases (Note 17)	52,816,411	71,631,658
Corporate bonds	30,916,336,227	32,161,900,959
<b>Subtotal</b>	<b>31,495,813,094</b>	<b>32,983,910,185</b>
Self-liquidating debts	486,722,533	1,015,905,678
<b>Total</b>	<b>31,982,535,627</b>	<b>33,999,815,863</b>
<b>Current</b>		
Loans	2,749,647,116	2,956,419,271
Leases (Note 17)	103,445,028	186,414,391
Overdraft	133,978,787	107,838,566
Corporate bonds	1,849,275,762	950,255,137
Other bank and financial debts	300,762	483,430
<b>Subtotal</b>	<b>4,836,647,455</b>	<b>4,201,410,795</b>
Self-liquidating debts	5,816,339,072	5,901,433,031
<b>Total</b>	<b>10,652,986,527</b>	<b>10,102,843,826</b>



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<b>Bank and financial debts per kind of interest rate</b>	<b>03/31/2021 In Pesos</b>	<b>12/31/2020 In Pesos</b>
No rate applicable	4,407,000	7,732,358
Fixed rate	38,952,035,814	40,376,153,327
Variable rate	3,679,079,340	3,718,774,004
<b>Total</b>	<b>42,635,522,154</b>	<b>44,102,659,689</b>

<b>Bank and financial debts per currency</b>	<b>03/31/2021 In Pesos</b>	<b>12/31/2020 In Pesos</b>
In Pesos	6,808,118,971	7,573,860,806
In U.S.\$	33,478,018,174	33,857,597,417
In Nuevos Soles	247,364,759	329,761,439
In Chilean Pesos	267,656,570	261,887,883
In Euros	280,109,986	301,441,628
In Guaraníes	1,553,319,917	1,776,060,150
In Reales	933,777	2,050,366
<b>Total</b>	<b>42,635,522,154</b>	<b>44,102,659,689</b>

<b>Reconciliation of bank and financial debt</b>	<b>03/31/2021 In Pesos</b>	<b>03/31/2020 In Pesos</b>
Changes in debt according to the Consolidated Cash Flow Statement	(269,331,710)	1,602,684,801
Changes in debt due to accrual of interests, net of interest paid	(202,801,654)	(1,189,125,480)
Increase in debt due to changes in foreign exchange rate	(945,260,732)	(14,733,552)
Changes in debt due to the exchange of corporate bonds	-	105,130,468
Increase in debt due to purchases of property, plant and equipment by means of other leases	21,829	-
Currency translation differences	(49,765,268)	(11,413,152)
<b>Total</b>	<b>(1,467,137,535)</b>	<b>492,543,085</b>

Issuance of new Notes for up to U.S.\$ 300,000,000

On July 6, 2016, the CNV authorized the public offering of non-convertible notes in an aggregate principal amount of up to U.S. \$ 300,000,000, pursuant to Resolution No. 18,109 (the "Existing Notes").

On July 20, 2016, Clisa issued U.S.\$ 200,000,000 in aggregate principal amount of Existing Notes due 2023. The Existing Notes were offered to any person in Argentina and to qualified institutional buyers pursuant to Rule 144A under the U.S. Securities Act of 1933, as amended, and persons outside the United States of America in reliance on Regulation S of the U.S. Securities Act of 1933, as amended. Issue price was 98.753%. The Existing Notes accrue interest at a nominal annual rate of 9.5% payable semi-annually, will mature on July 20, 2023 and are guaranteed by BRH and Cliba Ingeniería Urbana S.A.

On February 10, 2017, Clisa issued U.S.\$ 100,000,000 in aggregate principal amount of Existing Notes, representing an additional issuance of the Clisa's Existing Notes. The issue price was 98.580%. The additional Existing Notes have identical terms and conditions as the Existing Notes, other than the issue date and issue price, and were consolidated and formed a single class and are fungible with the Existing Notes.

Clisa - Exchange Offer and Issuance of new Senior Notes

On December 13, 2019 Clisa announced (i) an offer to exchange any and all of the outstanding Existing Notes (the "Exchange Offer") for 9.5% Senior Secured Notes due 2023 (the "New Notes") to be issued by Clisa, pursuant to CNV's Resolution No. 20,596 dated December 6, 2019; and (ii) related consent solicitation according to which it solicited from holders of the Existing Notes consents to certain proposed amendments to the terms and conditions of the Existing Notes (the "Proposed Amendments").

On January 14, 2020 Clisa announced the final results of the Exchange Offer and reported that U.S.\$ 270,040,000 in aggregate principal amount of the Existing Notes, or approximately 90.01% of the outstanding Existing Notes, had been validly tendered for exchange pursuant to the Exchange Offer, with related consents delivered pursuant to the Consent Solicitation, and accepted by Clisa.

On January 17, 2020 holders of U.S.\$ 270,040,000 in aggregate principal amount of Existing Notes, that represented approximately 90.01% of the outstanding Existing Notes, approved the Proposed Amendments in an extraordinary meeting.

Also, on January 17, 2020 Clisa issued U.S.\$ 270,040,000 in aggregate principal amount of New Notes. Therefore, the outstanding principal amount of the Existing Notes after the Exchange is U.S.\$ 29,960,000.

The New Notes accrue interest at a nominal annual rate of 9.50% payable semi-annually in arrears, will mature on July 20, 2023 and are guaranteed by BRH and Cliba Ingeniería Urbana S.A. The New Notes are secured by a first priority share pledge (*prenda en primer grado de prelación y privilegio*) over 100% of the shares of Tecsan.

Pursuant to the terms and conditions of the New Notes, at the sole discretion of Clisa, up to 100% of the interest due for the interest periods ending on or prior to January 20, 2021, may be paid in kind, in which case (i) interest will accrue at a rate of 11.50% per year for the periods and for the portion of interest with regards to which the election is made by Clisa and (ii) Clisa shall issue to each holder of

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New Notes additional New Notes in a principal amount equal to the accrued interest on such holder's then outstanding New Notes and due on such interest payment date.

In this regard, Clisa exercised the option to pay in kind 100% of the interest due for the interest period ending on July 20, 2020 and on January 20, 2021 and, as a consequence, issued on that date additional New Notes in an aggregate principal amount of U.S.\$15,786,087 U.S.\$ 16,434,999, respectively, in accordance with the provisions of the Indenture. Therefore, as of the date of issuance of these financial statements, the outstanding principal amount of the New Notes after said issuances is US \$ 302,261,086.

**Benito Roggio Construcciones y Concesiones S.A.C. - Issuance of Senior Secured Notes**

On October 7, 2019, Benito Roggio Construcciones y Concesiones S.A.C. ("BRCC"), a subsidiary organized under the laws of the Republic of Peru, executed a private placement transaction that involves the issuance of up to U.S.\$ 27,000,000 aggregate principal amount of senior secured notes due October 2022, with a nominal annual interest rate of 9.5% payable quarterly (the "BRCC Notes"). The proceeds thereof are intended to be used to finance capital expenditures in the Company's waste management division and to repay certain financial obligations, including CLISA's Series 4 Notes.

On October 9, 2019 BRCC issued the first tranche of the BRCC Notes in the amount of U.S.\$ 12,900,000. Additionally, on January 14, 2020 BRCC issued the second tranche of the BRCC Notes in the amount of U.S.\$ 14,100,000- Therefore, BRCC issued Notes in an aggregate principal amount of US\$ 27,000,000. On April 25, 2021, BRCC repaid principal in the amount of US\$ 2,700,000. Thus, as of the date of issuance of these financial statements, the outstanding principal amount of the Notes is U.S.\$ 24,300,000

**17. Leases**

	<b>03/31/2021</b>	<b>12/31/2020</b>
	<b>In Pesos</b>	<b>In Pesos</b>
Nominal value – Minimum payments of leases		
Up to a year	128,228,338	215,876,690
From one to five years	97,539,048	134,154,824
<b>Total</b>	<b>225,767,386</b>	<b>350,031,514</b>
Financial charges to accrue	(69,505,947)	(91,985,465)
<b>Total debt for financial leases</b>	<b>156,261,439</b>	<b>258,046,049</b>

Present value of financial leases is the following:

	<b>03/31/2021</b>	<b>12/31/2020</b>
	<b>In Pesos</b>	<b>In Pesos</b>
Present value – Minimum payments of financial leases		
Up to a year	103,445,028	186,414,391
From one to five years	52,816,411	71,631,658
<b>Total</b>	<b>156,261,439</b>	<b>258,046,049</b>

**a) Amount of Leases recognized in the Consolidated Balance Sheet**

The total amount of leases recognized in the Consolidated Balance Sheet is disclosed in Note 10 – Property, plant and equipment

**b) Amount of Leases recognized in the Consolidated Statement of Income**

	<b>03/31/2021</b>	<b>03/31/2020</b>
	<b>In Pesos</b>	<b>In Pesos</b>
Depreciation	55,117,727	154,709,159
Interest generated by liabilities	11,739,126	19,453,978
Foreign currency exchange differences generated by liabilities	10,415,598	80,282,601
Expenses in connection with leases that do not involve the right to use an asset, disclosed in Cost of providing services	454,834,310	746,490,788
Expenses in connection with leases that do not involve the right to use an asset, disclosed in Administrative expenses	17,270,101	14,474,697
Expenses in connection with leases that do not involve the right to use an asset, disclosed in Selling and other operating expenses	1,709,662	2,785,992

**18. Allowances and provisions for contingencies**

**(a) For the period ended March 31, 2021**

Description	Balances as of the beginning of the period	Increases	Applications	Decreases	Loss due to the effect of inflation	Currency translation differences	Balances as of the end of the period
Allowance for doubtful accounts	766,971,574	79,058,209	(24,875,000)	(23,533,000)	(89,172,534)	663,868	709,113,117
Allowance for other receivables	242,831,889	901,124	-	(62,603)	(2,814,085)	(15,817,065)	225,039,260
Allowance for inventory obsolescence	718,080,771	-	-	(35,444,634)	(207,538)	-	682,428,599
Allowance for investment losses	603,523	-	-	-	(69,209)	-	534,314
Provisions for contingencies	1,481,576,479	200,119,746	(143,022,683)	-	(172,265,713)	-	1,366,407,829

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**(b) For the period ended March 31, 2020**

Description	Balances as of the beginning of the period	Increases	Applications	Decreases	Loss due to the effect of inflation	Currency translation differences	Balances as of the end of the period
Allowance for doubtful accounts	799,000,141	67,220,406	(30,953,320)	(7,473,373)	(58,549,704)	1,390,117	770,634,267
Allowance for other receivables	271,085,127	-	-	-	(2,239,043)	(32,070,950)	236,775,134
Allowance for inventory obsolescence	491,287,337	168,942,839	-	-	(178,264)	-	660,051,912
Allowance for investment losses	821,643	-	-	-	(59,447)	-	762,196
Provisions for contingencies	1,406,910,086	250,070,024	(84,668,563)	(22,012)	(106,319,398)	-	1,465,970,137

**19. Balances and transactions with related parties**

**(a) Balances with related parties**

Balances with related parties as of March 31, 2021 are as follow:

Companies	Non-Current Other receivables	Current Other receivables	Current Trade receivables	Non-Current Other liabilities	Current Other liabilities	Current Trade payables
<b>Associates</b>						
Autovía del Mar S.A.	-	154,115	233,307,706	-	300,157	21,009
Concanor S.A.	-	515,534	-	-	-	-
Concesionaria Monotrilho Linha 18	-	-	-	-	988,676	-
Consorcio Boleto Inteligente de Paraguay	-	1,172,104	-	-	-	-
Covares S.A.	-	-	15,869,308	-	-	-
Covicentro S.A.	-	412,427	-	-	-	-
Covimet S.A.	493,424	553,370	-	-	-	-
Covinorte S.A.	-	463,981	-	-	-	-
Covisur S.A.	-	-	470,475	-	19,170,660	-
CV 1 - Concesionaria Vial S.A.	-	-	11,510,056	1,788,730	43,932,266	-
Ferrometro S.A.	-	-	20,842,744	-	-	-
Polledo Do Brasil Concessões e Investimentos Ltda.	-	15,697,211	-	23,745,449	-	-
Polledo S.A.I.C. y F.	97,703,088	-	-	-	-	-
Puentes del Litoral S.A.	628,146	2,713,273	-	-	-	-
SOE S.A.	-	-	185,090	-	-	21,629
SOFÉ S.A.	-	1,727,089	-	-	-	-
Transportel Minera 2 S.A.	-	-	-	-	-	205,512
Transportel Patagónica S.A.	-	-	2,724,783	355,098	-	-
<b>Other related parties</b>						
CET S.A.	-	-	2,754,243	-	-	-
Roggio A.C.E.	-	617,321,289	-	-	-	-
BSA Empreendimentos Ltda.	-	34,947	-	-	-	-
Benito Roggio Paraguay – Joint ventures	-	-	274,288,951	-	-	89,216,584
Sundry	1,994,956	883,536	586,420	42,359	269,808	4,736
<b>TOTAL</b>	<b>100,819,614</b>	<b>641,648,876</b>	<b>562,539,776</b>	<b>25,931,636</b>	<b>64,661,567</b>	<b>89,469,470</b>

Balances with related parties as of December 31, 2020 are as follow:

Companies	Non-Current Other receivables	Current Other receivables	Current Trade receivables	Non-Current Other liabilities	Current Other liabilities	Current Trade payables
<b>Parent Company</b>						
Roggio S.A.	-	-	341,722	-	-	-
<b>Associates</b>						
Autovía del Mar S.A.	-	174,077	242,909,004	-	1,820,578	23,730
Concanor S.A.	-	582,311	-	-	-	-
Concesionaria Monotrilho Linha 18	-	-	-	-	1,242,388	-
Consorcio Boleto Inteligente de Paraguay	-	1,323,926	-	-	-	-
Covares S.A.	-	-	17,924,848	-	-	-
Covicentro S.A.	-	465,848	-	-	-	-
Covimet S.A.	557,337	625,048	-	-	-	-
Covinorte S.A.	-	524,080	-	-	-	-
Covisur S.A.	-	-	531,415	-	21,366,117	-
CV 1 - Concesionaria Vial S.A.	-	-	12,165,753	2,020,423	24,270,469	-
Ferrometro S.A.	-	-	23,542,490	-	-	-
Polledo Do Brasil Concessões e Investimentos Ltda.	-	17,438,834	-	26,933,415	-	-
Polledo S.A.I.C. y F.	106,921,586	-	-	-	-	-
Puentes del Litoral S.A.	709,509	3,064,721	-	-	-	-
SOE S.A.	-	-	307,606	-	-	24,431
SOFÉ S.A.	-	1,846,655	-	-	-	-
Transportel Minera 2 S.A.	-	-	-	-	-	232,132
Transportel Patagónica S.A.	-	-	2,695,200	401,094	-	-
<b>Other related parties</b>						
CET S.A.	-	-	3,066,377	-	-	-
Roggio A.C.E.	-	468,990,377	-	-	-	-
BSA Empreendimentos Ltda	-	208,737	-	-	-	-
Benito Roggio Paraguay – Joint ventures	-	-	210,479,508	-	-	78,695,530
Sundry	2,253,362	997,981	662,380	47,845	304,756	5,349
<b>TOTAL</b>	<b>110,441,794</b>	<b>496,242,595</b>	<b>514,626,303</b>	<b>29,402,777</b>	<b>49,004,308</b>	<b>78,981,172</b>

**(b) Transactions with related parties:**

	<b>03/31/2021</b>	<b>03/31/2020</b>
	<b>In Pesos</b>	<b>In Pesos</b>
<b>Services rendered</b>		
<b>Associates</b>		
Autovía del Mar S.A.	102,894,494	-
CV1 - Concesionaria Vial S.A.	46,952,920	2,363,058
Transportel Patagónica S.A.	283,814	865,441
<b>Other related parties</b>		
Benito Roggio Paraguay – Joint ventures	1,868,018	1,049,634
Sundry	814,922	823,689
<b>Total</b>	<b>152,814,168</b>	<b>5,101,822</b>
<b>Services contracted</b>		
<b>Other related parties</b>		
Benito Roggio Paraguay – Joint ventures	(5,405,862)	(611,821)
<b>Total</b>	<b>(5,405,862)</b>	<b>(611,821)</b>

**20. Additional information about the Condensed Interim Consolidated Cash Flow Statement**

Below are disclosed the significant investing and financing transactions not affecting cash or cash equivalents:

	<b>03/31/2021</b>	<b>03/31/2020</b>
	<b>In Pesos</b>	<b>In Pesos</b>
Acquisition of intangible assets financed with debt	4,700,000	-
Acquisition of property, plant and equipment financed with debt	102,015,381	96,631,636
Increase in Notes due to interest capitalization	1,480,725,043	-
Dividends declared but not yet paid	27,892,307	-
Distribution of dividends, compensated with receivables	-	13,372,265
Cancellation of leases (Right-of-use)	4,249,007	-

**21. Commitments, contingencies and restrictions on the distribution of profits**

**(a) Commitments**

Below is a detail of the guarantees provided as of March 31, 2021:

<b>Detail</b>	<b>Amount of debt guaranteed</b>	<b>Guarantor</b>
Surety bond in favor of Banco de la Provincia de Buenos Aires in guarantee of compliance with the obligations under a syndicated loan granted to Coviare (1)	65,698,594	BRH and Clisa
Surety bond for financial loan of Covimet S.A. (2)	117,760,000	BRH
	<u>183,458,594</u>	

(1) Amount of debt as of December 31, 2012 since the company has no updated information. This surety bond is enforceable only in case of termination of the concession contract due to a breach of contract by Coviare. As described in Note 3.2.12, Coviare rejected the termination of contract decided by the concession grantor and considers that there were no grounds for such a decision. Roggio S.A., the parent company of Clisa, entered into an agreement with Banco de la Provincia de Buenos Aires aimed at preventing the enforcement of this guarantee by such entity, which does not mean any recognition in connection with the judicial situation of Coviare.

(2) The beneficiary of the guarantee declared the termination of the agreement which set up such guarantee, retroactive to December 2012. The Company understands that it is not enforceable. On June 23, 2016 Covimet S.A. initiated its reorganization procedure. On November 8, 2017 Covimet S.A. was declared bankrupt, once the exclusivity period expired.

As part of the construction business, BRH grants performance bonds to guarantee satisfactory completion of own works and of those carried out jointly with third parties.

In guarantee of compliance with its obligations under the concession contract, Metrovias granted a performance bond under policy No. 754,335 issued by Fianzas y Créditos S.A. amounting to Ps. 30,000,000. The guarantee will be returned within one hundred and eighty days from the date on which Metrovias ceases to provide services.

In addition, as guarantee of compliance with the obligations under the AOM described in Note 3.3.2., Metrovias provided a performance bond, through policy No. 20,738 underwritten by Boston Compañía Argentina de Seguros S.A. for Ps.50,000,000. The guarantee will be returned, if applicable, within 180 days from the date on which the operator ceases to provide services.

The Company has taken on commitments with financial institutions to obtain lines of credit for its foreign subsidiaries.

In order to guarantee its obligations under the BRCC Notes disclosed in Note 16, the Company assigned in trust all rights to receive any excess proceeds coming from the foreclosure of certain assets. In addition, the BRCC Notes are irrevocably and unconditionally guaranteed by Clisa, BRH and Haug.

The Existing Notes and the New Notes, described in Note 16, are guaranteed by BRH and Cliba Ingeniería Urbana S.A.

As of March 31, 2021, Clisa and its subsidiaries were in compliance with the covenants under the terms and conditions of the New Notes and under the agreements governing other bank and financial debts, except for the "Net Debt to EBITDA" ratio that Haug is required to maintain in connection with the BRCC Notes. In this regard, on March 31, 2021 holders of the total outstanding amount of the BRCC Notes granted a waiver of this covenant.

Likewise, the channeling of the entire Cash Flows through the collection account has been verified, as these terms are defined in the trust agreement executed on October 5, 2019 in connection with the BRCC Notes.

**(b) Contingencies**

At the date of issuance of these Condensed Interim Consolidated Financial Statements, there have not been significant developments in the legal proceedings described in Note 28 (b) to the Consolidated Financial Statements for the year ended December 31, 2020.

**(c) Restrictions to the distribution of profits**

Pursuant to section 70 of the General Companies Law 19,550, companies must allocate 5% of the net income of each year to a statutory reserve until reaching 20% of their adjusted capital.

**22. Encumbered and restricted assets**

The table below provides a detail of the encumbered and restricted assets as of March 31, 2021:

Detail	Value of asset	Type of debt	Amount of debt	Type of encumbrance
Machinery and equipment	238,471,072	Commercial	205,995,158	Pledge
Machinery and equipment	55,604,000	Bank	280,129,986	Pledge
Machinery and equipment	2,661,961	Financial	16,432,706	Leasing
Machinery and heavy equipment	3,966,630	Financial	17,672,618	Right of use
Real estate	2,182,721,635	Bank	461,591,653	Mortgage
Real estate	6,514,752,293	-	-	Writs of attachment
Real estate	3,478,513,761	Financial	(*)	Assignment in trust
Real estate	13,773,529	Financial	14,104,385	Right of use
Vehicles	2,672,178	Bank	300,763	Pledge
Vehicles	8,790,474	Bank	9,516,640	Right of use
Heavy vehicles	43,220,083	Financial	42,781,646	Right of use
Permanently installed equipment	58,526,327	Financial	50,906,149	Right of use
Furniture and fixtures and computer hardware	2,390,773	Financial	4,847,295	Leasing
Certificates receivable	648,432,803	Bank	639,476,661	Pledge
Government bonds	275,890,719	Bank	255,402,511	Pledge
Guarantee deposits	73,000	Bank	73,000	Writs of attachment
Trade receivables	6,683,688,050	Bank	5,416,210,164	Assignment as security of collection rights
Banks	10,629,775	-	-	Writs of attachment
<b>Total</b>	<b>20,224,779,063</b>			

(\*) See Note 16 | Benito Roggio Construcciones y Concesiones S.A.C. - Issuance of Senior Secured Notes.

In order to guarantee its obligations under the BRCC Notes disclosed in Note 16, the Company assigned in trust all shares of the capital stock of BRCC and Haug and shares representing 80% of the capital stock of Benito Roggio Paraguay owned by BRH.

Likewise, the New Notes issued by Clisa on January 17, 2020, disclosed in Note 16, were secured through a first priority pledge over all shares of Tecsan.

Other current investments include mutual funds in the amount of Ps. 103,928,236 as of March 31, 2021 and fixed-term deposits in the amount of Ps. 111,945,379 as of December 31, 2020, which are restricted as they will be allocated to the payment of obligations derived from conclusive judgments against the Argentine Federal Government and/or UGOFE and/or UGOMS and/or COFESA.

## 23. Financial risk management

The Company's activities are exposed to variety of financial risks: market risk (including currency risk, fair value risk due to interest rate and price risk), credit risk and liquidity risk.

## 24. Fair value measurement of financial instruments

The following charts disclose, for the financial assets and liabilities recorded as of March 31, 2021 and December 31, 2020, the information required by IFRS 7, according to the categories established by IAS 39.

As of March 31, 2021	Financial assets measured at amortised cost	Financial assets measured at fair value through profit or loss
<i>(1) Assets as per Balance Sheet</i>		
Other receivables	2,133,262,667	-
Trade receivables	25,214,090,948	-
Other investments	-	103,928,236
Cash and cash equivalents	683,225,166	2,255,162,398
<b>Total</b>	<b>28,030,578,781</b>	<b>2,359,090,634</b>

As of March 31, 2021	Financial liabilities measured at amortized cost
<i>(2) Liabilities as per Balance Sheet</i>	
Bank and financial debts	42,635,522,154
Other liabilities	3,370,561,840
Trade payables	10,423,679,876
<b>Total</b>	<b>56,429,763,870</b>

As of December 31, 2020	Financial assets measured at amortised cost	Financial assets measured at fair value through profit or loss
<i>(1) Assets as per Balance Sheet</i>		
Other receivables	1,740,401,117	-
Trade receivables	26,398,456,757	-
Other investments	-	111,945,379
Cash and cash equivalents	1,310,206,856	2,592,991,213
<b>Total</b>	<b>29,449,064,730</b>	<b>2,704,936,592</b>

As of December 31, 2020	Financial liabilities measured at amortized cost
<i>(2) Liabilities as per Balance Sheet</i>	
Bank and financial debts	44,102,659,689
Other liabilities	3,306,616,778
Trade payables	10,659,345,180
<b>Total</b>	<b>58,068,621,647</b>

## Fair value hierarchy

According to IFRS 7 requirements, the Company classifies financial instruments recognized at fair value in the Balance Sheet into three levels, depending on the relevance of the judgment used for the fair value measurement.

Level 1 comprises financial assets and liabilities measured at fair value based on (unadjusted) quoted prices in active markets for identical assets and liabilities.

Level 2 includes financial assets and liabilities measured at fair value based on different premises of market prices included in Level 1, that are observable for assets or liabilities, either directly (for example, prices) or indirectly (for example, price derivatives).

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Level 3 includes financial instruments for which the premises used in the fair value estimation are not based on observable market information.

**Measurement at fair value as of March 31, 2021**

Description	Level 1
<b>Financial assets at fair value through profit or loss</b>	
Cash and cash equivalents	2,255,162,398
Investments	103,928,236
<b>Total Assets</b>	<b>2,359,090,634</b>

**Measurement at fair value as of December 31, 2020**

Description	Level 1
<b>Financial assets at fair value through profit or loss</b>	
Cash and cash equivalents	2,592,991,213
Investments	111,945,379
<b>Total Assets</b>	<b>2,704,936,592</b>

**(c) Fair value estimation**

The estimated fair value of financial instruments is based on quoted market prices between the parties involved, which differ from the prices set in a forced sale or settlement. To estimate the fair value of financial assets and liabilities falling due within one year, the Company applies the market price less any estimated credit adjustment. For other investments, the Company uses market prices.

As of March 31, 2021	Fair value of financial instruments
Other receivables	1,655,010,552
Trade receivables	22,114,970,416
Other investments	103,928,236
Cash and cash equivalents	2,938,387,564
Bank and financial debts	22,077,863,922
Other liabilities	2,330,707,552
Trade payables	8,947,992,624

As of December 31, 2020	Fair value of financial instruments
Other receivables	1,427,635,714
Trade receivables	22,827,398,069
Other investments	111,945,379
Cash and cash equivalents	3,903,198,069
Bank and financial debts	26,935,764,144
Other liabilities	2,232,280,591
Trade payables	9,099,020,581

**25. Changes in accounting standards**

a) Standards, amendments and interpretations that came into force as from the year commenced January 1, 2021:

Amendments to IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark – Phase 2": these amendments address issues that arise during the reform of the interest rate benchmark, including the replacement of one benchmark with an alternative one. The application of these amendments did not have impact on these consolidated financial statements.

b) Standards, amendments and interpretations which have not yet come into force for fiscal years beginning on or after January 1, 2021 and have not been early adopted.

Amendments to IFRS 16 "Leases" - Covid-19-related rent concessions: in response to requests from interested parties and because the Covid-19 pandemic is still at its height, the IASB has extended the availability of the practical expedient provided by IFRS 16 "Leases" by

one year to cover rent concessions that reduce only lease payments due on or before June 30, 2022. This amendment was issued in March 2021 and is effective for annual reporting periods beginning on or after April 1, 2021.

Amendment to IAS 1 - Presentation of Financial Statement regarding classification of liabilities: this amendment clarifies that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and should not be affected by entity's expectations or events after the reporting period. The amendment also makes clear the definition of settlement of liabilities. These amendments were issued in January 2020 and are effective for annual reporting periods beginning on or after January 1, 2022.

Amendment to IFRS 3 "Business Combinations": this amendment updates an outdated reference in IFRS 3 to the Conceptual Framework without significantly changing its accounting requirements. This amendment was issued in May 2020 and is effective for annual reporting periods beginning on or after January 1, 2022.

Amendment to IAS 16 "Property, Plant and Equipment": this amendment prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended. Instead, they will be recognized in profit or loss. This amendment was issued in May 2020 and is effective for annual reporting periods beginning on or after January 1, 2022.

Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets": this amendment specifies the costs a company should include when assessing whether a contract is onerous. This amendment was issued in May 2020 and is effective for annual reporting periods beginning on or after January 1, 2022.

Amendments to IAS 1 – "Presentation of Financial Statements": the objective of this amendment is to improve disclosure of accounting policies, by requesting entities to disclose their material accounting policies rather than their significant accounting policies. This amendment was issued in February 2021 and is effective for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted

Amendments to IAS 8 – "Accounting Policies, Changes in Accounting Estimates and Errors": the objective of this amendment is to help entities to distinguish between changes in accounting policies and changes in accounting estimates, since it will determine if they must be must be applied retrospectively or prospectively. This amendment was issued in February 2021 and is effective for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted

There are no other IFRS or IFRIC interpretations not yet in effect that are expected to have a material impact on the Condensed Interim Consolidated Financial Statements of Clisa.





**CLISA - Compañía Latinoamericana de  
Infraestructura & Servicios S.A.**

Legal address: Leandro N. Alem 1050, 9<sup>th</sup> Floor  
City of Buenos Aires

Consolidated Financial Statements for the years ended  
December 31, 2020 and 2019

## **CLISA - Compañía Latinoamericana de Infraestructura & Servicios S.A.**

### **Consolidated Financial Statements**

For the year commenced January 1, 2020 and ended December 31, 2020, presented in comparative format

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CONSOLIDATED RESULTS	Notes	For the years ended	
		12/31/2020 In Pesos	12/31/2019 In Pesos
Revenues from contracts with customers	3.6	42,623,368,170	65,897,859,064
Cost of providing services	4	(30,515,123,480)	(48,464,624,290)
<b>Gross profit</b>		<b>12,108,244,690</b>	<b>17,433,234,774</b>
Administrative expenses	5	(6,141,374,808)	(7,807,021,087)
Selling expenses and other operating expenses	6	(2,747,887,354)	(4,387,813,658)
Other operating income and expenses, net		334,248,334	305,765,882
<b>Operating Income</b>		<b>3,553,230,862</b>	<b>5,544,165,911</b>
Financial income	7	1,729,345,328	923,820,107
Financial expenses	7	(8,851,287,449)	(7,542,490,578)
Share of net income of associates and joint arrangements accounted for under the equity method	8	(53,850,496)	(253,174,729)
<b>(Loss) Income before income tax</b>		<b>(3,622,561,755)</b>	<b>(1,327,679,289)</b>
Income tax	26	(180,390,070)	(1,360,179,104)
<b>NET LOSS FOR THE YEAR</b>		<b>(3,802,951,825)</b>	<b>(2,687,858,393)</b>
<b>Net loss for the year attributable to:</b>			
- Owners of the parent		(4,024,027,034)	(3,326,991,969)
- Non-controlling interests		221,075,209	639,133,576
		<b>(3,802,951,825)</b>	<b>(2,687,858,393)</b>
<b>Basic and diluted loss per share attributable to the owners of the parent during the year</b> (stated in Ps. per share)	9	(41.62)	(34.41)

The accompanying notes are an integral part of these Consolidated Financial Statements.

OTHER CONSOLIDATED COMPREHENSIVE INCOME	For the years ended	
	12/31/2020 In Pesos	12/31/2019 In Pesos
<b>Net loss for the year</b>	<b>(3,802,951,825)</b>	<b>(2,687,858,393)</b>
<b>Other comprehensive income:</b>		
<b><i>Items that may be subsequently reclassified into profit or loss</i></b>		
Effect of foreign currency translation, net of income tax	(457,163,731)	37,360,251
Cash flow hedge, net of income tax	-	(86,264,076)
<b><i>Items that cannot be subsequently reclassified into profit or loss</i></b>		
Gains on revaluation of property plant and equipment in subsidiaries, net of income tax (*)	3,415,271,527	3,584,566,032
<b>Other comprehensive income for the year</b>	<b>2,958,107,796</b>	<b>3,535,662,207</b>
<b>Total comprehensive (loss) / gain for the year</b>	<b>(844,844,029)</b>	<b>847,803,814</b>
<b>Comprehensive (loss) / gain attributable to:</b>		
- Owners of the parent	(1,173,801,711)	97,172,824
- Non-controlling interests	328,957,682	750,630,990
	<b>(844,844,029)</b>	<b>847,803,814</b>

The accompanying notes are an integral part of these Consolidated Financial Statements.

<b>ASSETS</b>		<b>12/31/2020</b>	<b>12/31/2019</b>
	<b>Notes</b>	<b>In Pesos</b>	<b>In Pesos</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	29,644,647,325	29,206,652,498
Intangible assets	12	4,069,335,475	4,261,580,001
Goodwill	11	792,942,681	837,607,018
Investments in associates and joint arrangements accounted for under the equity method	13	341,810,920	405,977,746
Deferred tax assets	26	226,539,157	339,834,943
Other receivables	14	1,512,905,424	1,605,272,807
Trade receivables	15	1,300,910,670	782,596,966
<b>Total non-current Assets</b>		<b>37,889,091,652</b>	<b>37,439,521,979</b>
<b>CURRENT ASSETS</b>			
Contractual assets	24	529,811,146	1,234,363,362
Other receivables	14	4,885,542,634	4,355,939,698
Inventories	16	2,262,342,664	2,604,754,312
Trade receivables	15	22,070,290,894	20,169,621,166
Other investments	17	99,107,991	188,274,967
Cash and cash equivalents	18	3,455,597,032	4,536,192,947
<b>Total current Assets</b>		<b>33,302,692,361</b>	<b>33,089,146,452</b>
<b>Total Assets</b>		<b>71,191,784,013</b>	<b>70,528,668,431</b>
<b>EQUITY</b>			
Attributable to the owners of the parent		462,135,158	1,573,621,716
Non-controlling interests		1,618,767,320	1,829,224,915
<b>Total Equity</b>		<b>2,080,902,478</b>	<b>3,402,846,631</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Bank and financial debts	19	30,100,871,311	26,130,503,948
Provisions for contingencies	21	1,105,149,909	1,065,925,720
Contractual liabilities	24	47,378,363	69,404,518
Deferred tax liability	26	4,258,307,958	4,696,890,067
Other liabilities	22	4,319,567,869	4,000,671,108
Trade payables	23	673,869,296	603,024,601
<b>Total non-current Liabilities</b>		<b>40,505,144,706</b>	<b>36,566,419,962</b>
<b>CURRENT LIABILITIES</b>			
Bank and financial debts	19	8,944,295,555	9,674,095,793
Provisions for contingencies	21	206,525,976	179,646,304
Contractual liabilities	24	441,770,290	534,709,193
Other liabilities	22	10,250,034,445	10,382,621,193
Trade payables	23	8,763,110,563	9,788,329,355
<b>Total current Liabilities</b>		<b>28,605,736,829</b>	<b>30,559,401,838</b>
<b>Total Liabilities</b>		<b>69,110,881,535</b>	<b>67,125,821,800</b>
<b>Total Equity and Liabilities</b>		<b>71,191,784,013</b>	<b>70,528,668,431</b>

The accompanying notes are an integral part of these Consolidated Financial Statements.

Item	Attributable to owners of the parent							Total	Non-controlling interests	Total of equity
	Share capital	Capital Adjustment	Legal reserve	Effect of foreign currency translation	Cash flow hedge	Balances of revaluation in subsidiaries	Retained earnings / (Accumulated losses)			
<b>Balances as of January 1, 2019</b>	<b>96,677,524</b>	<b>4,875,456,110</b>	<b>12,111,199</b>	<b>2,058,068,059</b>	<b>86,264,076</b>	<b>6,525,649,609</b>	<b>(12,177,777,685)</b>	<b>1,476,448,892</b>	<b>1,725,044,144</b>	<b>3,201,493,036</b>
Net (loss) / income for the year							(3,326,991,969)	(3,326,991,969)	639,133,576	(2,687,858,393)
Other comprehensive (loss) / income				59,874,729	(86,264,076)	3,450,554,140	-	3,424,164,793	111,497,414	3,535,662,207
<b>Total Comprehensive (loss) / income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>59,874,729</b>	<b>(86,264,076)</b>	<b>3,450,554,140</b>	<b>(3,326,991,969)</b>	<b>97,172,824</b>	<b>750,630,990</b>	<b>847,803,814</b>
Reversal of revaluation in subsidiaries						(916,891,077)	916,891,077			
Absorption of Accumulated Losses (*)		(4,769,663,504)	(12,111,199)				4,781,774,703	-	-	-
<b>Transactions with shareholders</b>										
- Distribution of dividends in subsidiaries									(174,626,183)	(174,626,183)
- Contributions and withdrawals in joint ventures									(471,824,036)	(471,824,036)
<b>Total Transactions with shareholders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(646,450,219)</b>	<b>(646,450,219)</b>
<b>Balances as of December 31, 2019</b>	<b>96,677,524</b>	<b>105,792,606</b>	<b>-</b>	<b>2,117,942,788</b>	<b>-</b>	<b>9,059,312,672</b>	<b>(9,806,103,874)</b>	<b>1,573,621,716</b>	<b>1,829,224,915</b>	<b>3,402,846,631</b>
<b>Balances as of January 1, 2020</b>	<b>96,677,524</b>	<b>105,792,606</b>	<b>-</b>	<b>2,117,942,788</b>	<b>-</b>	<b>9,059,312,672</b>	<b>(9,806,103,874)</b>	<b>1,573,621,716</b>	<b>1,829,224,915</b>	<b>3,402,846,631</b>
Net (loss) / income for the year							(4,024,027,034)	(4,024,027,034)	221,075,209	(3,802,951,825)
Other comprehensive (loss) / income				(434,583,026)	-	3,284,808,349		2,850,225,323	107,882,473	2,958,107,796
<b>Total Comprehensive (loss) / income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(434,583,026)</b>	<b>-</b>	<b>3,284,808,349</b>	<b>(4,024,027,034)</b>	<b>(1,173,801,711)</b>	<b>328,957,682</b>	<b>(844,844,029)</b>
Reversal of revaluation in subsidiaries						(1,010,211,450)	1,010,211,450	-	-	-
Absorption of Accumulated Losses (**)		(70,852,781)	-				70,852,781	-	-	-
<b>Transactions with shareholders</b>										
- Distribution of dividends in subsidiaries									(244,106,205)	(244,106,205)
- Contributions and withdrawals in joint ventures									(232,993,919)	(232,993,919)
- Changes in ownership interests in subsidiaries				(4,946,634)	-	17,991,699	49,270,088	62,315,153	(62,315,153)	-
<b>Total transactions with shareholders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,946,634)</b>	<b>-</b>	<b>17,991,699</b>	<b>49,270,088</b>	<b>62,315,153</b>	<b>(539,415,277)</b>	<b>(477,100,124)</b>
<b>Balances as of December 31, 2020</b>	<b>96,677,524</b>	<b>34,939,825</b>	<b>-</b>	<b>1,678,413,128</b>	<b>-</b>	<b>11,351,901,270</b>	<b>(12,699,796,589)</b>	<b>462,135,158</b>	<b>1,618,767,320</b>	<b>2,080,902,478</b>

(\*) As resolved in the Extraordinary Shareholders Meeting N° 42, held on June 27, 2019.

(\*\*) As resolved in the Ordinary and Extraordinary Shareholders Meeting N° 44, held on April 30, 2020.

The accompanying notes are an integral part of these Consolidated Financial Statements.

	Notes	12/31/2020 Pesos	12/31/2019 Pesos
<b>Cash from operating activities</b>			
Net loss for the year		(3,802,951,825)	(2,687,858,393)
Adjustments for:			
Depreciation and amortization		5,054,911,125	5,562,261,238
Income tax		180,390,070	1,360,179,104
Gain from sales of property, plant and equipment		(91,756,692)	68,578,639
Share of net income of associates and joint arrangements accounted for under the equity method		53,850,496	253,174,729
Net carrying value of property, plant and equipment written off		-	26,333,317
Net carrying value of intangible assets written off		-	10,137,635
Other operating and financial income and expenses, net		2,466,824,820	1,903,004,062
Interest earned and expense, net		3,202,282,715	2,916,607,128
<b>Changes in operating assets and liabilities:</b>			
Increase in inventories		(4,152,836)	(372,812,517)
Increase in allowances and provisions for contingencies		955,770,113	818,207,091
Decrease in investments		(10,907,042)	(31,415,385)
Increase in operating receivables		(8,550,665,997)	(10,573,140,858)
Increase in operating liabilities		4,576,547,545	4,868,689,086
<b>Net cash flow provided by operations</b>		<b>4,030,142,492</b>	<b>4,121,944,876</b>
Payments and collection of interests, net		(5,010,199,733)	(5,925,832,776)
Payments of income tax		(374,525,682)	(776,931,820)
<b>Net cash flow used in operating activities</b>		<b>(1,354,582,923)</b>	<b>(2,580,819,720)</b>
<b>Cash from investing activities</b>			
Purchases of property, plant and equipment		(798,948,738)	(1,518,453,892)
Increases of intangible assets		(404,573,680)	(460,423,529)
Proceeds from sale of other investments		-	322,228
Proceeds from sale of property, plant and equipment		299,928,843	65,122,118
Dividends collected		-	14,048,315
<b>Net cash flow used in investing activities</b>		<b>(903,593,575)</b>	<b>(1,899,384,760)</b>
<b>Cash from financing activities</b>			
Changes in other receivables and other liabilities		(327,440,002)	536,756,860
Dividends paid to non-controlling interests in subsidiaries		(218,347,661)	(114,307,296)
Proceeds from increase in Corporate Bonds		1,136,322,249	1,101,353,271
Payments for amortization of Corporate Bonds		-	(1,444,053,533)
Payments of leases		(398,714,107)	(483,049,416)
Proceeds from self-liquidating debt		2,179,599,292	3,715,391,175
Proceeds from other bank and financial debts		7,150,140,911	6,749,932,250
Payments of other bank and financial debts		(7,479,033,396)	(5,496,270,637)
<b>Net cash flow provided by financing activities</b>		<b>2,042,527,286</b>	<b>4,565,752,674</b>
Subtotal		(215,649,212)	85,548,194
Effect of inflation in cash and cash equivalents		(875,205,773)	(1,099,041,141)
Effect of foreign currency translation and foreign currency exchange differences generated by cash and cash equivalents		10,259,070	38,002,074
<b>Decrease in cash, net</b>		<b>(1,080,595,915)</b>	<b>(975,490,873)</b>
Cash and cash equivalents as of the beginning of the year	18	4,536,192,947	5,511,683,820
<b>Cash and cash equivalents as of the end of the year</b>	<b>18</b>	<b>3,455,597,032</b>	<b>4,536,192,947</b>

Note 27 discloses the significant investing and financing activities that did not have an effect on cash or cash equivalents.

The accompanying notes are an integral part of these Consolidated Financial Statements.

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## 1. General information

CLISA - Compañía Latinoamericana de Infraestructura & Servicios S.A. (hereinafter "CLISA") runs its business operations through the equity interests it holds in Benito Roggio e Hijos S.A. ("BRH"), Benito Roggio Transporte S.A., Cliba Ingeniería Urbana S.A., Cliba Ingeniería Ambiental S.A. and Roggio Brasil Investimentos e Serviços Ltda, (jointly with CLISA, "the Company"). As detailed in Note 3, these subsidiaries engage mainly, through their operations and interests in other companies, in the following operating activities: construction, waste management, transportation and water supply services.

CLISA is a holding company whose Incorporation Agreement dated October 21, 1996 was registered before the Inspección General de Justicia ("IGJ") (Office of Corporations) on November 15, 1996 under registration No. 11,458 of Book 120, Volume A, of Corporations and its incorporation is valid until November 15, 2095.

The latest registered amendment to its Bylaws was approved by the Ordinary and Extraordinary Meeting of Shareholders No. 42 held on June 27, 2020, and registered before IGJ under No. 20715 of Book 97 of Corporations on October 9, 2020.

Roggio S.A. is the parent company of CLISA. Roggio S.A. is a holding company with legal address at Leandro N, Alem 1050, 9th floor, City of Buenos Aires and holds 97.44% of CLISA's capital stock and voting rights.

The following chart describes the share capital of CLISA:

Ordinary shares	Subscribed and paid (In Pesos)
Class "A" Ps. 1 – 5 Votes	96,677,524

The share capital status is as follows:

	12/31/2020	12/31/2019	12/31/2018
Share capital at the beginning of the year	96,677,524	96,677,524	96,677,524
Increase in share capital	-	-	-
Share capital at the end of the year	96,677,524	96,677,524	96,677,524

On May 15, 1997 Clisa was admitted to the corporate bonds Public Offering System by Resolution No. 11,735 of the National Securities Commission ("CNV").

### Economic environment in which the Company operates

These financial statements must be read in light of the economic environment in which the Company operates, whose main variables have recently been affected by a strong volatility, such as a drop in GDP, a significant increase in inflation and interest rates and a strong devaluation of the peso, together with higher restrictions on foreign exchange transactions imposed by the Argentine monetary authority. These measures, that aims to restrict the access to the Argentine Foreign Exchange Market in order to limit the demand of foreign currency, include the requirement of prior authorization from the Central Bank of Argentina for certain transactions, such as payments for import of services or repayments of financial debts. In this context, assets and liabilities denominated in foreign currency as of December 31, 2020 were valued at the exchange rates current in the Argentine Foreign Exchange Market.

In addition, in October 2020 the Argentine Government launched a set of measures aimed at the development of exports of goods and the promotion of the domestic market and the construction industry, through tax benefits for this industry.

Volatility and uncertainty continue at the date of these financial statements. Management closely monitors the changes in the variables affecting business to define possible actions to be taken as well as identify their potential impact on the Company's financial and equity position.

### Impact of Covid-19 on the Company's business operations

During this year, the Company developed its activities in the context of the Covid-19 outbreak, which was declared a global pandemic on March 11 by the World Health Organization. This pandemic continues generating various consequences on global and local business.

In Argentina, the National Government implemented a series of measures aimed at decreasing the population movement and provided for preventive and compulsory social isolation ("ASPO") since March 20, 2020, allowing the circulation only of those people related to the provision and / or production of essential services and products. The ASPO was successively extended, allowing for different levels of relaxation, according to the criteria adopted by the different provincial and municipal authorities until November 9, when the so-called "social, preventive and compulsory distancing" (DISPO") came into effect throughout the country, as long as certain epidemiological and sanitary parameters are met.

In relation to the waste management segment, the activities carried out in this segment have been declared essential. In this sense, the provision of services continues regularly, although at the beginning of the ASPO there were restraints in economic activities that affected the normal provision of services. Likewise, the Company implemented internal procedures to preserve the health of workers, their families, customers and suppliers. However, it is worth mentioning that Covid-19 has had a negative impact on some economic and financial variables of the subsidiaries in this segment of activity, resulting in lower efficiency in the management of operations, new costs associated with mitigating the effect of the pandemic, a certain slowdown in waste transport and disposal operations caused by the decline in economic activity, and a certain delay on the part of clients in the approval and payment of price adjustments in contracts.

In relation to the transport segment, that activity has also been considered essential by the national authorities and, for this reason, the provision of services must be guaranteed. In this sense, Metrovias has taken preventive actions and measures, giving priority to the health of workers and users. Additionally, the Company implemented measures aimed at a controlling the demand in stations, thus generating a safe space for the movement of users, as well as strong user awareness campaigns. Likewise, the restrictions imposed to prevent the spread of the pandemic led to a drop in ridership from March 2020 onwards. The consequent fall in revenues from fares was, regarding

the Subway and Premetro operations, mostly offset by an increase in government contributions received in compensation for operating costs, in order to balance Metrovias' economic and financial equation. On the other hand, the decrease in revenues from fares in the Urquiza Railway has not been compensated by the National Government. In both cases, the drop in revenues was partially offset by a reduction in certain variable operating expenses. In addition, the level of activity of Benito Roggio Transporte S.A. and Benito Roggio Ferroindustrial S.A. was partially reduced, as well as they have been granted with the Emergency Assistance of Work and Production Programme (ATP, for its acronym in Spanish), for which the National Government has paid a portion of the wage cost and has allowed to postpone the payment of certain social security contributions, having such reduction been accounted for as an adjustment to related costs.

Regarding the construction segment, the Covid-19 outbreak deepened the decline in activity that affects the Company and the other players in the construction industry in Argentina, and particularly public works contractors, which had started primarily as a consequence of the decrease in investment in public works by the National Government and the different provincial states due to budget constraints. As a consequence of this situation, the companies involved in this activity segment are currently carrying out an analysis and monitoring of their cost structure. Likewise, some of the Argentine subsidiaries and joint ventures in this segment have also accessed the ATP, through which the National State has paid a portion of the salary cost and has allowed to postpone the payment of certain social security contributions. Said reduction was accounted for by adjusting the related costs. As of the date of issuance of these financial statements, certain works that had come to a halt when the preventive and mandatory social isolation was declared or that had been suspended for government budget restrictions, have been gradually restarted. Consequently, it should be noted that Covid-19 had a significant and negative impact on the economic and financial variables of the Company's construction segment, resulting in a lower level of construction activity in general, lower efficiency in the management of operations, and new costs associated with mitigating the effect of the pandemic.

Construction activities outside of Argentina have suffered an uneven effect from Covid-19. While there was almost no impact in our activities in Paraguay, the operations and financial condition of our subsidiary Haug in Peru have been significantly and adversely affected, resulting in a lower level of activity, less efficiency in the management of operations and new costs associated with mitigating the effect of the pandemic.

Water supply activities has also been deemed essential and the Company continues providing services regularly, having implemented all the procedures necessary to take care of its workforce, suppliers and customers. However, it is worth mentioning that Covid-19 had a negative impact on some economic and financial variables in this segment, resulting in lower efficiency in the management of operations, new costs associated with mitigating the effect of the pandemic, certain general lengthening of the payment terms and, mainly, delays in the approval of tariff adjustments.

The final extent of the Coronavirus outbreak and its impact on the economies of the countries where the Company does business is unknown and cannot be reasonably foreseen. Although to date there have been various difficulties, the Company understands that it has been able to deal with them effectively and plans to continue to do so in the future.

## **2. Accounting policies and basis of preparation**

The main accounting policies used in the preparation of these consolidated financial statements are summarized below. These accounting policies have been applied consistently in all the financial years presented.

### **2.1 Basis of preparation**

The CNV has established the applicability of Technical Resolution No. 26, and amendments, of the Argentine Federation of Professional Councils in Economic Sciences ("FACPCE", for its Spanish acronym), which adopt the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), for entities included in the public offering regime, whether for their capital or for their corporate bonds, or which have requested authorization to be included in this regime. Application of these standards became mandatory for the Company since the year commenced January 1, 2012.

These Consolidated Financial Statements of the Company have been prepared in accordance with IFRS issued by the IASB. Furthermore, accounting policies are based on IFRS issued by the IASB and the interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), in force at the date of issuance of the consolidated financial statements.

These Consolidated Financial Statements of the Company have been prepared in terms of the measuring unit current at end of the reporting period, as required by IAS 29 "Financial Reporting in Hyperinflationary Economies" for hyperinflationary economies.

Since certain macroeconomic indicators have been fluctuating significantly in recent years, the IASB determined that Argentine economy meets the requirements set out by IAS 29 to be considered a hyperinflationary economy since July 1, 2019 and, therefore, financial statements must be restated according to the guidelines provided by this standard. Likewise, the CNV, through Resolution No 777/2019, decided that financial statements for annual, interim or special periods ended as of December 31, 2018 inclusive, issued by entities subject to its supervision, shall be restated according to the guidelines provided by IAS 29. Also, Law No. 27,468 (published in the Official Gazette on December 4, 2018), repealed Decree 664/2003 by the Argentine National Executive Branch which did not allow for the restatement of financial statements. En relación a esto, indicó que, a los fines de la reexpresión de los estados financieros, se aplicarán las normas emitidas por la FACPCE y adoptadas por el CPCECABA.

IAS 29 requires that the financial statements of an entity whose functional currency is that of a hyperinflationary economy should be stated in terms of the measuring unit current at end of the reporting period regardless of whether they are based on a historical cost approach or a current cost approach. To this aim, as a general rule, non-monetary items must be restated since the date of acquisition (or the date of the last adjustment for inflation, whichever is later) or since the date of the last revaluation performed, as appropriate. Every item in the balance sheet not already expressed in terms of the measuring unit current at the end of the reporting period must be restated by applying a general price index. Likewise, all items in the statement of income must be expressed in terms of the measuring unit current at the end of the reporting period, by applying the change in the general price index from the dates when the items of income and expenses were initially recorded in the financial statements.

These Consolidated Financial Statements of the Company were restated by applying the index adopted by the FACPCE based on the price indices reported by the Argentine Bureau of Statistics ("INDEC", for its Spanish acronym). Such index increased 36.1% for the year ending December 31, 2020.

Figures at December 31, 2019 disclosed in these Consolidated Financial Statements for comparative purposes, are expressed in terms of the monetary unit current at the end of the reporting period, as required by IAS 29

These financial statements are stated in Argentine pesos without cents, except for earning per share and operating segment information which is presented in thousands of Argentine pesos.

These Consolidated Financial Statements have been prepared on a going concern basis, which contemplates the continuity of the operations of the Company, the realization of its assets and the settlement of its liabilities in the ordinary course of business.

Certain figures corresponding to the Consolidated Financial Statements for the year ended December 31, 2019 have been reclassified for comparative purposes.

These Consolidated Financial Statements were approved by the Company's Board of Directors on March 18, 2020.

## **2.2 Consolidation basis**

### **(a) Subsidiaries**

Subsidiaries are all entities over which the Company has control. The Company controls an entity when it has the power to direct its financial and operating policies, which generally is accompanied by the ownership of more than 50% of the total outstanding voting power, has the right to obtain variable yield in relation to its interest in that entity and may use its power over it to exert influence on those yields. Subsidiaries are fully consolidated from the date on which control is transferred to the Company and are de-consolidated from the date on that control ceases.

The purchase method of accounting is used by the Company to account business combinations. The cost of acquisition of a subsidiary corresponds to the fair value of the transferred assets, the liabilities incurred with the former owners of the acquiree and the equity interests issued by the Company. The cost of acquisition includes the fair value of any assets or liabilities arising under a contingent purchase agreement. The acquired identifiable assets and the liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date. For each business combination, the Company may opt to recognize any non-controlling interest in the acquiree at fair value or the proportional part of the non-controlling interest of the recognized amounts of the acquiree's identifiable net assets.

The costs of the acquisition are recognized as expenses in the year in which they are incurred.

If the business combination is achieved in stages, the fair value at the date of acquisition of the previously held equity interest in the acquiree is remeasured at fair value through profit or loss for the year on the acquisition date.

Any contingency cost to be transferred by the Company is recognized at fair value on the acquisition date. Subsequent changes in the fair value of the cost of acquisition that is deemed an asset or a liability are recognized in income or as a change in other comprehensive income, pursuant to IAS 39. The contingent cost of acquisition that is classified in equity is not remeasured and its subsequent settlement is recognized in equity.

The excess of the cost of acquisition transferred over the fair value of the non-controlling interest in the identifiable net assets acquired and liabilities assumed is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the acquired subsidiary, the difference is recognized in the statement of income.

Intercompany transactions, balances and income and expenses under transactions between the Company's entities are eliminated. Gains and losses from intra-group transactions that are recognized as assets are also eliminated. The accounting policies of the subsidiaries have been amended in the cases where it was necessary to ensure consistency with the policies adopted by the Company.

Business combinations of entities under common control are not accounted for using the acquisition method; rather, the acquired net assets are recorded at the carrying amounts they had in the acquiree, valued applying the same criteria and accounting policies as those of the acquirer.

### **(b) Changes in ownership interests in subsidiaries without change of control**

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions, i.e., as transactions with owners in their capacity as owners. The difference between the amount of the adjustment on non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity.

### **(c) Loss of Control**

When the Company ceases to have control, the investment retained in the former subsidiary is recognized at its fair value at the date on which control is lost. In this case, the fair value corresponds to the initial measurement for the purpose of subsequent accounting for the interest retained as an associate, joint venture or financial asset. In addition, any amounts previously recorded in Other Comprehensive Income are reclassified to the statement of income.

### **(d) Associates**

Associates are all entities over which the Company has significant influence but not control or not jointly control, generally accompanying a shareholding of between 20% and 50% of the voting rights. However, special cases are considered in which, with a shareholding of less than 20%, the Company has significant influence. Investments in associates are accounted by the equity method of accounting, whereby investments are initially recognized at cost, and this amount increases or decreases to recognize the investor's share of profits and losses of the entity after the acquisition date. The value of associates includes goodwill recognized at the acquisition date.

The share of associates' profits and losses is recognized in income for the period, and the changes in equity other than income for the period are allocated to equity reserves (and, if applicable, they are included in other comprehensive income).

When the Company's share of the associates' losses is equal to or exceeds the value of the interest in the associates, the Company does not recognize additional losses, except when there are legal or assumed obligations to make payments on behalf of those associates.

Gains and losses on transactions between the Company and the associate are recognized in the Company's financial statements only in proportion to the unrelated portion of those companies. The accounting policies used by the associates have been amended, where necessary, to ensure consistency with the Company's accounting policies.

The Company assesses at each balance sheet issuance date whether there is objective evidence that an investment in an associate will not be recoverable. In that case, the impairment amount is calculated as the difference between the recoverable value of that associate and its carrying amount, recognizing the resulting amount in "Share of net income of associates and joint arrangements accounted for under the equity method", in the statement of income.

#### (e) Joint arrangements

Jointly controlled entities are companies and joint ventures in which the Company holds joint control. In accordance with IFRS 11, interests in jointly controlled entities are classified into two types: i) Joint ventures and ii) joint operations. Joint ventures are accounted for by the equity method. Joint operations are accounted by proportionate consolidation, i.e., the share of joint operation' individual income and expenses, assets, liabilities, and cash flow is recognized on a line-by-line basis in the Company's financial statements. The Company recognizes the portion of gains or losses on the disposals of assets by the Company to the joint arrangement that is attributable to the other ventures. When the Company purchases assets to a joint arrangement, it recognizes its portion of the joint arrangement's gain or loss when the assets are re-sold to a third party; however, the loss on that sale is recognized immediately if the loss represents a reduction of the recoverable value of the asset or an impairment of the asset.

#### (f) Participation in corporate collaboration agreements

The Company participates in temporary associations of companies (*uniones transitorias de empresas*, "UTE" or "UT", for its acronym in Spanish) and consortiums. The interest held by the Company in these entities is measured in the consolidated financial statements in accordance with the control capacity over those businesses, considering legal regulations and contractual terms and having assessed the existence of control in case of ownership of less than 50% of voting interest. According to the degree of control, joint ventures are accounted for following the criteria described for subsidiaries (if control is held), joint arrangements (if jointly controlled) and associate (if not controlled). The interest in the Cooperative Association (Roggio A.C.E.) is valued at cost.

#### (g) Consolidation Structure

- i. Companies consolidated at 100% are as follows:

Companies	Ref.	Ownership Percentage as of		Line of business
		12/31/2020	12/31/2019	
- Benito Roggio e Hijos S.A.	(1)	99.61%	99.61%	Construction and waste management
- Cclip S.A.	(2)	68.58%	68.58%	Services
- Aguas Cordobesas S.A.	(2)	71.98%	71.98%	Water supply
- Sehos S.A.	(5)	100.00%	100.00%	Construction and maintenance
- Benito Roggio Panamá S.A.	(2)	100.00%	100.00%	Construction
- Benito Roggio e Hijos S.A. (Paraguay)	(2)	80.00%	80.00%	Construction
	(15)			Construction and assembling of industrial facilities
- Haug S.A. (Peru)	(14)	100.00%	100.00%	Engineering, construction and assembly services
- Haug Chile International Ltda.	(14)	100.00%	100.00%	Marketing services
- Hame Representaciones S.A.C.	(14)	100.00%	100.00%	Representation services
- Katmai S.A.	(14)	100.00%	100.00%	Engineering, construction and assembly service
- Necoha S.A.C.(formerly Benito Roggio Perú S.A.C	(14)	100.00%	100.00%	Engineering, construction and assembly service
- Consorcio Andino Haug - ABS S.A.	(14)	100.00%	100.00%	Engineering, construction and assembly service
- Haug Limitada (Chile)	(14)	100.00%	100.00%	Engineering, construction and assembly service
	(16)			Construction and concession services
- Benito Roggio Construcciones y Concesiones S.A		100.00%	100.00%	
- Haug S.A. (Panamá)	(14)	100.00%	100.00%	Repair and maintenance of metalmechanical manufactures
- Haug Construcciones S.A.C.	(14)	100.00%	100.00%	Construction
- Haug S.A. (Argentina)	(2)	95.00%	95.00%	Construction and metalmechanics
- Benito Roggio Transporte S.A.	(1)	99.68%	97.13%	Investment and advisory
- Metrovías S.A.	(3)	90.66%	90.66%	Transportation
- Corredores Ferroviarios S.A.	(3)	95.00%	95.00%	Transportation
- Neoservice S.A.	(3)	95.00%	95.00%	Investment
- Miplus S.A.	(7)	100.00%	100.00%	Investment
- Prominente S.A.	(6)	100.00%	100.00%	IT services
- Grunwald Comunicaciones S.A.	(7)	100.00%	100.00%	Investment
- Metronec S.A.	(5)	100.00%	100.00%	Real estate services
- Compañía Metropolitana de Seguridad S.A.	(6)	100.00%	100.00%	Security and surveillance services
- Benito Roggio Ferroindustrial S.A.	(3)	95.00%	95.00%	Services related to transportation
- Cliba Ingeniería Ambiental S.A.	(4)	98.43%	98.43%	Waste management
- Tecsan Ingeniería Ambiental S.A.	(8)	100.00%	100.00%	Waste management
- Envairo S.A.	(11)	100.00%	100.00%	Waste management
- Cliba Ingeniería Urbana S.A.	(9)	100.00%	100.00%	Waste management
- Taym S.A.	(11)	100.00%	100.00%	Waste management
- Ecoayres Argentina S.A.	(11)	100.00%	100.00%	Waste management
- Enerco2 S.A.	(11)	100.00%	100.00%	Waste management
- Central Buen Ayre S.A.	(12)	100.00%	100.00%	Waste management
- Metro Ambiental S.A.	(13)	100.00%	100.00%	Waste management
- Tecsoil S.A.	(10)	100.00%	100.00%	Waste management
- Roggio Brasil Investimentos e Serviços Ltda.	(1)	100.00%	99.99%	Investment

Voting interest percentages are the same as ownership percentages, except for the following:

Name	Voting interest percentages	
	12/31/2020	12/31/2019
- Metrovías S.A.	96.93%	96.93%
- Cliba Ingeniería Ambiental S.A.	95.79%	95.79%

References:

- (1) Direct interest held by Clisa.
- (2) Direct interest held by BRH.
- (3) Direct interest held by Benito Roggio Transporte S.A.
- (4) Interest jointly held by Clisa and BRH.
- (5) Interest jointly held by BRH and Benito Roggio Transporte S.A.
- (6) Interest jointly held by Metronec S.A. and Benito Roggio Transporte S.A.
- (7) Direct interest held by Neoservice S.A.
- (8) Interest jointly held by Cliba Ingeniería Urbana S.A. and Clisa
- (9) Interest jointly held by Clisa and Cliba Ingeniería Ambiental S.A.
- (10) Interest jointly held by Cliba Ingeniería Ambiental S.A. and Tecsán Ingeniería Ambiental S.A.
- (11) Interest jointly held by Cliba Ingeniería Urbana S.A. and Tecsán Ingeniería Ambiental S.A.
- (12) Interest jointly held by Tecsán Ingeniería Ambiental S.A. and Enerco<sub>2</sub> S.A.
- (13) Interest jointly held by Enerco<sub>2</sub> S.A. and Cliba Ingeniería Urbana S.A.
- (14) Direct and indirect interest held by Haug S.A. (Peru)
- (15) Interest jointly held by BRH y Sehos S.A.
- (16) Interest jointly held by BRH y Haug S.A. (Peru)

ii. Companies which are consolidated proportionately – Joint operations, are as follows:

Name	Ref.	Ownership Percentage as of		Line of business
		12/31/2020	12/31/2019	
Unidad de Gestión Operativa Ferroviaria de Emergencia S.A. – in liquidation	(1)	50.00%	50.00%	Public railway passenger transportation service
Unidad de Gestión Operativa Mitre Sarmiento S.A. – in liquidation	(1)	50.00%	50.00%	Public railway passenger transportation service

- (1) Represents the direct ownership percentage held by Metrovías S.A.

iii. Interests in temporary associations of companies and consortiums

Name	Ref.	Ownership Percentage as of		Line of business
		12/31/2020	12/31/2019	
<b>Temporary associations of companies and consortiums in which the Company has control – (Consolidation at 100%)</b>				
C.P.C. S.A. / BRH UTE (Branch C – Belgrano Railway – Province of Santa Fe)	(1)	50.00%	50.00%	Construction
BRH / ROMERO CAMMISA CONSTRUCCIONES S.A. UTE (Contract for road repair and maintenance No. 308)	(1)	70.00%	70.00%	Construction
BRH / VIALMANI S.A. UTE (Paving of National Road No. 76, Quebrada Santo Domingo - Pircas Negras tranche, Province of La Rioja)	(1)	80.00%	80.00%	Construction
C.P.C. S.A. / BRH UTE (Branch C – Belgrano Railway – San Cristobal, Province of Santa Fe )	(1)	50.00%	50.00%	Construction
SEHOS S.A. / COMSA DE ARGENTINA S.A. (Track renewal – Maldonado Junction – J.L. Suárez – Gral. Mitre Railway)	(5)	47.50%	47.50%	Construction
BRH / BOETTO Y BUTTIGLIENGO S.A. UTE – Closure of Cordoba city beltway – El Tropezon-Spilimbergo tranche- Province of Córdoba	(1)	80.00%	80.00%	Construction
BRH / MIJOVI S.R.L. – Construction of a weir on the Salado river and a water channel to connect with Canal de Dios – Province of Santiago del Estero	(1)	50.00%	50.00%	Construction
BRH / JUMI S.R.L. / AGV SERVICIOS MINEROS S.R.L UTE - Sales de Olaroz	(1)	44.00%	44.00%	Construction
BRH / MAPAL S.A.C.I.A. / SIGMA S.A. - UT- (Gran Tulum water channel, Province of San Juan)	(1)	51.00%	51.00%	Construction
BRH / DECAVIAL S.A. UTE – Construction of Villa María By-Pass Road	(1)	65.00%	65.00%	Construction
CLIBA Ing. Amb. S.A. / TECSAN Ing. Amb. S.A. U.T.E. (Cliba San Isidro)	(2)	100.00%	100.00%	Waste management
CLIBA Ing. Amb. S.A. / TECSAN Ing. Amb. S.A. U.T.E. (Cliba Santa Fe)	(2)	100.00%	100.00%	Waste management
CLIBA Ing. Amb. S.A. / TECSAN Ing. Amb. S.A. S.A. U.T.E. (Cliba Neuquén)	(2)	100.00%	100.00%	Waste management
TECSAN Ing. Amb. S.A. / BRH U.T.E. (Norte III landfill)	(3)	100.00%	100.00%	Waste management
BENITO ROGGIO TRANSPORTE S.A. – BENITO ROGGIO FERROINDUSTRIAL S.A. - UTE	(4)	100.00%	100.00%	Transportation

Name	Ref.	Ownership Percentage as of		Line of business
		12/31/2020	12/31/2019	
<b>Temporary associations of companies and consortiums in which the Company has joint control – (Proportionate consolidation)</b>				
BRH / SUPERCEMENTO S.A.C.I. / J.C.C.C. S.A. UTE (Vega Creek Second Emissary)	(1)	33.33%	33.33%	Construction
BRH / JOSE J. CHEDIACK S.A.I.C.A. UTE (Elevation of rail line - Gral. Mitre Railway)	(1)	50.00%	50.00%	Construction
BRH / SUPERCEMENTO S.A.C.I. / J.CARTELLONE C.C. S.A. UTE (Water Treatment Plant in Tigre, Province of Buenos Aires)	(1)	33.34%	33.34%	Construction
BRH / MINERA SAN PEDRO S.R.L. – Consortium for Cooperation – Aggregate materials supply	(1)	60.00%	60.00%	Construction
BRH / ELEPRINT S.A. / ECODYMA S.A. UT - Salado river expansion - Province of Buenos Aires	(1)	33.34%	33.34%	Construction
HAUG S.A. / Obrainsa	(6)	42.31%	42.31%	Construction
<b>Temporary associations of companies and consortiums in which the Company has significant influence – (Equity method)</b>				
COMSA DE ARGENTINA S.A. / SEHOS S.A. (Track renewal - Merlo St. to Marcos Paz St. tranche and Moreno St. to Km 51.200 tranche)	(5)	50.00%	50.00%	Construction

- (1) Direct interest held by BRH  
(2) Direct and indirect interest held by Cliba Ingeniería Urbana S.A. and Cliba Ingeniería Ambiental S.A.  
(3) Direct and indirect interest held by Cliba Ingeniería Urbana S.A. and BRH  
(4) Direct and indirect interest held by Benito Roggio Transporte S.A.  
(5) Direct interest held by Sehós S.A.  
(6) Direct interest held by Haug S.A. (Perú)

iv. Non-controlling interests are ownership interests in the consolidated entities described in the preceding points, not attributable to the owners of the controlling company. Non-controlling interests have been valued at equity value.

The chart below discloses selected financial information as of December 31, 2020 and 2019 of those consolidated entities with the most significant non-controlling interests:

**(a) As of December 31, 2020**

Name	Date	Issuer information				Revenues from contracts with customers	Net income /(loss) for the year	Other comprehensive income
		Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities			
Metrovías S.A.	12/31/2020	3,646,477,934	945,338,521	3,033,762,641	888,977,679	1,536,849,463	432,255,148	-
Benito Roggio e Hijos S.A. (Paraguay),	12/31/2020	3,631,077,840	3,132,394,514	(2,594,683,120)	(1,010,677,426)	4,735,199,691	286,517,702	184,879,193
Aguas Cordobesas S.A.,	12/31/2020	891,150,000	6,131,786,000	(1,222,744,000)	(2,608,129,000)	3,990,674,000	97,458,000	239,076,000
BRH / BOETTO Y BUTTIGLIENGO S.A. UTE	12/31/2020	15,579,856	17,394,809	(25,245,803)	(89,510,640)	226,819,747	132,736,942	-
BRH / AGV SERVICIOS MINEROS S.R.L. / JUMI S.R.L. UT	12/31/2020	223,529,645	20,248,515	(293,248,821)	(2,633,919)	1,040,538,094	182,501,660	-
BRH / MAPAL S.A.C.I.A. / SIGMA S.A. - UT	12/31/2020	194,829,647	20,785,625	(192,228,695)	(145,019,029)	126,664,970	(55,752,407)	-

**(b) As of December 31, 2019**

Name	Date	Issuer information				Revenues from contracts with customers	Net income /(loss) for the year	Other comprehensive income
		Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities			
Metrovías S.A.	12/31/2019	4,565,349,848	754,963,612	3,691,150,587	432,182,130	8,241,434,415	982,689,799	-
Benito Roggio e Hijos S.A. (Paraguay),	12/31/2019	2,951,502,901	2,942,965,394	2,129,192,617	1,011,021,035	3,854,534,862	362,408,705	173,817,716
Aguas Cordobesas S.A.	12/31/2019	1,213,719,207	6,120,751,494	1,197,786,674	2,834,939,867	4,227,979,372	463,950,786	227,586,221
BRH / BOETTO Y BUTTIGLIENGO S.A. UTE	12/31/2019	617,464,066	20,496,558	394,593,496	8,108,476	2,349,107,912	633,840,591	-
BRH / AGV SERVICIOS MINEROS S.R.L. / JUMI S.R.L. UT	12/31/2019	763,816,679	33,731,483	735,082,931	19,043,816	1,821,028,208	153,905,324	-
BRH / MAPAL S.A.C.I.A. / SIGMA S.A. - UT	12/31/2019	237,914,819	16,429,785	146,357,985	188,362,357	155,867,132	(68,916,412)	-

### 2.3. Operating segment information

The operating segments are presented consistently with the internal information provided to the person in authority in charge of the Company's operating decision-making. Operating segment information is disclosed in Note 3.

### 2.4. Effect of foreign currency translation

#### (a) Functional currency and presentation

The financial statement figures of each of the Company's entities were measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in Argentine pesos, which is the Company's functional and presentation currency.

For cases of investments abroad, the currency of each country has been defined as functional currency, because it is the currency of the primary economic environment in which those entities operate. And for entities abroad, which main cash flow is denominated in Argentine pesos was defined as the functional currency.

#### (b) Transactions and balances in foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions (or of valuation, if transactions that are to be re-measured are involved). Foreign exchange gains and losses resulting from the settlement of such transactions or from the measurement at year end of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income, except for the monetary items receivable from or payable to foreign entities, that do not arise from commercial operations and whose liquidation is not expected to be made in the foreseeable future, which are disclosed in other comprehensive income.

Foreign exchange differences are disclosed in "Financial Income" and "Financial expenses" in the Consolidated Statement of Income.

#### (c) Translation of financial statements of subsidiaries or associates abroad

Results and financial position of subsidiaries and associates that have a functional currency other than the Company's presentation currency are translated to the presentation currency as follows:

- Assets and liabilities are translated at the exchange rate prevailing at the end of the reporting period.
- Income and expenses are translated at the quarterly average exchange rate (unless this average does not represent a reasonable approximation of the cumulative effect of the exchange rates prevailing at the date of each transaction, in which case those income and expenses are translated at the exchange rates prevailing at the date of each transaction) and are restated by applying the pertinent adjustment indexes.
- The resulting exchange differences are presented in other comprehensive income.
- Goodwill and adjustments at fair value resulting from the acquisition of foreign entities are treated as assets and liabilities of the foreign entity and translated at the year-end exchange rate. The resulting exchange differences are presented in other comprehensive income.

When an investment is sold or disposed of in whole or in part, the exchange differences are recognized in the statement of income as part of the gain or loss on that sale/disposal.

### 2.5. Property, plant and equipment

All property, plant and equipment items are shown at historical cost which includes expenditure that is directly attributable to the acquisition of these items, less subsequent depreciation and impairment losses, where applicable. Subsequent costs are included in the asset's carrying amounts only if future economic benefits are expected to arise from their disposals and their cost is measured reliably. The value of replacement parts is written off. The other repair and maintenance expenses are charged to earnings in the year-end when incurred.

The amount for depreciation is recorded under income / (loss) for the year end, following a straight-line method and on the basis of the useful lives of the different types of assets. The Company reviews the residual value, the useful life and the depreciation method for Property, plant and equipment at the end of each year end. Changes of criteria initially established are recognized, as the case may be, as a change of estimate.

Land is not depreciated. Depreciation of assets is calculated using the straight-line method over their estimated useful life, as follows:

	<u>Years</u>
Buildings	33 - 50
Laboratory	22
Machinery and equipment	10 - 20
Furniture and fixtures	10
Vehicles	5
Computer hardware	3 - 4

The amount of the Property, plant and equipment items is written down to its recoverable amount if the asset's residual value is greater than its estimated recoverable value. Gains and losses on sales of assets are measured by comparing the income received with their residual value and are disclosed within "Other operating income and expenses, net", in the statement of income.

Also, the assets categorized under the items Heavy machinery and equipment, Buildings, Land, Heavy vehicles, Transformers and Building improvements are accounted for at the fair value shown by the latest revaluation performed, applying the revaluation model mentioned in IAS 16. Revaluations are performed with sufficient frequency if there are indications that the carrying value significantly differs from value that could be determined using the fair value at the end of the reporting year-end. The higher value is recorded in equity as "Balances of revaluation" and is transferred to retained earnings as the asset is used or when the asset is written-off.

To obtain the fair values, the existence of an active market for the assets in their present condition, or lack of it, was considered. For those assets for which there is an active market in their present condition, the fair values were determined in relation to their market values. For the remaining cases, the market values for brand-new assets were analyzed, applying a discount rate according to the condition and wear-out of each asset, and considering the distinctive features of each of the assets being revalued (for instance, improvements made, degree of maintenance, levels of productivity, use, etc.).

Property, plant and equipment items are expressed in terms of the monetary unit current at the end of the reporting period (see Note 2.1).

## **2.6. Intangible assets**

Intangible assets include identifiable non-monetary assets, without physical substance, other than Goodwill and assets recognized as a result of the adoption of IFRS 15 and 16. Such an asset is identifiable when it is separable or when it arises from legal or contractual rights. Intangible assets are recorded when they can be measured reliably and are expected to produce benefits for the Company.

### **(a) Public utility concession rights**

A concession of public utility services is a contractual mechanism for providing public utility services to a group of users. Through concession agreements, the grantor transfers to the concessionaire the right and the obligation to provide the service over the term of the concession. Through its subsidiaries Metrovías S.A. and Aguas Cordobesas S.A., the Company holds concessions of public utility services and invests in assets that are included in the essential infrastructure of services provided by those subsidiaries. By application of IFRIC 12, the assets included by Metrovías S.A. and Aguas Cordobesas S.A., in the essential infrastructure for the provision of the services covered by the concession awarded to it, have not been recognized as Property, plant and equipment items; but they were recognized as "concession rights" in Intangible assets, and represent the right (license) of each of the subsidiaries to receive a return on investments, for the rate charged to users. This intangible asset is amortized on a straight-line basis over the term of the concession.

### **(b) Other intangible assets**

Costs associated with software licenses are capitalized based on the incurred acquisition or production costs. These costs are amortized over the estimated useful lives.

Intangible assets recognized as "Biogas capture and treatment" include the investments made for the capture and burning of gases that are harmful for the environment (greenhouse gases), which are valued at historical cost less accumulated amortization, recognized at the moment when the competent authority certifies the gas emission reduction.

Intangible assets are expressed in terms of the monetary unit current at the end of the reporting period (see Note 2.1).

## **2.7. Goodwill**

Goodwill on acquisition of subsidiaries and associates represents the excess of the purchase price over the fair values of the assets, liabilities and contingent liabilities of the acquired entity and the fair value of the non-controlling interest in the acquire.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units (CGU) or group of CGUs expected to benefit from the business combination. Each unit or group of units to which goodwill is allocated represents the minimum level within the entity at which the entity is monitored.

Goodwill is not amortized. Goodwill impairment is reviewed annually or more frequently if there are events or circumstances that are indicators of possible impairment. The carrying amount of goodwill is compared with its recoverable value, which is the higher of the value in use and the fair value, less costs to sell. Impairment is immediately recognized as an expense and it is not reversed.

Intangible assets are expressed in terms of the monetary unit current at the end of the reporting period (see Note 2.1).

## **2.8. Inventories**

Inventories are valued at the lower of cost or net realizable value. Cost is determined using the weighted average cost method. Net realizable value is the sale price estimated in the normal course of business, less applicable variable costs to sell.

Inventories are expressed in terms of the monetary unit current at the end of the reporting period (see Note 2.1).

## **2.9. Contractual assets**

Contractual assets comprise the balances of those construction contracts in which the aggregate of the costs incurred plus recognized earnings according to the percentage of completion of each contract exceeds the accumulated billings and certifications. The criteria for recognition and measurement of these assets are shown in Note 24.

## **2.10. Impairment of non-financial assets**

Assets with an indefinite useful life, such as goodwill, are not subject to amortization but they are annually tested for impairment. The other amortizable assets are reviewed for impairment when there are events or circumstances indicating that their carrying amount might not be recovered. For the purpose of impairment testing, assets are grouped into cash generating units (CGU). A CGU is the smallest group of assets that independently generates cash inflows that are largely independent of the cash flows generated by other assets.

Impairment losses are recognized by the excess of the carrying amount of an asset over its recoverable value. Recoverable value is the higher of the value in use and the fair value of the assets, less costs to sell. The value in use of each CGU is determined based on the present value of future cash flows expected to be generated by each CGU.

Non-financial assets, other than goodwill, that suffered impairment are reviewed for possible reversal of the impairment at the end of each year-end.

## **2.11. Financial Assets**

Financial assets comprise investments in equity and debt instruments, trade receivables, other financial receivables and cash and cash equivalents.



#### 2.11.1. Classification

Financial assets are classified based on the entity's business model for managing these assets and the asset's contractual cash flow characteristics, as follows:

a) Financial assets that are subsequently measured at amortized cost

A financial asset is measured at amortized cost if: (i) the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income is recognized in the statement of income applying the effective interest rate method.

b) Financial assets that are subsequently measured at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if (i) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) Financial assets that are subsequently measured at fair value through profit or loss

This category includes those financial assets held for trading. A financial asset is measured at fair value through profit or loss if it is acquired mainly for the purpose of being sold in the short term. This category also includes derivative financial instruments, unless they have been classified as hedge instruments.

Profit and losses generated by financial assets measured at fair value are recognized in the Statement of Other Comprehensive Income or in Other comprehensive income.

The Company reclassifies its financial assets if, and only if, the business model for its financial assets changes.

#### 2.11.2 Recognition and derecognition

Regular purchases and sales of financial assets are recognized on the trade date, when the Company undertakes to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

#### 2.11.3 Measurement

Financial assets are initially recognized at fair value plus, in the case of financial assets that are not valued at fair value through profit or loss, the transaction costs that are directly attributable to the acquisition of these financial assets. Transaction costs attributable to financial assets that are measured at fair value through profit or loss are recognized in the Statement of Income.

#### 2.11.4 Offsetting financial assets against financial liabilities

Financial assets and liabilities are offset and shown at their net amount in the statement of financial position, only when the Company has a legally enforceable right to offset the amounts recognized, and it has the intention of settling the net amount, or to simultaneously realize the asset and settle the liability.

### 2.12 Other receivables

This caption includes mainly the following assets:

*Tax credit balances* corresponds to amounts paid for national, provincial or city taxes that can be applied to the payment of future taxes. These assets are recognized only to the extent that their use against future taxes of the same nature is feasible or, if applicable, that the amounts can be reimbursed by the tax authorities.

*Advances to subcontractors and prepaid expenses*: correspond to amounts paid to subcontractors for services to be received, and to expenses paid and not yet accrued. They are recognized for the amount of the sums paid, net of the value of the services already received and the expenses accrued.

Moreover, this caption includes financial assets that comprise accounts receivable out of the ordinary course of business, which are measured at amortized cost only if: (i) the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Allowances for financial assets, when required, are determined according to the guidelines provided by IFRS 9 (see Note 2.13) and it is off- set to the recorded value.

### 2.13 Derivative financial instruments and hedging activities

Derivative financial instruments are initially recognized and subsequently measured at fair value after initial recognition. The method for recognizing the resulting profits and losses depends on the fact of whether the derivative has been designated as hedge instrument and, if so, on the nature of the hedged item.

The effective portion of changes in the fair value for the derivatives designated and qualifying as cash flow hedge is recognized in other financial income. The gain or loss related to the ineffective portion is immediately recognized in the statement of income.

The amounts accumulated in equity are reclassified to the statement of income in the periods in which the hedged item affects income.

When a hedging instrument is settled or sold, or when it ceases to meet the criteria to be recognized through hedge accounting, any gain or loss accumulated in equity to that date is reclassified to the statement of income.

### 2.14 Trade receivables

Trade receivables are those receivables which originate from the provision of services to customers in the ordinary course of business.

Trade receivables are initially measured at their transaction price determined pursuant to FRS 15, except when they have a significant financing component, in which case they are measured at fair value.

Since they are assets that the Company holds with the purpose of collecting contractual cash flows assets, trade receivables are subsequently measured at amortized cost, less the impairment allowance, if applicable.

Receivables transferred:

Trade receivables also include receivables that have been transferred for factoring agreements. Under these agreements, the Company has transferred credits to different banks in exchange for cash, which cannot be transferred or used as collateral. Even so, late payment and credit risks have not been transferred. Thus, the Company continues to recognize the transferred assets in their entirety in its financial statements. The Company considers that the business model whose objective is to maintain financial assets to obtain contractual cash flows continues to be appropriate for these loans and consequently continues to measure them at amortized cost.

Assets and liabilities in connection with these agreements were reported in "Assignment of collection rights as security" in Note 29 - "Encumbered and restricted assets".

## **2.15 Other investments**

### *Investments on debt instruments*

Subsequent measurement of investments in debt instruments depends on the business model within which the asset is held and the asset's cash flows.

For investments measured at fair value gains or losses will be recorded on the comprehensive statement of income or in other comprehensive income.

### *Investments on equity instruments*

The Company measures all equity instruments, other than investments in subsidiaries, associates and joint agreements accounted for the equity method, at fair value. Dividends from such investments are recognized in profit or loss providing that they represent a return on the investment.

## **2.16 Cash and cash equivalents**

Includes cash on hand, time deposits with financial institutions and other short-term highly liquid investments with original maturities of three months or less, that are readily convertible to cash without a significant risk of changes in value.

## **2.17 Impairment of financial assets**

The Company assesses the expected credit losses associated with its financial instruments carried at amortized cost and financial instruments measured at fair value through Other comprehensive income, if applicable. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

## **2.18. Financial liabilities**

Financial liabilities are measured at amortized cost applying the effective interest rate method. Financial liabilities mainly comprise bank and financial debt, trade payables and other financial debts.

## **2.19. Bank and financial debts**

Bank loans and financial debts, including overdraft facilities, and other financial liabilities are initially recognized at fair value, net of transaction costs. Subsequently, they are measured at amortized cost using the effective interest rate method.

When a financial liability has been paid or settled, it is written-off in the balance sheet. When a debt instrument exchange is not recorded as a repayment of the original debt, the costs and commissions are adjusted to the carrying value of the liability and are amortized throughout the remaining useful life of the liability changed. If this debt exchange is recorded as a repayment of the original liability, the costs or commissions incurred are recognized in the income statement under financial costs (Other financial costs).

## **2.20. Borrowing costs**

General or specific borrowing costs attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to get ready for their intended use or sale (qualifying assets) are added to the cost of such assets until they are substantially ready to be used or sold.

Gains from temporary investments of funds arising from specific loans pending use in qualifying assets are deducted from total funding costs potentially capitalized.

Other borrowing costs are recognized in the period in which the Company incurs them.

## **2.21. Leases**

IFRS 16 "Leases" came into effect on January 1, 2020. This standard eliminates the distinction between "financial" leases, which were recognized in the balance sheet, and "operating" leases, which were not (see Note 2.33).

According to IFRS 16, a lessee recognizes a right-of-use asset and a lease liability on the date the leased asset is available for use. Such assets and liabilities are initially measured at present value.

Lease liabilities include the present value of the following lease payments:

- Fixed lease payments (including payments in kind) less any lease incentives;

- Variable lease payments depending on an index or a rate; initially measured by using the index or rate being applied at the date of calculation
- Amounts expected to be payable under residual value
- Exercise price of a purchase option (if the lessee is reasonably certain that such option will be exercised); and
- Penalties for early termination, if according to the term of the lease contract it is reasonably certain that early termination will occur.

Lease payments in connection with extension options are also included if the lessee is reasonably certain to exercise such option.

Lease payments are discounted at the interest rate implicit in the lease. The Company applies the incremental borrowing rate, which is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The right-of-use asset is measured at the initial amount of the lease liability plus payments prior to commencement, any initial direct costs incurred by the lessee and restoration obligations or similar.

Right-of-use assets have been recorded in the corresponding items in Property, plant and equipment and remeasured at its restated cost or its revalued amount, as applicable. Lease liabilities have been recorded in "Leases" in Bank and financial debts.

Lease payments include a principal portion and a financing cost portion. Financing costs are charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are depreciated following a straight-line method over the term of the lease contract or the useful life of the asset, whichever is shorter. If the lessee is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset.

Payments in connection with short term leases and low-value asset leases are recognized as an expense on a straight-line basis. Short-term leases are those with a 12- month term or less.

## **2.22.Trade payables**

Trade payables represent payment obligations for goods and services purchased from suppliers in the normal course of business. They are disclosed under current liabilities if their payment is enforceable within one year.

Trade payables are initially recognized at fair value and subsequently measured at amortized cost, using the effective interest rate method.

## **2.23.Other liabilities**

Include financial liabilities that comprise accounts payable out of the ordinary course of business. They are initially measured at fair value and subsequently measured at amortized cost using the effective interest rate method.

Other liabilities are classified as current unless the Company has the unconditional right to differ the payment of such liabilities for at least 12 months after the end of the reporting period.

In addition, this caption includes mainly the following liabilities that are not financial instruments:

*Employee benefits payable:* they include liabilities for employee benefits at each closing in line with the recognition and measurement criteria reported in Note 2.24.

*Tax payables:* they include taxes, rates and contributions. Measurement of tax debts is performed at the nominal value of the amounts to be settled, except when the financial impact is material. In this case, the measurement at each closing is performed at the current value of the amounts to be disbursed, discounted at a rate that shows the market assessments of the time value of money, as well as the specific risks of the liabilities to be settled.

*Customer advances and services collected in advance:* they include balances collected in advance for works pending completion. Measurement is made at the nominal value of the amounts received less the value of the works already performed and the services rendered. The amounts thus obtained do not significantly differ from the value of the services to be rendered and/or works to be performed at the end of the fiscal year.

## **2.24.Employee benefits**

Employee benefits are all forms of consideration given by the Company in exchange for services rendered by employees.

### **(a) Short-term employee benefits**

Short-term employee benefits include items such as wages, salaries and social security contributions; compensated absences; profit-sharing in the case of subsidiaries in relation to which benefits are granted in accordance with the applicable legislation or as a result of an agreement between the parties or collective bargaining agreements.

Short-term employee benefits are recognized for the undiscounted amount of employee benefits expected to be paid in exchange for that service: as a liability under other current liabilities, after deducting any amount already paid, or as an expense in the statement of income, under the lines costs of providing services, administrative and selling expenses and other operative expenses, considering the purpose for which each service was used.

At the date of each closing, the Company records the expected cost of compensated leaves the right of enjoyment of which is cumulative, such as vacation leave, considering the additional rights that will be paid to employees as a result of the accumulated rights at that date.

### **(b) Post-employment benefits - Retirement benefits**

Post-employment benefits are established in the collective bargaining agreement for the staff of the subsidiary Aguas Cordobesas S.A., granted at the time of the termination of the labor relation for retirement, based on the years of service in that company. The calculation

of the accumulated benefit was made at the best possible estimate of the discounted amount to be paid, based on the staff that at that date may enjoy those benefits. Actuarial techniques are used based on the information available at the end of each year.

#### **(c) Long-term employee benefits**

Long-term employee benefits are established in the collective bargaining agreement for the staff of Aguas Cordobesas S.A., upon completing a certain number of years of service in that company. Actuarial techniques are used to measure the accumulated benefit based on the information available at the end of each year.

#### **(d) Termination benefits**

Termination benefits arise when employment is terminated before the normal retirement date, or when an employee accepts voluntary termination in exchange for these benefits. The Company recognizes termination benefits when it is demonstrably committed to either: i) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or ii) providing termination benefits as a result of an offer made to encourage voluntary retirement. These benefits are recognized at present value of the cash flows expected to be disbursed by the Company.

### **2.25. Contractual liabilities**

Liabilities for construction contracts: they include balances of construction contracts where accumulated billing and certification exceeds the amount of accumulated costs incurred plus recognized gains based on the progress of each work. Recognition and measurement criteria of these liabilities are reported in Note 24.

### **2.26. Share capital**

Share capital consists of 96,677,524 Class "A" ordinary shares, of Ps.1 par value each and entitled to five votes per share and has been subscribed and fully paid up. Capital status is described in Note 1.

### **2.27. Income tax and minimum notional income tax**

#### **(a) Income Tax**

The income tax charge comprises current and deferred taxes. Taxes are recognized in the consolidated statement of income, except for items that must be recognized directly in other comprehensive income. In this case, the income tax related to these items is recognized in the consolidated statement of comprehensive income.

The current income tax charge is calculated based on the tax laws effective at the date of the balance sheet, in the countries where the Company, its subsidiaries and associates operate and generate taxable income.

Deferred income tax is computed in its entirety according to the liability method, based on the temporary differences arising between the tax bases of assets and liabilities and their respective carrying amounts shown in the consolidated financial statements. However, the deferred tax generated by the initial recognition of an asset or a liability in a transaction not corresponding to a business combination and that at the time of the transaction affects neither accounting profit or loss nor taxable profit, is not recorded. Deferred tax is calculated using tax rates effective at the date of the consolidated balance sheet and tax rates expected to be in effect in the periods in which deferred assets and liabilities reverse. Management periodically evaluates the tax returns positions in relation to situations in which the tax legislation is subject to any interpretation and sets up provisions, if applicable, for the estimated amounts that might be paid to the Tax Authorities including their pertinent fines and interests.

Deferred tax assets are recognized only to the extent that tax benefits are likely to be obtained in the future to be able to offset the temporary differences.

The Company records a deferred tax liability in the case of taxable temporary differences related to investments in subsidiaries and associates, unless both the following conditions are met:

- i) the Company controls the timing of reversal of the temporary differences; and
- ii) it is probable that the temporary difference will not reverse in the foreseeable future.

Balances of deferred assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to the same tax authority for the Company or the different subsidiaries where there is an intention and possibility to settle the tax balances on a net basis.

#### **Tax reform in Argentina**

On December 29, 2017, the National Executive Branch enacted Law 27,430 on Income Tax. This law introduced several changes in the treatment of income tax whose key components are the following:

*Income tax rate:* income tax rate for Argentinean companies reduced from 35% to 30% for the fiscal years that commenced on January 1, 2019 until December 31, 2020, and a subsequent reduction to 25% for the fiscal years commencing on January 1, 2020. However, On December 23, 2020, the National Executive Branch enacted the so-called Social Solidarity and Productive Reactivation Law N° 27,541 whereby the reduction of the income tax rate to 25% was suspended until fiscal years commencing on January 1, 2021, maintaining the 30% tax rate until then.

*Optional revaluation of assets for corporate income tax purposes:* the new rule allowed for the revaluation, for tax purposes, of assets located in the country and used in its income generating activities, at taxpayers' choice. A special tax will be levied on the amount of the adjustment to tax base of the assets, at different rates, depending on the kind of assets: 8% for real estate not accounted for as inventories, 15% for real estate accounted for as inventories, and 10% for movable and other assets. Once a specific asset is decided to be revaluated, all assets in the same category must be revaluated as well. The income arising from the revaluation is not subject to income tax and the special tax levied on the revaluation is not deductible for tax purposes. The deadline for the optional revaluation of assets was on March 29, 2020 and the Company decided not to exercise such option.

Additionally, in relation to Income Tax calculation, pursuant to Law No. 27,430, the tax inflation adjustment set forth in Title VI of the Income Tax Law is applicable for fiscal years commencing on or after January 1, 2019 as long as the cumulative inflation rate over a period of three years as from that date is at least 100%. Subsequently, Law No. 27,468 modified the guidelines for the transition established by Law No. 27,430 indicating that for the first, second and third fiscal year as from its enforcement, the tax inflation adjustment would be applicable if the Consumer Price Index (CPI) increase for each of those fiscal years exceeded fifty five percent (55%), thirty percent (30%) and fifteen percent (15%), respectively. The tax inflation adjustment for the fiscal year under calculation will have effect either as a negative or positive adjustment; one third of it will be allocated in the relevant fiscal period and the remaining two thirds, in two equal parts, in the two immediately following periods. However, Law No. 27,541 introduced additional changes to the foregoing guidelines and established that the income or loss arising from the adjustment for inflation procedure corresponding to the first and second fiscal period beginning as of January 1, 2020 must be proportionally allocated in a six-year period, while the remaining tax inflation adjustment from previous fiscal years can still be allocated in thirds.

The parameters set by the Income Tax Law for the application of the tax inflation adjustment in Argentina were met again at the end of these financial statements and, consequently, the tax inflation adjustment was applied for the calculation of current and deferred Income Tax for the year ended December 31, 2020. Note 26 to these financial statements presents a reconciliation between the income tax expense reported in the statement of income and the amount of income tax that would have resulted from applying the tax rate in effect in Argentina to the pretax income for the fiscal years ended December 31, 2020 and 2019.

Likewise, for the acquisitions or investments made in the fiscal years beginning as of January 1, 2019, the following restatements will be carried out, pursuant to the charts to be prepared for these purposes by the Argentine tax authority (Administración Federal de Ingresos Públicos, "AFIP"), based on the evolution of the consumer price index reported by the INDEC:

1) For the calculation of gross profit in the sale of depreciable personal property, real estate not considered to be part of inventories, intangible assets, stocks, quotes or ownerships interests (including shares of mutual funds), the cost of these assets will be restated by applying the aforementioned index, from the date of acquisition or investment to the date of disposal, and will be reduced, where appropriate, by the corresponding depreciations, calculated on the restated value.

2) The deductible depreciation expenses corresponding to buildings and other constructions on properties assigned to activities or investments, not considered to be part of inventories, and those corresponding to other assets used to produce taxable profits, will be calculated by applying the index indicated in the charts prepared by AFIP to the ordinary depreciation installments, since the date of acquisition or construction.

#### **(b) Minimum notional income tax**

The Company and its subsidiaries in Argentina computed the minimum notional income tax by applying the current 1% rate on computable assets at the end of the period. This tax complemented income tax. The Company's tax obligation was the higher of the two taxes. However, if in a fiscal year minimum notional income tax obligation exceeded income tax liability, the surplus was computable as a payment on account of income tax through the following ten years.

According to article 76 of Law 27,260, the minimum notional income tax was repealed as of January 1, 2020

### **2.28. Provisions for contingencies**

Provisions are recognized in the financial statements when:

- (a) the Company has a present (legal or implicit) obligation as a result of past events;
- (b) it is more likely than not that an outflow of resources will be required to settle the obligation; and
- (c) and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditure required to settle the obligation considering the best information available at the balance sheet date and are re-estimated at the end of each reporting year. The discount rate used to determine the present value reflects market assessments at the balance sheet date of the time value of money and the risks specific to the liability.

### **2.29. Revenue recognition**

Revenues are measured and recognized following the five-step model introduced by IFRS 15, which requires to: (i) identify the contract with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract and; (v) recognize revenue when the entity satisfies a performance obligation.

Revenues from contracts with customers comprise the amount of consideration received or receivable in exchange for the sale of goods or rendering of services, net of value added tax, retention tax and discounts. Revenues from contracts with customers are recognized at the fair value of the consideration received or receivable, when control over goods or services is transferred to the customer. Revenues are recognized at a certain point in time and mainly derive from direct sales to customers.

The Company's main performance obligations are:

#### **(a) Construction contracts**

Revenue obtained by the Company for construction contracts which extend over time is recognized as defined in IFRS 15 "Revenue from Contracts with Customers", as a contract specifically negotiated for the construction of an asset.

When the amount of revenue from a construction contract can be reliably measured and it is probable that the contract will result in revenue for the Company, revenue and costs of construction contracts are recognized over the period of the contract based on the percentage of completion. When it is probable that the total costs of the construction contract will exceed total revenue from the contract, the loss is recognized to profit and loss immediately.

When the amount of revenue from a construction contract cannot be reliably measured, revenue from the contracts is recognized only up to the amount of the costs incurred at that date which are likely to be recovered.

Changes in the costs of contracts, as well as the payments for claims and incentives are included in revenue from the contracts if they have been agreed with the customer and can be reliably measured.

The Company uses the percentage of completion method to determine the amount of revenue to be recognized in each year. The percentage of completion of the construction work is measured based on the costs of contracts incurred until the end of the reporting year-end as a percentage of the total estimated costs of each contract.

At the end of each reporting year, the Company reports the contractual net position of each contract, either as assets or liabilities. A contract represents an asset when the costs incurred plus their margin recognized in income exceeds billings issued to date; otherwise it represents a liability.

#### **(b) Service provision**

Revenue is recognized at the fair value of the consideration received or receivable in the period when such services have been rendered, and represents the amounts receivable for sales of services, net of discounts and value added tax. The Company recognizes revenue from services when the amounts can be measured by reliable means and when it is likely that future economic benefits are generated for the entity.

IFRS 15, among other issues, introduces a mechanism to allocate the transaction price to each performance obligation in the contract. Revenues must be recognized once performance obligations are satisfied, that is when control over the promised good or service is transferred to the customer. Revenue from passenger transportation services is recognized according to the number of passengers transported, since given its nature, the provision of this service involves a short period of time.

#### **2.30. Distribution of dividends**

Distributions of dividends among the Company shareholders are recognized as a liability in the Company's financial statements in the fiscal year in which they are approved.

#### **2.31. Government subsidies**

The number of subsidies received has been deducted from cost of providing services, administrative expenses and selling expenses and other operating expenses according to the nature of the received subsidy, under the "Adjustment due to higher costs" caption.

#### **2.32. Critical accounting estimates**

The preparation of these financial statements requires the use of estimates. It also requires the Company's Management to exercise judgment in the process of applying the accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates might not equal the related actual results. The most critical estimates and judgments of the Company are discussed below.

##### **(a) Fair value of goodwill**

Periodically, the Company determines whether goodwill has been suffered any impairment loss, according to the accounting policy in Note 2.7. The recoverable amounts of the cash generating units (CGU) have been determined by calculating the value in use. These calculations require the use of estimates.

##### **(b) Fair value of derivatives or other financial instruments**

The fair values of financial instruments that are not traded in active markets are determined using valuation techniques. The Company uses its judgment to select a series of methods and makes assumptions based primarily on the market conditions prevailing at the end of each reporting period.

##### **(c) Revenue recognition**

The Company uses the percentage of completion method to account for the construction and service contracts at a fixed price. Use of this method requires estimating the costs to be incurred and the services to be provided to date, to determine the actual services provided and actual costs incurred as a proportion of the total services to be provided and total costs to be incurred for each of the contracts.

##### **(d) Provision for lawsuits and contingencies**

The evaluation of contingent liabilities is made by the Company's Management and legal counsel based on the elements of judgment available at the time of preparing these consolidated financial statements. In estimating their amounts, among other characteristics, the likelihood of occurrence has been considered. If in evaluating the contingency there was a chance that losses could materialize and the amount could be estimated by reliable means, a liability would be accounted for under provisions for contingencies. If the potential loss is not likely or probable but the related amount cannot be estimated by reliable means, the nature of the contingent liability and the estimate of probability of occurrence are disclosed in the note to the consolidated financial statements.

##### **(e) Revaluation of property, plant and equipment**

Property, plant and equipment of the Company classified under "Heavy machinery and equipment", "Heavy vehicles", "Buildings", "Land" and "Building improvements" captions, have been recorded at the value arising from the independent appraisal reports, which estimate a reasonable value of property through the identification of the fair value of the new units with similar features and considering the use and remaining useful life of those assets, as well as improvements therein, or through the use of valuation techniques based on location, existing buildings, condition and remaining useful life of the building, the possibility of access and benefits from potential improvements, among other factors

##### **(f) Going concern**

These Financial Statements were prepared on a going concern basis. The going concern assessment is based on the expectations of current and potential business and requires management to make critical judgments about the future performance of its operations.

### 2.33. Changes in accounting standards

(a) New standards, amendments and interpretations that have come into force as from the year commenced January 1, 2020:

Amendment to IFRS 3 "Business Combinations": this amendment revises the definition of a business. The post-implementation review carried out by the IASB revealed that the application of current guidelines was considered to be quite difficult and, consequently, too many deals are classified as business combinations. The application of this amendment did not have impact on these consolidated financial statements

Amendments to IAS 1 and to IAS 8 regarding the definition of materiality: these amendments to IAS 1 - Presentation of Financial Statements and to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, and the resulting amendments to other IFRS, align the definition of 'materiality' across IFRS and the Conceptual Framework for Financial Reporting, clarify the definition of 'material' and introduce some of the guidelines provided by IAS 1 regarding immaterial information. The application of these amendments did not have impact on these consolidated financial statements.

Amendments to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark": these amendments provide temporary alternatives for applying specific hedge accounting requirements to relationships directly affected by reform of the interest rate benchmark, such as LIBOR and other interbank rates. The application of these amendments did not have impact on these consolidated financial statements.

Amendments to IFRS 16 "Leases": On May 28, 2020, the IASB issued an amendment to IFRS 16 applicable to those lease agreements whose original terms and conditions have changed as a result of the Covid-19 pandemic. As a practical expedient, lessees may elect not to assess whether said changes in terms and conditions are lease modifications and instead to account for them in the same way as they would if they were not lease modifications. The practical expedient is only available for lessees. The Company has made use of this option although its effect was not significant.

b) Standards, amendments and interpretations that are not applicable for the fiscal year beginning on January 1, 2020 and have not been early adopted:

Amendment to IAS 1 "Presentation of Financial Statement regarding classification of liabilities": this amendment clarifies that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and should not be affected by entity's expectations or events after the reporting period. The amendment also makes clear the definition of settlement of liabilities. These amendments were issued in January 2020 and are effective for annual reporting periods beginning on or after January 1, 2022.

Amendment to IFRS 3 "Business Combinations": this amendment updates an outdated reference in IFRS 3 to the Conceptual Framework without significantly changing its accounting requirements. This amendment was issued in May 2020 and is effective for annual reporting periods beginning on or after January 1, 2022.

Amendment to IAS 16 "Property, Plant and Equipment": this amendment prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended. Instead, they will be recognized in profit or loss. This amendment was issued in May 2020 and is effective for annual reporting periods beginning on or after January 1, 2022.

Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets": this amendment specifies the costs a company should include when assessing whether a contract is onerous. This amendment was issued in May 2020 and is effective for annual reporting periods beginning on or after January 1, 2022.

Amendments to IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark – Phase 2": these amendments address issues that arise during the reform of the interest rate benchmark, including the replacement of one benchmark with an alternative one. These amendments were issued in August 2020 and are effective for annual reporting periods beginning on or after January 1, 2021.

There are no IFRS or IFRIC interpretations not yet in effect which are expected to have a material impact on the consolidated financial statements of the Company.

### 3. Operating segment information

The Company operates through four principal business segments: Waste management, Construction, Transportation and Water Supply.

#### 3.1. Waste management

The Company provides waste management services through Cliba Ingeniería Urbana S.A. and Tecsan Ingeniería Ambiental S.A. ("Tecsán"), and in the companies or the joint ventures in which they participate directly and indirectly. Waste management services by operating in four major lines of business: (i) urban waste management; (ii) landfill; (iii) industrial services; and (iv) waste valorization.

##### 3.1.1. Urban Waste Management

The following chart briefly summarizes the services provided:

City	Population served	Participation in each project (%)	Services (1)
Buenos Aires (Zone 2).....	613,000	100%	A/B/C/D
San Isidro .....	292,000	100%	A/B/C/D
Neuquén .....	426,000	100%	A/B/D
Santa Fe (Zone 1) .....	292,000	100%	A/B/D

- (1) Services rendered:  
A — Collection  
B — Manual and mechanical street cleaning  
C — Street cleaning  
D — Other services

The Company has been rendering urban waste management services in the city of Buenos Aires since 1987. Currently, Cliba Ingeniería Urbana S.A. provides services in the so-called Zone 2 (Recoleta, Palermo, Belgrano, Colegiales and Nuñez neighborhoods) of the city of Buenos Aires, within the framework of the Public Bid No. 997/2013 for the provision of urban waste (wet stream) management services. The contract term is 10 years, as from October 1, 2014, with an option to renew it for a further 12 month-period, upon decision of the Government of the City of Buenos Aires.

The Company has been rendering urban waste management services in San Isidro since 1991. The Municipality of San Isidro called for bids for the provision of urban waste management services in the county of San Isidro through Public Bid No. 40/2019. Due to the restrictions imposed by the National Government to prevent the spread of the pandemic, the municipal authorities postponed the opening of the bid envelopes until September 30, 2020 and, after the assessment of the proposals, decided, through Decree No. 1556/2020 dated November 13, 2020, not to continue with the bidding process. Consequently, the Municipality of San Isidro extended again the current contract until June 30, 2021. The Company continues providing services regularly.

The Company has been rendering urban waste management services in the city of Neuquén since 2000. The contract currently in force was signed on November 16, 2015, in the framework of Public Bid No. 06/2015 for "Provision of Urban Cleaning Services", for an 8-year term, with an extension option for an additional year.

The contract for services for the City of Santa Fe (Zone 1), where the Company has been providing services since 1996, was extended until there is a call for bids. On October 29, 2019, the Company notified the City of Santa Fe of its intention to terminate the contract due to significant overdue payments owed by the City of Santa Fe. On September 1, 2020, the Company entered into an agreement with the Municipality of Santa Fe (endorsed and published by Decree No. 00180 of the Government Secretariat of the Municipality of Santa Fe) through which the latter undertook to pay all the monthly certifications until February 2020 for all concepts, corresponding to the services included in the comprehensive urban waste management system, pursuant to the bidding terms and conditions and all the Decrees that provided for additional services. Likewise, the Company committed to revoke its declaration of unilateral termination of the contract, retroactive to September 1, 2020, depending upon the effective receipt of the amounts subject to the agreement. As of the date of issuance of these financial statements, the Municipality of Santa Fe paid for the amounts owed, so the provision of services, billing and collection continues on a regular basis.

In addition, in the province of Neuquén, the Company provides urban waste management services in the towns of Centenario and, since July 1, 2020, San Patricio del Chañar, with an aggregate population served of approximately 75,000 people.

### **3.1.2. Landfill**

Landfill operations covers a wide range of services, including civil works and construction of infrastructure for final disposal of household waste, disposal of waste through different mechanisms, treatment of leachate, transportation of waste and the composting of organic waste.

The Company currently operates, through UTE Norte III, the state-owned CEAMSE landfills located in the Norte III environmental complex under a one-service contract. The "Norte III D" module is currently in operation, while modules Norte III (2001), Norte IIIA (2005), Norte IIIB (2010), Norte IIIC (2014), Norte III B+C (2016) and Norte III "Unification of Modules A+B" (2017) have already been completed. As a consequence of the health emergency situation derived from the Covid-19 pandemic, there has been a decline in the amount of tons disposed of as compared to the same period of the previous year, although there is a recovery since August. Currently, approximately 393,000 tons of waste coming from the City of Buenos Aires and 27 districts from the Greater Buenos Aires area are disposed monthly on average. As of December 31, 2020 Norte III D module still has capacity to receive approximately 9.2 million cubic meters of waste.

In October 2014, a new leachate treatment plant became operative, with a treatment capacity of 2,000 m3 per day, which has been developed with membrane biological reactor (MBR) technology, thus providing a cutting-edge technology solution for the treatment of leachate generated in the Norte III landfill. In addition, the Company is currently reorganizing capacity increase works from current 1,350 to 2,350 cubic meters/day in other leachate treatment plant.

In addition:

i) on July 17, 2014 a contract for an 8-year term, extendible for a further year, was signed with the Municipality of Neuquén for the design, construction and operation of an environmental complex for urban solid waste disposal, biogas capture and construction of a waste separation plant. As a result of an operational and functional reorganization, the Company made the strategic decision of assigning the contract to another operator. This assignment was authorized by Decree No. 0851/2019 issued by the City Council of the City of Neuquén in charge of the Municipal Executive Body and published in the Municipal Official Gazette on October 18, 2019 and came into effect in November 2019;

ii) Municipality of General Pueyrredón: Tecsan designed, built and is currently operating a landfill in the Municipality of General Pueyrredón. After successive temporary contract extensions to avoid the interruption of services, on October 1, 2018 CEAMSE took control of the landfill and requested Tecsan to continue the provision of services in the existent module and to develop the necessary infrastructure to increase waste disposal capacity. On July 27, 2020, as a result of the health emergency situation derived from the Covid-19 pandemic and the particular conditions in the provision of the service that have resulted in a slight improvement in the remaining capacity of the disposal module in operation, CEAMSE asked Tecsan to continue rendering services until the end of September 2020. Subsequently, on September 28, 2020, CEAMSE again requested Tecsan to extend the services until October 15, 2020, when Tecsan made the final delivery of the facility, upon expiration of the term of its agreement with CEAMSE; and

iii) On December 20, 2016 Tecsan entered into an agreement with the National Ministry of Environment and Sustainable Development for the "Construction of a Landfill in the Chanchillos Environmental Complex and Compost Facility, San Pedro Transfer Station and Clean-up of the Palpalá and El Pongo Open Dumpsites - Province of Jujuy – GIRSU-LPI-O-1/2015". This work currently has a degree of completion of 80% approximately and its prompt completion is expected.

### **3.1.3. Industrial services**

Through its subsidiary Envairo S.A., the Company provides non-hazardous industrial waste collection and transportation services for large quantity generators in the City of Buenos Aires and the Province of Buenos Aires, with a specialized fleet for that activity, and through Taym S.A. it continues working on cleaning services in Uruguay.



In regard to the treatment and disposal plant for hazardous and special waste located near the City of Córdoba, it flooded as a result of the extraordinary weather conditions that took place in late March 2017, a fact that affected its operation.

#### **3.1.4. Waste valorization**

Our waste valorization activities started with a greenhouse gases emission reduction project in 2007.

Later, in the framework of the National and International Public Bid ENARSA N° EE 001/2010, the Company was awarded a contract for energy supply by using biogas extracted from the Norte III C landfill. The project is carried out by our subsidiary Central Buen Ayre S.A., which has built and is currently operating an electric power station running on biogas, with a nominal capacity of 11.8 MW. Approximately 79,000 MW were generated and supplied to the electrical grid in the last twelve months. The contract will be in force until 2026.

UTE Norte III operates, under a contract signed with CEAMSE, a plant for the mechanical and biological treatment of urban solid waste for a 15-year period since October 2012. Approximately 344,000 tons of urban solid waste were treated during the last twelve months. This operation is estimated to continue for approximately 23 years, the maximum term permitted by contract.

Furthermore, the Company, through Ecoayres S.A., was granted the exclusive rights derived from the exploitation of biogas in the Norte III B module and its extension.

On December 4, 2015, the Government of the City of Buenos Aires, through the Environment and Public Space Ministry, pre-awarded Tecsan the National and International Public Bid No. 49-SIGAF/2015 for the Design, Construction, Operation and Maintenance of a plant for the mechanical and biological treatment of urban solid waste in the City of Buenos Aires (MBT Sur). This project will be executed by a joint venture between Tecsan, which holds a 75% interest, and Sorain Cechini Tecno España S.L., which holds a 25% stake. The contract term will be 10 years with the possibility of extending it for an additional 10-year period. At the date of these financial statements, the Government of the City of Buenos Aires has not yet informed neither the contract award date nor the date of commencement.

### **3.2. Construction**

#### **3.2.1. Benito Roggio e Hijos S.A.**

Through its subsidiary BRH, a construction company which is positioned as one of Argentina's largest construction companies, the Company is engaged in a wide range of activities in the construction industry.

BRH develops different types of projects, such as road, railway and subway infrastructure, water treatment, ports, industrial facilities and architectural projects. BRH has completed important construction projects, such as the IBM corporate building in Buenos Aires; the Santiago International Airport, in Chile; the Piedras Moras Dam in the Province of Córdoba; the Mario Alberto Kempes Football Stadium in the City of Córdoba (formerly, Chateau Carreras Football Stadium); the Western Access in Buenos Aires; the Conrad Hilton Punta del Este Resort & Casino, in Punta del Este, Uruguay; the Pichi Picún Leufú Hydroelectric Dam in the province of Neuquén; the 9 de Julio Northern Highway in Buenos Aires; the extension of B and D Subway Lines in Buenos Aires City, with the addition of new stations; the Córdoba-Villa María and the Oliva- Ballesteros tranches of the Cordoba-Rosario highway and Sections I and II of National Road No. 76, in the Province of La Rioja, among others.

BRH performs works in diverse sectors of the construction industry throughout the country. The following are the most important construction works in progress:

- Repaving of National Roads Nos. 9 and 60, Province of Córdoba.
- Branch C – Belgrano Railway - Province of Santa Fe.
- Contract for road repair and maintenance No 308, comprising National Road No. 150, Parque Natural Provincial Ischigualasto and National Road No. 79 in the Provinces of La Rioja and San Juan.
- Paving of National Road No. 76, Quebrada Santo Domingo - Pircas Negras tranche, Province of La Rioja.
- Track renewal - Subway Line E - City of Buenos Aires
- Rehabilitation of Los Molinos water channel – Córdoba
- Closure of Córdoba city beltway – El Tropezón-Spilimbergo tranche- Province of Córdoba.
- Replacement of mechanical signals by colour light signals - San Martín, Belgrano Sur and Urquiza Railways - Province of Buenos Aires.
- Contract for road repair and maintenance No 303, comprising National Roads No. 38 and No. 74 in the Province of La Rioja.
- Duplication of Roadway in Provincial Roads No. 11 and No. 56 – Province of Buenos Aires.
- Vega Creek Second Emissary– City of Buenos Aires
- Implementation of Automatic Railroad Crossing Systems – Gral. Mitre and Sarmiento Railways (diesel traction) – Province of Buenos Aires.
- Construction of a weir on the Salado River and a water channel to connect with Canal de Dios – Province of Santiago del Estero.
- Elevation of rail line in the Retiro - Tigre branch of Gral. Mitre Railway - City of Buenos Aires
- Lithium Carbonate Plant - Salar de Olaroz – Province of Jujuy
- Construction of Gran Tulum water channel – Province of San Juan.
- Salado river expansion - Province of Buenos Aires
- Construction of Villa María By-Pass Road - National Road No. 158 – Province de Córdoba

Further, through its branch in Brazil, BRH is currently performing:

- Civil Works in Passenger Stations in Line 15 of São Paulo's Metro.
- Roadworks in the Northern Region of Brazil, in the State of Pará, consisting of the construction of a 112 km- paved road which is part of Federal Road BR163, in the Campo Verde –Rurópolis tranche.

#### **3.2.2. Haug S.A.**

Haug S.A. ("Haug"), a Peruvian company leading in the metal mechanical sector with over 70 years of experience, specializes in (i) engineering, construction and assembly of processing plants and production facilities for the mining, oil & gas, energy and manufacturing industries; (ii) metalmechanical manufactures such as storage tanks, pipelines and other metallic structures; and (iii) maintenance services

for facilities and equipment in said industries.

Haug has also carried out activities in Chile, Argentina and Dominican Republic. Currently, Haug mainly provides services through its head office in Peru and Consorcio Andino Haug-ASB S.A. that develops a project for major maintenance, inspection, cleaning and certification of tanks in Chile.

### **3.2.3. Benito Roggio Panamá S.A.**

BRH holds a 100% ownership interest in Benito Roggio Panamá S.A., a company incorporated under the laws of Panama, which was awarded the Design and Construction project for road improvement along the Divisa-Chitré Highway, in the province of Herrera, Republic of Panama. This project included a 3-year maintenance period, and its completion took place in 2018. The company also performed works in Panama for the improvement of various tranches of road in the province of Herrera.

### **3.2.4. Sehos S.A.**

BRH holds a 95% equity interest in Sehos S.A., which provides preventive, corrective and operating maintenance services to hospitals and public buildings, and general architectural services, in particular, railway infrastructure services such as the refurbishment and renovation of railway stations, rail level crossing renewals, elevation of train platforms, delimitation of operating areas, among others.

### **3.2.5. Transportel Patagónica S.A.**

BRH holds a 45% equity interest in Transportel Patagónica S.A., whose purpose is to engage, on its own or third parties' account or in association with third parties, in any form or manner, in the construction, operation and maintenance of electric power lines, transformer stations and associated communication systems.

On July 7, 2015, Transportel Patagónica S.A. and the Committee for the Administration of the Trust Fund for the Federal Electric Power Distribution (CAF) entered into a contract for the construction, operation and maintenance (COM) of the enlargement of the 500/132 kW La Rioja Sur Transformer Station and Complementary Works, under National Public Bid 11/2014. The works include the modification, by opening, of the 132 kW Recreo – La Rioja I and II power lines, the enlargement of the 500/132 kW La Rioja Sur Transformer Station, the enlargement of the San Martín 132 kW Marshalling Yard and the modification, by opening, of the 132 kW Recreo – La Rioja double-circuit transmission line in the surroundings of the marshalling yard. This work will be executed in two stages: a) Construction and b) Operation and Maintenance, which will be in charge of Transener S.A., which operates the national high-voltage transmission network.

In December 2020, works corresponding to the last commissioning stage, which had been delayed by the mandatory preventive social isolation measures, were completed. At the date of these financial statements, minor fine-tuning works are being carried out in order to obtain commercial authorization.

### **3.2.6. Benito Roggio e Hijos S.A. de Paraguay**

BRH holds a 80% interest in a corporation in Paraguay called Benito Roggio e Hijos S.A. ("Benito Roggio Paraguay"), through which the Company have developed construction projects in that country since 1974.

In addition, due to their connection with the construction business, this segment, formerly named "Construction and toll road concessions", includes different road concessions in which the Company participated, which are briefly described below.

### **3.2.7. CV1 - Concesionaria Vial S.A.**

CV1 - Concesionaria Vial S.A. ("CV1") was engaged in the construction, improvement, reparation, preservation, extension, remodeling, maintenance, administration and management of National Corridor No. 1 through a toll road concession, for an initial term of 6 years since April 22, 2010, when takeover of the corridor took place. After successive extensions on July 31, 2018, CV1 and the National Road Authority (*Dirección Nacional de Vialidad*, "DNV") signed the Act of Acceptance of the National Corridor No. 1. Consequently, the new concessionaires took control of the corridor. However, according to the works plan set forth by DNV, CV1 will continue with the works agreed before the end of the concession contract. At the date of these financial statements, one of the works have started, both parts agreed to introduce changes to other two works, which we estimate would start in the current year, while another work is still awaiting definitions by the DNV.

On another note, in July and August 2016 CV1 was forbidden to dispose of real and personal property, within the framework of a legal action against the shareholders of the other business group that owns shares in CV1, a company in which said shareholders do not hold direct ownership interests. For this reason, CV1 filed appeals against this measure in various judicial instances, including an appeal before the Supreme Court of Justice of the Nation which was rejected in February 2019. It is worth mentioning that CV1's operations have not been affected by those measures.

### **3.2.8. Autovía del Mar S.A.**

BRH holds a 26.67% of interest in Autovía del Mar S.A., which was engaged in a toll road concession for the construction, improvement, repair, preservation, extension, remodeling, maintenance, administration and operation, for a 30-year term since July 1, 2011, of the Integrated Road System of the Atlantic, a network of roads providing access to many cities and seaside resorts on the Atlantic coast of the Province of Buenos Aires.

On November 8, 2016, Autovía del Mar S.A. entered into an agreement with the Ministry of Infrastructure for the Province of Buenos Aires, approved by the Province of Buenos Aires Executive Branch on November 25, 2016 through Decree 1495/16, which provided, among other things, that: (i) the Province of Buenos Aires assumed part of the rights and duties set forth in the concession contract, particularly those related to the management, operation and maintenance of the Atlantic Integrated Road System, including toll collection; (ii) capital expenditures undertaken by Autovía del Mar S.A. would be compensated in six instalments totaling Ps. 200 million, the last of which was paid in September 2019; (iii) Autovía del Mar S.A. would continue to execute certain road works for about Ps. 4,832 million, expressed in March 2016 prices, paid for directly by the Province of Buenos Aires; and (iv) the parties agreed to terminate any pending claims. As of December 1, 2016, Autopistas de Buenos Aires S.A., a state-owned company controlled by the Province of Buenos Aires, assumed the management, operation and maintenance of the Atlantic Integrated Road System.

### **3.2.9. Covisur S.A.**

Covisur S.A. (Covisur), a company in which BRH holds a 25% equity interest, was in charge of the toll road concession for the maintenance, improvement and operation of Provincial Road No. 2, in the Province of Buenos Aires.

On December 4, 2015 the Ministry of Infrastructure of the Province of Buenos Aires, Covisur and Autovía del Mar S.A. agreed to terminate, by mutual consent, the concession contract for the remaining tranche of Provincial Road No. 2, which also became part of the concession in charge of Autovía del Mar S.A. as from December 10, 2015. At the date of issuance of these financial statements, Covisur is in position to meet its obligations, to collect its receivables and to resolve any administrative or legal issue that may arise

### **3.2.10. Toll Road Concession Agreement**

On October 31, 2003 Covicentro S.A., Covinorte S.A., Concanor S.A. and Red Vial Centro S.A., companies in which BRH holds a 53.77%, 38.47%, 38.46% y 57.00% equity interest, respectively, returned the assets related to their toll road concessions to the National Government, ending, on that date, the generation of income and any maintenance and exploitation duties under the concession. However, the concession grantor and those companies have not yet expressly agreed to the full termination of the concession contract, and there are still legal actions pending between the parties in connection with the final settlement of the concession contracts. The shareholders of the concessionaires severally guarantee any difference that may arise as a result of the termination process.

Based on the opinion of their legal counsel, the concessionaires believe that no further debts will be incurred in addition to those recognized by them.

In view of the current status of the negotiations, the Company management has decided to value at zero the interests held in Covinorte S.A., Red Vial Centro S.A., Concanor S.A. and Covicentro S.A.

### **3.2.11. Puentes del Litoral S.A.**

Puentes del Litoral S.A. ("PDL"), a company in which BRH holds a 20% equity interest, was awarded by the Argentine Federal Government a concession for the construction, conservation and maintenance of a road nearly 60 km long connecting the cities of Rosario in the Province of Santa Fe, and Victoria in the Province of Entre Ríos. The concession period was twenty five years, until September 13, 2023.

Upon release of Public Emergency Law No 25,561 in 2002, the economic and financial conditions of the concession were substantially altered due to the conversion of tolls into pesos, the removal of any indexation mechanism and the increase in operating and maintenance costs, among others, and a contractual renegotiation process started, which has been extended through successive laws.

On May 22, 2007, PDL commenced a reorganization procedure (*concurso preventivo de acreedores*). An agreement with creditors was approved on December 30, 2009 but it could only be partially fulfilled, due to PDL's weak financial condition.

In May 2014, PDL commenced legal proceedings against the Argentine Federal Government in order to declare the concession contract's termination under the exclusive fault of the grantor, and also requested damages deriving from the Argentine Government's refusal to restore the initial economic and financial equation of the concession. In addition, the meeting of shareholders of PDL held on June 30, 2014 resolved to dissolve and liquidate the company in line with Section 94, Subsection 5 of the General Companies Law 19,550, since, according to PDL's financial statements as of December 31, 2013, accumulated losses exceeded the amount of share capital plus reserves.

On August 29, 2014 the DNV notified PDL of the termination of the concession contract through Resolution AG No. 1994/14 and PDL surrendered the concession on September 1, 2014. PDL then challenged the DNV's resolution and filed a supplemental complaint in the legal proceeding that is being conducted for termination of contract.

At the date of issuance of these financial statements, the PDL liquidation process is still in progress and the legal action initiated by PDL against the Argentine Federal Government is currently in the evidence stage.

Since June 30, 2006, the investment in PDL is valued at zero..

### **3.2.12. Polledo S.A.I.C.y F.**

The Company holds a 46.18% interest in Polledo S.A.I.C. y F. which carries out its business activities through the investments it holds in other companies, primarily in Coviare S.A. ("Coviare"), in which it holds a minority interest.

Coviare was in charge of a concession for the construction, preservation and operation of the La Plata - Buenos Aires Highway, the Riverside Highway in the City of Buenos Aires and the new bridge over the Riachuelo River, in accordance with the Agreement for the Restatement of the Concession Contract signed with the then Secretary of Public Works and Communications of the Argentine Ministry of Economy and Public Works and Services on December 29, 1993, which was approved by the Ministry Resolution No. 538/94 and a decree issued by the National Executive Branch. The concession term was 22 years, since July 1, 1995.

As from the enactment of the Public Emergency Law No. 25,561 in 2002, the economic and financial conditions of the concession were substantially altered due to the conversion of dollar-denominated tolls into pesos and the removal of any indexation mechanism, among others, and a contractual renegotiation process started, which has been extended through successive laws. Law No. 27,200 extended the term until December 31, 2017. In spite of negotiations, the parties have only entered into one amended agreement on October 9, 2009, that provided for fare increases and a new investment schedule, among others, and which was only partially fulfilled.

On February 5, 2013, the Province of Buenos Aires assumed the role of grantor of the concession contract, upon release of the Province of Buenos Aires Law No. 14,443 that approved the Transfer Agreement through which the Argentine Federal Government ceded the rights and duties under the concession contract to the Province of Buenos Aires. Since then, Coviare made several presentations to procure compliance by the Province with its contractual duties, as well as to renegotiate contractual terms and conditions affected by the Emergency Law.

Coviare did not receive any answer to its requirements and on July 12, 2013, through Provincial Decree No. 419/2013, the Province of Buenos Aires unilaterally terminated the Coviare concession contract. Consequently, Coviare made a presentation rejecting the termination, denied the alleged breach of contract that gave rise to the rescission, and requested that Provincial Decree No. 419/2013 was declared null and void and illegitimate, on the grounds that the Province of Buenos Aires had no power to resolve the rescission, that there were no good reasons, that the facts invoked were false and that there had been a violation of the essential and substantial

procedures established by applicable laws, as well as a violation of the purpose of the Transfer Agreement. Coviare denied on good grounds the alleged breach of contract invoked in the whereas clauses of Decree 419/2013, as well as the allegations of abandonment of the operation, maintenance, preservation, execution of works and failure to provide users with the essential services. Coviare also reserved its rights and causes of action against the Province of Buenos Aires and the Argentine Federal Government in connection with the termination of the concession contract.

In December 2013, Coviare filed an action against the Province of Buenos Aires and the Argentine Federal Government before the Argentine Supreme Court of Justice, claiming the invalidity of the administrative act by which the contract was terminated as well as a compensation for damages. The damages claimed have been assigned as collateral to the trust acting as administrative agent under the Coviare's syndicated loan, so that the trustee must join the claim as a mandatory third party. Since August 2015 the case is established at the Contentious Administrative Federal Court No. 7.

On June 13, 2014, Coviare began its reorganization procedure (*concurso preventivo de acreedores*), under File No. 61006/2014 before the National Commercial Court No. 22, Secretariat No. 43. The credit-filing period for creditors ended on October 3, 2014. The DNV and the Province of Buenos Aires, among other creditors, submitted credits which included penalties and reserved their rights based on the fact that final liquidation of the concession had not occurred. Coviare rejected the credits submitted by those two entities on similar grounds as those of the legal claim for termination of concession and the inapplicability of fines. On April 7, 2015, through the opinion of the judicial trustee in the reorganization proceeding, the credits were endorsed in accordance with Section 36 of the Bankruptcy Law.

On another note, Decree No. 13/2015 amended the Ministries Act, establishing that the issues relating to concessions and licenses for public utility services and the determination of the applicable prices and rates shall be within the different ministries' sphere of competence. In this context, the DNV, now in the scope of the Ministry of Transport, began negotiations with Coviare to analyze the possibility of coming to an extrajudicial resolution. Coviare signed a letter of understanding with the DNV, in which it did not concede any facts and expressly reserved its rights to legal action and defenses. As a result of these negotiations, the judge in charge of the reorganization procedures ordered an extension of the exclusivity period until June 30, 2018 and suspended all procedural deadlines in the judicial actions begun by Coviare against the Argentine Federal Government and the Province of Buenos Aires until the committee releases its final report. The extension of the period was appealed by the Argentine tax authority (*Administración Federal de Ingresos Públicos*, "AFIP") and the National Court of Appeals ordered the lower court to continue with the applicable procedural acts. Coviare filed an extraordinary appeal with the Argentina's Supreme Court, which was rejected on August 2, 2018.

Polledo S.A.I.C. y F., as minority shareholder, has valued its equity interest in Coviare at zero since December 31, 2011, and is currently analyzing the possible economic, financial and legal implications of the contract rescission declared by Provincial Decree No. 419/2013.

### 3.3. Transportation

The Transportation segment comprises passenger railway transportation services, both ground and underground, and related business.

#### 3.3.1. Benito Roggio Transporte S.A.

Benito Roggio Transporte S.A. ("BRT") mainly provides advisory services to different local and regional railway operators and performs railway infrastructure works. Furthermore, BRT carries out the following activities through the companies in which it holds equity interests:

#### 3.3.2. Metrovías S.A.

BRT holds a 90.66% equity interest in Metrovías S.A. ("Metrovías"), which provides ground and underground railway transportation services in the Metropolitan Area of the City of Buenos Aires. Metrovías was granted the operation and maintenance of the Buenos Aires subway system and the Premetro, through an operation and maintenance agreement entered into with the Government of the City of Buenos Aires, effective until the successful bidder for the National and International Public Bid No. 212/18 called for the concession of the service starts operations. The consortium integrated by Metrovías and BRT (the "Metrovías-BRT Consortium") was awarded the contract under the bidding process and, at the date of issuance of these financial statements, is conducting the formal steps required in the tendering process prior to execution of the concession contract. Additionally, Metrovías is the operator of the concession, granted by the Argentine Federal Government, for the exclusive management and development of the General Urquiza suburban railway ("Urquiza Railway"). Although the concession term originally expired on December 31, 2017, it has been extended until the winner of the international bidding process called through Decree No 423/2019 issued by the National Executive Branch on June 18, 2019 for the construction, operation and maintenance of the Urquiza and Belgrano Norte Railways takes possession of the service.

#### Background

On November 25, 1993, Metrovías entered into a concession contract with the Argentine Federal Government to manage the so called Group of Services 3, comprising the Buenos Aires Subway system and its complementary above-ground Premetro network and the Urquiza Railway, on an exclusive basis until December 31, 2017, with the option for the grantor to renew the concession for successive additional 10- year terms. The concession contract was approved and enacted through Decree No. 2608/93 dated December 22, 1993. This concession for the operation of public utilities also included the commercial exploitation of shops, retail spaces and advertising at stations, rail cars and real estate comprised by such concession.

The concession contract was later amended by means of an addendum approved by Decree No. 393/99 dated April 21, 1999, and its amended text was approved by the then Ministry of Economy and Public Works and Services and informed to Metrovías through Resolution No. 153/99, dated April 30, 1999, issued by the Secretariat of Transport. The addendum, that created a more ambitious investment schedule and a new fare schedule, was executed only in part due to the shortage of budget resources of the Argentine Federal Government and the delay in the approval of the planned fare increases. In addition, the renegotiation of the concession contract triggered by the Public Emergency Law 25,561 did not occur, despite the presentations made by Metrovías. Furthermore, within the framework of that emergency, Decree No. 2075/02 on Railway Emergency, issued on October 16, 2002, eventually declared a state of emergency in the railway and subway systems in the Metropolitan Area of the City of Buenos Aires.

Subsequently, the Argentine Federal Government took a number of emergency actions aimed at regulating the relations arising from the concession contract to ensure a continued service on a provisional basis until a comprehensive contractual renegotiation was held. Emergency measures included, among others, the suspension of the original investment plan and the payment of subsidies to Metrovías in compensation for the suspended fare increases as set forth in the concession contract.

At the end of 2011, the Argentine Federal Government publicly declared its intention to transfer control of the Buenos Aires subway system and the Premetro to the Government of the City of Buenos Aires. Accordingly, on January 3, 2012, the Argentine Federal Government entered into an agreement with the Government of the City of Buenos Aires, pursuant to which, effective January 2012, the latter accepted to take control only over the Buenos Aires subway system and the Premetro and become the sole legal authority to set tariffs for those services, and the Argentine Federal Government committed to pay an annual sum in twelve monthly instalments as its only contribution to afford the payment of subsidies.

The differences between the Argentine Federal Government and the Government of the City of Buenos Aires regarding the interpretation of the terms and conditions of the agreement prevented performance thereof within the terms set therein, for reasons beyond Metrovías' control. Throughout 2012, Metrovías filed many requests and made several claims to the signatories to such agreement, alleging that its vested rights had been affected by this situation, which worsened the already deteriorated economic and financial equation even further.

#### Operation and Maintenance Agreement

On December 19, 2012, pursuant to Law No. 4,472, the Buenos Aires City Legislature resolved that: (i) the Government of the City of Buenos Aires would take control of the public passenger transportation service involving the subway and ground railway system operating exclusively in its jurisdiction, as well as of any new lines or expansions of existing lines as may be built in the future after January 1, 2013; (ii) such service involved a utility; (iii) such utility service was at the time in a state of emergency; (iv) the necessary legal instruments would be provided to operate such utility service; (v) Metrovías and/or its parent would be convened to enter into an agreement to be awarded a contract, on a direct basis, for the provisional operation of the service for an initial maximum term of two (2) years, extendable for one additional year based on the duration of the emergency declared; and (vi) the Government of the City of Buenos Aires would create a fund to finance maintenance and investments.

During the first quarter of 2013 and until the execution of an operation and maintenance agreement, Metrovías continued rendering services taking as parameters the terms of the concession contract entered into with the Argentine Federal Government, as provided for by Law No. 4,472.

On April 5, 2013, Metrovías and SBASE executed an operation and maintenance agreement (the "AOM", *for its Spanish acronym*) whereby, within the terms of Law No 4,472, SBASE awarded to Metrovías, on an exclusive basis, the operation and maintenance of the Subway and Premetro Public Service within the City of Buenos Aires, including Lines A, B, C, D, E, and H, and the Premetro, as well as those eventually added to the network during the term of the agreement; excluding the operation of any collateral services and the performance of works and investments. The initial term of the AOM was two years from the date of execution, and it could be extended by SBASE provided, however, that the aggregate duration of the AOM did not exceed the effective term of emergency declared by Law No. 4,472, which was initially set for two years, extendable for one additional year. Law No. 4,790 later provided that the emergency period would last four years as of December 2012, keeping the Executive Branch the power to extend such period for another additional year, which was subsequently confirmed and supplemented through Decree No. 127/16 of February 1, 2016.

In view of the amendment introduced by Law 4,790 to the emergency period and the Decree 127/16 above mentioned, an addendum to the AOM was executed on February 26, 2016, whose main amendments in terms of management were: (i) the extension of the AOM until December 31, 2017, (ii) the readjustment of the baseline cost structure at January 2016 prices by using price indexes that faithfully reflect price variations occurred in the preceding periods, and (iii) the consideration of seasonality for the calculation of the monthly subsidy.

Afterwards, the Legislature of the City of Buenos Aires, in the ordinary session of November 2, 2017, passed Law N° 5,885, enacted by Decree N° 469/17, extending the emergency period established in section 6 of Law 4,472 until December 31, 2018 and authorizing SBASE to extend the term of the AOM until the successful bidder for the competitive bidding process for the concession of the service, called pursuant to Article 1 of Law N° 5,885, started operations or until December 31, 2018, whichever occurred first. Consequently, on December 28, 2017 Metrovías and SBASE entered into the second addendum to the AOM that extended its term until December 31, 2018, among other amendments in terms of management.

Meanwhile, the Invitation for Tenders for the National and International Public Bid No. 212/18 was published in the Official Gazette on February 20, 2018, at the request of SBASE, regarding the concession for the operation and maintenance of the Subway and Premetro Network in the City of Buenos Aires, for a term of 12 (twelve) years, renewable for a further 3 (three) years.

The Legislature of the City of Buenos Aires, in the ordinary session of December 6, 2018, passed Law N° 6,102, enacted by Decree N° 444/18, that modified Law N° 5,885 extending the term of the AOM until the successful bidder for the competitive bidding process called for the concession of the service started operations or until December 31, 2019, whichever occurred first. Consequently, on December 28, 2018 Metrovías and SBASE entered into the third addendum to the AOM that extended its term, among other amendments in terms of management.

Finally, on December 27, 2019, SBASE through Resolution N° 3360/19 and for reasons of pressing need, extended the term of the AOM until the successful bidder for the competitive bidding process called for the concession of the service starts operations. Consequently, on December 27, 2019 Metrovías and SBASE entered into the fourth addendum to the AOM, whose main amendments in terms of management were: (1) the extension of the AOM until the successful bidder for the competitive bidding process called for the concession of the service starts operations and, (2) the commitment of Metrovías to cooperate during the transition period.

Regarding the bidding process, on December 29, 2020, through Resolution No. 3382/20, SBASE awarded the contract under the National and International Public Bid No. 212/18 - Concession for the Operation and Maintenance of the Subway and Premetro Public Service in the Autonomous City of Buenos Aires to the Consortium Metrovías-BRT, which. At the date of issuance of these financial statements, the Metrovías-BRT Consortium is conducting the formal steps required in the tendering process prior to execution of the concession contract. In this context, on February 19, 2021 the Company submitted the draft of the articles of incorporation and the bylaws of the new concessionaire to SBASE for approval.

On another note, in respect of the operator remuneration, according to the AOM, Metrovías receives: (i) the fare paid by the user ( Ps. 14.50 from December 15, 2018 to January 14, 2019; Ps. 15.50 from January 15, 2019 to February 14, 2019, Ps. 16.50 from February 15, 2019 to April 8, 2019, Ps. 19.00 since April 9, 2019 to November 24, 2020 and Ps. 21.00 since November 25, 2020, in every case for contactless cards with discounts as from the 21st day trip and having been discontinued the option to pay in cash), (ii) fees for the charge of travel cards; and (iii) government subsidies in compensation for operating costs that revenues from fares cannot meet. Upon the Ministry of Transport Resolution 77-E/2018 , effective February 1, 2018 the Subway fare is included in the Integrated Ticket System applicable in

the Buenos Aires metropolitan area, which offers different discounts for passengers using different means of transport over a given time period.

Subsidies are adjusted whenever either party claims an increase or decrease above 7% in operating costs measured based on a baseline cost structure including price indexes representative of such costs, according to the AOM. Any request for cost adjustment submitted by Metrovías must be approved or rejected by SBASE within a 30-business day term. Subsidies must also be adjusted, upon approval by SBASE, if new tasks and activities are required in order to meet the operation and maintenance commitments or in case of changes in the conditions of the baseline cost structure.

Subsidies received by Metrovías in compensation for cost increases are not recorded as revenues but are deducted from cost of providing services, administrative expenses and selling expenses and other operating expenses, under the “Adjustment due to higher costs” caption.

Notwithstanding the terms agreed upon, Metrovías expressed in the AOM its reservation of rights in relation to the fact that the execution of the AOM did not purport a waiver or acknowledgment in favor of the Argentine Federal Government regarding the rights acquired by the company through the original concession contract and its related addendum.

Law No. 4,472 expressly excluded the operation of any other collateral services by Metrovías in the Buenos Aires subway system and the Premetro, except for the fees for the recharge of trip cards and/or other devices, which remained as part of the operator’s compensation. Despite having claimed the reservation of its rights over such items in various notes and filings before the SBASE, Metrovías discontinued revenue recognition for these services since the fiscal year ended December 31, 2013.

#### Urquiza Railway Concession

Without prejudice of the situation regarding the SBA and Premetro, Metrovías continues operating the Urquiza Railway under the concession agreement executed in 1993. As the contract allowed for a 10-year extension, Metrovías reiterated the petition for extension which had already submitted to the Renegotiation Commission created under National Executive Branch Decree No. 367/16, within the framework of the renegotiation of the concession contract that was being conducted since January 2002. Although the renegotiation of the concession contract had not concluded, on December 18, 2017 the Ministry of Transport passed Resolution 1325-E/2017 whereby: (i) The petition for contract extension submitted by Metrovías was rejected; (ii) the Transport Secretariat and the Transport Planning Secretariat were instructed to establish, jointly with the state-owned Railway Operator (*Operadora Ferroviaria Sociedad del Estado*, “SOFSE”), the Railway Infrastructure Administration and the National Commission for Transport Regulation ( *Comisión Nacional de Regulación del Transporte*, “CNRT”), the terms and conditions for a call for bids for the so-called Group of Services No. 3, that includes the Urquiza Railway, which should be awarded within a maximum term of 18 (eighteen) months as from the date of that resolution; (iii) operation shall be automatically assigned to SOFSE if there was no awardee upon expiration of the term set in the preceding point; and (iv) Metrovías would continue providing services for the term stipulated in point (ii). On February 28, 2018, Metrovías challenged said resolution by filing with the Transport Ministry a Motion for Reconsideration and an administrative appeal in the alternative to be heard and disposed of.

On June 18, 2019, the National Executive Branch, through Decree No 423/2019, called a National and International Public Bid to award a concession for the construction, operation and maintenance of the Urquiza and Belgrano Norte Railways. On the same date, the Ministry of Transport passed Resolution 360/2019 whereby the term stipulated in the abovementioned Resolution 1325-E/2017 was extended until March 31, 2020 or until the winner of the bidding process took possession of the service, whichever occurred first.

On March 26, 2020, the Ministry of Transport passed Resolution 76/2020 whereby the term stipulated in the abovementioned Resolution 1325-E/2017 for the fulfillment of the all the steps required for the awarding of the concession was extended for another 18 months - renewable automatically for the same such period if the award of the bidding process is not made within the established time frame or until the winner of the bidding process takes possession of the service, whichever occurred first.

In addition, within the framework of Resolution No. 748/12 adopted by the then Ministry of the Interior and Transport (MlyT), the Joint Technical Committee on Follow-up and Redetermination of Costs of the Railway Passenger Transport Concessionaires for the Buenos Aires Metropolitan Area and the Unit for the Renegotiation and Analysis of Public Utility Contracts (UNIREN) completed the analysis of the cost structure required for the management of the Urquiza Railway (the “Operation Account”), which came into effect upon release of the MlyT Resolution 1604/14 dated December 16, 2014. Such resolution approved: (i) a new Operation Account effective July 1, 2014 and a new monthly subsidy; (ii) the gradual hiring of personnel and the new operating account to be considered when all the new employees have been hired; (iii) a “Levelling Plan” including “Works & Maintenance Tasks” and “Necessary Investment Works”; and (iv) the methodology for assessing the concessionaire’s own rate, subsidy and/or compensation for operating costs, which allows to adjust the Operation Account whenever there is an increase of over 6% in any of the cost items other than personnel, the assessment of which will occur upon changes arising from collective wage bargaining and/or from the hiring of new employees. On May 10, 2018, the Ministry of Transportation through Resolution No. 404/18 approved a new methodology for redetermining the subsidy and/or adjustments to the Operation Account.

According to Resolution 36/21 issued by the Transport Management Secretariat (“SGT”) on February 4, 2021, as of the date of issuance of the current financial statements, the monthly subsidy amounts to Ps.211.2 million, effective as of October 2020, except for December 2020 when it reached Ps. 263.7 million due to the inclusion of 50% of the “13<sup>th</sup> month bonus” (“*aguinaldo*”).

However, Metrovías filed several notes with the Argentine Federal Government requesting for certain pending restatements to the Operation Account due to (i) certain salary increases between January 2015 and December 2017, (ii) certain one-time expenses, such as an extraordinary bonus for cooperation given by train drivers, training, year-end solidary bonus and early retirement compensations for drivers, as agreed with trade unions during 2016, (iii) extraordinary contributions granted to on-site employees in July 2020 and from September 2020 to January 2021, as agreed in the bargaining agreements with trade unions on May 28, 2020 and (iv) salary increases, as agreed in the bargaining agreements with trade unions on January 20, 2021. At the date of these financial statements pending restatements totaled Ps. 260.3 million.

Subsidies received by Metrovías in compensation for cost increases are not recorded as revenues but are deducted from cost of providing services, administrative expenses and selling expenses and other operating expenses, under the “Adjustment due to higher costs” caption.

#### Other recognitions and / or claims

Without prejudice to the above indicated, Metrovías made several presentations both to the Argentine Federal Government and the Government of the City of Buenos Aires, including those arising from the compensation of higher operating costs incurred between 2008 and 2012 and for the payment of commissions on sales of tickets, which at the date of issuance of these financial statements had not been resolved yet. Therefore, all payments received are considered as preliminary and in advanced payments as envisaged by Law 25,561 and Buenos Aires Law 4,472.

Metrovías also filed other claims with the Argentine Federal Government and/or the Government of the City of Buenos Aires for the lack of recognition and/or nonpayment of outstanding obligations, over which Metrovías has rights under the provisions of both the concession contract and the AOM, in view of the reservation of rights made in the latter.

As mentioned above, the contractual term of the AOM will expire when the successful bidder for the competitive bidding process called for the concession of the service starts operations, while the concession contract to manage the Urquiza Railway will be in force for one or more 18-month periods or until the winner of the bidding process takes possession of the service, whichever occurs first. Although these factors generate uncertainty as to its ability to continue operating as a going concern, Metrovías has prepared its financial statements using accounting standards that are applicable to a going concern, which do not include the possible effects of the future adjustments or reclassifications, if any, that could be required if the situation described above was not resolved in favor of the continuity of operations of Metrovías.

### **3.3.3. Agreements on operation of urban passenger railway services**

BRT holds a 95% interest in Corredores Ferroviarios S.A. ("COFESA"), which was engaged in the operation of the urban railway transport service for passengers of the Mitre and San Martín lines from February 2014 until March 2015. COFESA is making the administrative and legal procedures to settle the outstanding liabilities, formalize the transfer of the assets used in the operation, and the rights and obligations pending enforcement and/or settlement regarding the contracts being performed, as well as the works in progress, pending lawsuits and remuneration for management services pending collection. All this will be addressed during the process for computation and settlement of receivables and debts that will form part of the final rendering of accounts, in accordance with the provisions of the pertinent Agreements timely signed.

Through Metrovías, the Company holds a 50% interest in Unidad de Gestión Operativa Ferroviaria de Emergencia S.A. in Liquidation (UGOFE), as well as in Unidad de Gestión Operativa Mitre Sarmiento S.A. in Liquidation (UGOMS). UGOFE operated for account and by order of the Argentine Government the passenger railway services of the San Martín Line from January 2005 to February 2014, and of the General Roca and Belgrano Sur Lines from July 2007 to February 2014. UGOMS operated the passenger railway services of the Sarmiento Line from July 2012 to October 2013, and of the General Mitre Line from July 2012 to February 2014. UGOFE and UGOMS should agree upon with SOFSE the process for the settlement of outstanding liabilities, the formalization of the transfer of assets allocated to the transaction, and the rights and obligations pending exercise and/or settlement as regards the contracts being carried out, as well as regards works, pending lawsuits and compensation for management pending collection, all of which should be handled in the process for liquidation and settlement of receivables and debts that will be part of the final statements of accounts. For such purpose, UGOFE and UGOMS will formalize with SOFSE and the new operators the agreements necessary to determine the procedure to be followed in each case for an organized transfer, and thus comply with the acts resulting from the transition.

### **3.3.4. Other activities related with Transportation**

On June 27, 2018, BRT, forming a joint venture (*unión transitoria* or UT, for its Spanish acronym) with Siemens Mobility S.A., was awarded the bidding called by SBASE for the improvement of the railway electrification system in Subway Lines C and D. Ownership interests in the joint venture are 63.78% and 36.22%, respectively. In accordance with the requirements set forth in the bidding documents, the term of the UT will expire two years after the final reception of works or when the duties and responsibilities assumed under the contract end, whichever occurs later.

BRT holds a 95% ownership interest in Benito Roggio Ferroindustrial S.A., ("BRF") which operates a railway maintenance and repair workshop located in Juárez Celman (Province of Córdoba) since February 2008, in a plant that was designed and fully constructed by the Company. BRF provides solutions for the rail industry by performing reconditioning and repair works on cargo railcars, passenger railcars (electric or towed), locomotives, bogies, and other pieces of rolling stock.

## **3.4. Water supply**

BRH holds a 71.98% ownership interest in Aguas Cordobesas S.A. ("ACSA"), which is in charge of the supply, conservation, transportation, distribution and sale of potable water for household, commercial and industrial consumption in the city of Córdoba, Argentine.

The term of the concession, granted by the Province of Córdoba, is thirty years as from May 7, 1997.

Management and technical operations are in charge of an operator, whom ACSA is required to maintain during the concession term, unless otherwise authorized in writing by the concession grantor. BRH is the operator of the concession since December 22, 2006,

The concession area falls within the municipal boundaries of the city of Córdoba. The concessionaire can carry out activities and works outside this area only for the purposes of securing the supply and transportation of potable water for the rendering of the service. In addition, the concessionaire must provide bulk water to certain cities outside the concession area in the same conditions as the Provincial Bureau of Water and Sanitation did.

### **Transfer of ownership**

The Government of the Province of Córdoba informed ACSA of its decision to decentralize potable water supply services by transferring them to the respective municipalities, as permitted by Provincial Law N° 7,850, with the provision of Art. 2 ° section b) of Provincial Law No. 8,836, in accordance with Art. 75 of the Constitution of the Province of Córdoba. Within this framework, the Province of Córdoba agreed to transfer to the Municipality of Córdoba the ownership of the existing drinking water supply service within its jurisdiction and the contractual position the former held in the concession contract for drinking water supply services in the city of Córdoba.

On December 16, 2019, the "Agreement for the transfer of ownership of the Public Drinking Water Supply Services in the city of Córdoba - Assignment of the Concession Contract for the Public Supply Service (its addenda, appendices and annexes) approved by provincial laws No. 9,279, 9,339 and 9,340" was signed. The agreement would come into effect, in accordance with the provisions of its second clause, upon its approval by the provincial and municipal legislative bodies and the Boards of Directors of ACSA and the Public Utilities Regulatory Agency of the Province of Córdoba (*Ente Regulador de Servicios Públicos de la Provincia de Córdoba* or "ERSeP"). On December 30, 2019, Law No. 10,682 was published in the Official Gazette of the Province of Córdoba, through which the Province of Córdoba ratified the agreement. Said agreement was also ratified by Municipal Ordinance No. 13,022 / 2020, General Resolution ERSeP No. 1/2020 and the Extraordinary General Shareholders Meeting of ACSA held on January 29, 2020. On March 2, 2020 the Province of Córdoba and the Municipality of Córdoba executed the "Service Delivery Act - Agreement for the transfer of ownership of the Public Drinking Water Supply Services in the city of Córdoba – Law No. 10,682". The Municipality of Córdoba became the new owner of the concession as of that date.

### 3.5. Other activities

The Company also performs other commercial activities and provides services which, jointly with Clisa's own activities, are grouped under "Others and eliminations".

Through BRT and Metronec S.A., the Company holds a 100% interest in Prominente S.A., which provides IT services to corporations in different industries.

### 3.6. Segments Information as of December 31, 2020 and 2019

The segments are disclosed according to the internal information provided to the Board of Directors of Clisa, which is the main authority in operation making decisions. The operating segments have been determined based on information reviewed by the Board of Directors in order to allocate resources and evaluate its performance.

Described below are the main indicators of each of the segments mentioned above:

#### Segments Information as of December 31, 2020

Item	Construction	Transportation	Waste management	Water supply	Others and eliminations	Total
(In thousands of Pesos)						
Net sales to third parties	13,095,205.3	2,192,792.0	23,268,081.7	3,995,758.2	71,531.0	42,623,368.2
Inter-segment sales	34,249.6	12,554.5	-	1,285.5	(48,089.6)	-
Net sales	13,129,454.8	2,205,346.5	23,268,081.7	3,997,043.7	23,441.5	42,623,368.2
Operating income	(974,197.5)	872,328.6	4,009,035.1	(116,953.8)	(236,981.5)	3,553,230.9
Total assets	33,610,113.1	7,490,412.0	29,340,830.6	7,022,014.4	(6,271,586.1)	71,191,784.0
Total liabilities	17,477,494.8	4,735,417.2	17,628,114.9	3,830,657.5	25,439,197.1	69,110,881.5
Additions of property, plant and equipment	382,290.3	1,698.6	472,506.9	12,220.7	2,687.0	871,403.5
Depreciation of property, plant and equipment	(1,532,411.8)	(19,544.5)	(2,816,217.6)	(45,943.2)	(36,827.1)	(4,450,944.2)
Additions of intangible assets	-	235.1	-	411,693.5	-	411,928.6
Amortization of intangible assets	(10,215.3)	(1,015.6)	-	(590,418.4)	(2,317.6)	(603,966.9)
Investments in associates and joint arrangements accounted for under the equity method	321,116.8	16,295.1	-	-	4,399.0	341,810.9

#### Geographical breakdown of business segments as of December 31, 2020

	City of Buenos Aires and Greater Buenos Aires	Rest of the country	Abroad	Total
(In thousands of Pesos)				
<b>Construction</b>				
Revenues from contracts with customers	1,772,237.1	3,042,632.0	8,314,585.7	13,129,454.8
Total assets	6,239,641.8	14,369,782.5	13,000,688.8	33,610,113.1
Investments in associates and joint arrangements accounted for under the equity method	267,548.4	15,977.7	37,590.7	321,116.8
Additions of property, plant and equipment	7,114.2	125,951.2	249,224.9	382,290.3
Additions of intangible assets	1,772,237.1	3,042,632.0	8,314,585.7	13,129,454.8
<b>Transportation</b>				
Revenues from contracts with customers	2,205,346.5	-	-	2,205,346.5
Total assets	6,268,810.4	1,125,075.4	96,526.2	7,490,412.0
Investments in associates and joint arrangements accounted for under the equity method	150.0	-	16,145.1	16,295.1
Additions of property, plant and equipment	1,698.6	-	-	1,698.6
Additions of intangible assets	235.1	-	-	235.1



<b>Waste management</b>				
Revenues from contracts with customers	19,742,753.3	1,954,378.9	1,570,949.5	23,268,081.7
Total assets	26,172,846.9	2,113,421.4	1,054,562.3	29,340,830.6
Additions of property, plant and equipment	439,203.1	10,659.1	22,644.7	472,506.9
<b>Water supply</b>				
Revenues from contracts with customers	-	3,997,043.7	-	3,997,043.7
Total assets	-	7,022,014.4	-	7,022,014.4
Additions of property, plant and equipment	-	12,220.7	-	12,220.7
Additions of intangible assets	-	411,693.5	-	411,693.5

#### Segments Information as of December 31, 2019

Item	Construction	Transportation	Waste management	Water supply	Others and eliminations	Total
(In thousands of Pesos)						
Net sales to third parties	27,612,909.4	9,288,454.1	24,628,004.4	4,240,677.1	127,814.1	65,897,859.1
Inter-segment sales	32,539.5	47,016.8	-	-	(79,556.3)	-
Net sales	27,645,448.9	9,335,470.9	24,628,004.4	4,240,677.1	48,257.8	65,897,859.1
Operating income	1,634,397.9	1,116,626.2	3,286,654.7	(98,208.4)	(395,304.5)	5,544,165.9
Total assets	33,209,725.6	7,475,608.2	26,908,720.6	7,305,510.5	(4,370,896.5)	70,528,668.4
Total liabilities	17,351,766.8	5,628,328.4	16,663,745.6	3,989,574.1	23,492,406.9	67,125,821.8
Additions of property, plant and equipment	1,144,678.0	6,003.5	2,040,235.0	23,819.4	28,075.6	3,242,811.5
Depreciation of property, plant and equipment	(1,884,164.2)	(35,772.0)	(3,039,666.9)	(35,521.7)	(44,352.0)	(5,039,476.8)
Additions of intangible assets	400.9	-	-	486,511.2	-	486,912.1
Amortization of intangible assets	(10,717.4)	(890.9)	-	(506,908.2)	(4,267.9)	(522,784.4)
Investments in associates and joint arrangements accounted for under the equity method	379,828.8	20,336.5	-	-	5,812.4	405,977.7

#### Geographical breakdown of business segments as of December 31, 2019

	City of Buenos Aires and Greater Buenos Aires	Rest of the country	Abroad	Total
(In thousands of Pesos)				
<b>Construction</b>				
Revenues from contracts with customers	4,835,322.9	10,168,630.5	12,641,495.5	27,645,448.9
Total assets	5,034,738.6	14,687,810.2	13,487,176.8	33,209,725.6
Investments in associates and joint arrangements accounted for under the equity method	279,034.9	50,336.5	50,457.4	379,828.8
Additions of property, plant and equipment	7,871.4	676,078.0	460,728.6	1,144,678.0
Additions of intangible assets	-	-	400.9	400.9
<b>Transportation</b>				
Revenues from contracts with customers	9,335,470.9	-	-	9,335,470.9
Total assets	6,415,759.4	940,382.0	119,466.8	7,475,608.2
Investments in associates and joint arrangements accounted for under the equity method	211.9	-	20,124.6	20,336.5
Additions of property, plant and equipment	6,003.5	-	-	6,003.5
<b>Waste management</b>				
Revenues from contracts with customers	20,564,211.9	2,531,728.1	1,532,064.4	24,628,004.4
Total assets	23,879,951.1	1,942,419.9	1,086,349.6	26,908,720.6
Additions of property, plant and equipment	1,918,219.2	90,118.9	31,896.9	2,040,235.0
<b>Water supply</b>				
Revenues from contracts with customers	-	4,240,677.1	-	4,240,677.1
Total assets	-	7,305,510.5	-	7,305,510.5
Additions of property, plant and equipment	-	23,819.4	-	23,819.4
Additions of intangible assets	-	486,511.2	-	486,511.2

#### 4. Cost of providing services

	12/31/2020 In Pesos	12/31/2019 In Pesos
Freight	295,748,297	419,256,794
Subcontracts	4,327,962,519	7,404,160,400
Salaries, wages and social security contributions	20,145,988,569	24,438,302,309
Fees for professional services	284,822,728	604,597,705
Hardware and software services	14,027,149	76,592,511
Taxes, rates and contributions	475,451,079	502,836,651
Depreciation and amortization	3,817,691,015	4,693,854,314
Maintenance expenses	1,758,314,615	2,821,416,532
Rail car expenses	360,524,155	522,745,732
Travel expenses	776,363,126	943,108,958
Insurance	795,481,932	835,825,383
Water and electricity services	881,620,124	1,598,099,861
Telephone, internet and communications	54,338,416	60,267,020
Rental	1,726,453,547	3,421,630,749
Stationery and printed material	11,644,223	17,757,224
Adjustment due to higher costs	(10,754,855,135)	(8,935,505,279)
Materials and spare parts	4,807,994,188	8,128,792,364
Security and surveillance	63,110,583	127,133,674
Litigation, insurance claims and penalties	100,400,207	199,233,855
Sundry	572,042,143	584,517,533
<b>Total</b>	<b>30,515,123,480</b>	<b>48,464,624,290</b>

#### 5. Administrative expenses

	12/31/2020 In Pesos	12/31/2019 In Pesos
Subcontracts	311,014,134	603,191,739
Salaries, wages and social security contributions	4,747,877,936	5,067,052,578
Fees for professional services	887,801,694	1,280,299,818
Bidding expenses	641,085	1,771,954
Hardware and software services	55,816,850	65,027,744
Taxes, rates and contributions	796,300,094	810,541,802
Depreciation and amortization	342,465,587	419,981,883
Maintenance expenses	57,292,635	80,701,565
Travel expenses	50,836,664	139,341,041
Insurance	78,995,967	90,036,865
Water and electricity services	6,679,390	12,263,291
Telephone, internet and communications	84,244,401	86,829,981
Rental	72,068,064	82,014,910
Press and media	211,702,747	185,269,335
Stationery and printed material	60,341,423	88,115,188
Adjustment due to higher costs	(1,806,218,911)	(1,480,451,213)
Materials and spare parts	2,167,866	5,585,558
Security and surveillance	7,397,072	13,522,933
Litigation, insurance claims and penalties	3,007,875	7,554,572
Sundry	170,942,235	248,369,543
<b>Total</b>	<b>6,141,374,808</b>	<b>7,807,021,087</b>

## 6. Selling and other operating expenses

	12/31/2020 In Pesos	12/31/2019 In Pesos
Subcontracts	215,052,422	376,637,350
Salaries, wages and social security contributions	4,036,443,917	4,422,310,493
Fees for professional services	19,681,697	27,002,691
Taxes, rates and contributions	316,081,839	824,815,568
Depreciation and amortization	894,754,523	448,425,041
Maintenance expenses	140,881,756	186,821,371
Commissions and fee	27,325,985	143,439,659
Travel expenses	16,503,784	46,406,471
Insurance	138,300,267	144,613,650
Telephone, internet and communications	97,050,561	100,544,185
Rental	18,764,290	14,572,350
Press and media	23,466,559	32,643,730
Stationery and printed material	2,549,806	1,941,788
Adjustment due to higher costs	(3,881,925,470)	(3,030,631,545)
Materials and spare parts	24,594,000	51,146,657
Security and surveillance	4,592,108	6,865,148
Litigation, insurance claims and penalties	630,761,000	572,344,561
Sundry	23,008,310	17,914,490
<b>Total</b>	<b>2,747,887,354</b>	<b>4,387,813,658</b>

## 7. Financial income and expenses

<b>Financial income</b>	12/31/2020 In Pesos	12/31/2019 In Pesos
Interest generated by assets	1,076,533,371	605,656,392
Foreign currency exchange differences generated by assets	363,900,431	306,803,785
Other financial results	288,911,526	11,359,930
<b>Total</b>	<b>1,729,345,328</b>	<b>923,820,107</b>
<b>Financial expenses</b>	12/31/2020 In Pesos	12/31/2019 In Pesos
Interest generated by liabilities	(4,278,816,086)	(3,522,263,520)
Foreign currency exchange differences generated by liabilities	(1,580,725,216)	(1,457,326,575)
Financial commissions	(14,823,662)	(24,485,620)
Loss due to the effect of inflation on the net monetary position	(1,296,220,732)	(1,592,316,825)
Other financial expenses	(1,680,701,753)	(946,098,038)
<b>Total</b>	<b>(8,851,287,449)</b>	<b>(7,542,490,578)</b>

## 8. Share of net income of associates and joint arrangements accounted for under the equity method

	12/31/2020 In Pesos	12/31/2019 In Pesos
Covisur S.A.	3,489,681	7,272,648
Polledo S.A.I.C.y F.	6,622,204	2,165,816
Autovía del Mar S.A.	13,751,670	23,311,421
CV1 - Concesionaria Vial S.A.	(28,871,251)	(265,728,434)
Transportel Patagónica S.A.	(34,322,717)	(29,371,175)
Joint ventures	(13,135,739)	12,210,619
Sundry	(1,384,344)	(3,035,624)
<b>Total</b>	<b>(53,850,496)</b>	<b>(253,174,729)</b>

## 9. Earnings per share

Earnings per share are calculated dividing the net loss for the year attributable to Clisa's shareholders by the average number of outstanding ordinary shares during the year.

	12/31/2020 In Pesos	12/31/2019 In Pesos
Net loss for the year	(4,024,027,034)	(3,326,991,969)
Weighted average common shares outstanding	96,677,524	96,677,524
Basic and diluted losses per share (Ps. per share)	(41.62)	(34.41)

## 10. Property, plant and equipment, net

### (a) For the year ended December 31, 2020

Item	Original Values							Balances as of the end of the year
	Balances as of the beginning of the year	Additions	Deductions	Transfers	Effect of foreign currency translation	Adjustments for revaluation	Impairment (*)	
Heavy machinery and equipment	8,845,675,509	117,668,895	(224,620,497)	-	(54,874,304)	(1,188,870,285)	(34,869,333)	7,460,109,985
Vehicles	1,668,937,686	62,996,532	(170,392,130)	-	(14,108,681)	-	-	1,547,433,407
Furniture and fixtures and computer hardware	1,657,276,461	61,872,225	(23,857,763)	-	(17,553,736)	-	-	1,677,737,187
Equipment	79,658,601	-	-	-	-	-	-	79,658,601
Real estate	4,744,118,598	18,323,805	-	-	(54,627,169)	137,884,537	(271,985,419)	4,573,714,352
Building improvements	3,880,750,200	314,043,157	-	-	-	-	(1,696,753,034)	2,498,040,323
Minor equipment	4,300,903,925	172,686,592	(106,377,700)	-	(33,965,270)	-	-	4,333,247,547
Permanently installed equipment	1,511,869,582	24,849,922	(9,003,289)	-	(690,470)	-	-	1,527,025,745
Heavy vehicles	1,106,627,164	86,537,613	(35,260,875)	-	(9,074,801)	(161,563,091)	(4,300,399)	982,965,611
Water treatment plants	19,548,363	-	-	-	-	-	-	19,548,363
Transformers	57,298,928	-	(2,764,642)	-	-	(9,782,966)	(4,631,205)	40,120,115
Rail car improvements	526,106,519	-	-	-	-	-	-	526,106,519
Land	8,763,456,168	10,062,993	-	-	(158,480,854)	3,756,526,390	223,634,683	12,595,199,380
Construction in progress	4,757,681	2,361,785	-	-	(40,282)	-	-	7,079,184
Others	27,600,870	-	-	-	-	-	-	27,600,870
<b>Total</b>	<b>37,194,586,255</b>	<b>871,403,519</b>	<b>(572,276,896)</b>	<b>-</b>	<b>(343,415,567)</b>	<b>2,534,194,585</b>	<b>(1,788,904,707)</b>	<b>37,895,587,189</b>

Item	Accumulated depreciation							Net carrying value as of 12/31/2020
	Balances as of the beginning of the year	Deductions	Amount for the year	Transfers	Effect of foreign currency translation	Adjustments for revaluation	Balances as of the end of the year	
Heavy machinery and equipment	-	64,388,193	(1,700,418,627)	-	(5,462,565)	1,641,492,999	-	7,460,109,985
Vehicles	(1,384,203,984)	150,226,369	(114,116,446)	-	11,934,390	-	(1,336,159,671)	211,273,736
Furniture and fixtures and computer hardware	(1,281,637,537)	7,689,557	(119,547,895)	-	7,646,060	-	(1,385,849,815)	291,887,372
Equipment	(79,658,601)	-	-	-	-	-	(79,658,601)	-
Real estate	-	-	(265,803,055)	-	(287,758)	266,090,813	-	4,573,714,352
Building improvements	-	-	(1,529,980,591)	-	-	1,529,980,591	-	2,498,040,323
Minor equipment	(3,321,115,905)	93,852,571	(278,505,504)	-	22,832,882	-	(3,482,935,956)	850,311,591
Permanently installed equipment	(1,350,015,595)	8,818,783	(51,920,458)	-	37,584	-	(1,393,079,686)	133,946,059
Heavy vehicles	-	9,359,446	(347,630,396)	-	(1,386,408)	339,657,358	-	982,965,611
Water treatment plants	(17,594,746)	-	(1,954,000)	-	-	-	(19,548,746)	(383)
Transformers	-	916,166	(41,067,273)	-	-	40,151,107	-	40,120,115
Rail car improvements	(526,106,519)	-	-	-	-	-	(526,106,519)	-
Land	-	-	-	-	-	-	-	12,595,199,380
Construction in progress	-	-	-	-	-	-	-	7,079,184
Others	(27,600,870)	-	-	-	-	-	(27,600,870)	-
<b>Total</b>	<b>(7,987,933,757)</b>	<b>335,251,085</b>	<b>(4,450,944,245)</b>	<b>-</b>	<b>35,314,185</b>	<b>3,817,372,868</b>	<b>(8,250,939,864)</b>	<b>29,644,647,325</b>

(\*) Recognized in the Statement of Income.

A detail of leases included in Property, plant and equipment as of December 31, 2020 is disclosed below:

Leases included in:	Balances as of the beginning of the year	Balances as of the end of the year	Additions (*)	Depreciation
Heavy machinery and equipment	632,969,884	28,975,236	-	(320,485,117)
Vehicles	74,322,273	9,227,590	8,572,952	(9,565,981)
Furniture and fixtures and computer hardware	24,452,556	7,297,496	-	(8,105,053)
Real estate	31,134,480	19,508,241	20,150,878	(33,377,900)
Minor equipment	24,949,900	3,549,287	-	(4,132,897)
Permanently installed equipment	57,028,072	53,391,436	18,967,603	(22,834,646)
Heavy vehicles	32,246,014	48,981,311	38,825,253	(31,184,096)
<b>Total</b>	<b>877,103,179</b>	<b>170,930,597</b>	<b>86,516,686</b>	<b>(429,685,690)</b>

**(b) For the year ended December 31, 2019**

Item	Original Values							
	Balances as of the beginning of the year	Additions	Deductions	Transfers	Effect of foreign currency translation	Adjustments for revaluation	Impairment (*)	Balances as of the end of the year
Heavy machinery and equipment	8,468,481,579	860,729,745	(101,109,638)	9,097,479	(42,306,182)	(310,952,182)	(38,265,292)	8,845,675,509
Vehicles	1,651,177,326	96,850,127	(46,130,263)	(11,959,776)	(20,999,728)	-	-	1,668,937,686
Furniture and fixtures and computer hardware	1,459,039,727	203,199,865	(17,640,000)	2,063,938	10,612,931	-	-	1,657,276,461
Equipment	79,658,601	-	-	-	-	-	-	79,658,601
Real estate	3,671,378,881	74,286,573	(96,217)	(16,622,718)	38,784,183	977,234,795	(846,899)	4,744,118,598
Building improvements	3,724,777,583	1,524,740,521	(181,215,529)	(431,444,997)	-	(756,107,378)	-	3,880,750,200
Minor equipment	4,107,179,672	218,158,047	(96,531,358)	64,397,759	7,699,805	-	-	4,300,903,925
Permanently installed equipment	958,500,164	102,674,363	(6,860,248)	460,329,347	(2,774,044)	-	-	1,511,869,582
Heavy vehicles	1,261,064,035	136,232,091	(10,095,933)	(2,728,339)	(6,037,770)	(250,287,006)	(21,519,914)	1,106,627,164
Water treatment plants	19,548,363	-	-	-	-	-	-	19,548,363
Transformers	61,375,224	1,424,661	(406,934)	-	-	(4,665,405)	(428,618)	57,298,928
Rail car improvements	526,106,519	-	-	-	-	-	-	526,106,519
Land	7,685,246,083	16,881,840	-	9,295,598	63,340,996	988,691,651	-	8,763,456,168
Construction in progress	73,458,653	7,633,629	(49,067,167)	(27,267,434)	-	-	-	4,757,681
Others	38,995,648	-	(859,571)	(10,535,207)	-	-	-	27,600,870
<b>Total</b>	<b>33,785,988,058</b>	<b>3,242,811,462</b>	<b>(510,012,858)</b>	<b>44,625,650</b>	<b>48,320,191</b>	<b>643,914,475</b>	<b>(61,060,723)</b>	<b>37,194,586,255</b>

Item	Accumulated depreciation							Net carrying value as of 12/31/2019
	Balances as of the beginning of the year	Deductions	Amount for the year	Transfers	Effect of foreign currency translation	Balances as of the end of the year	Adjustments for revaluation	
Heavy machinery and equipment	-	47,239,179	(2,159,316,131)	-	2,222,872	2,109,854,080	-	8,845,675,509
Vehicles	(1,288,571,431)	36,208,032	(157,028,352)	15,814,279	9,373,488	-	(1,384,203,984)	284,733,702
Furniture and fixtures and computer hardware	(1,153,189,314)	13,265,307	(134,913,999)	(1,783,322)	(5,016,209)	-	(1,281,637,537)	375,638,924
Equipment	(79,658,601)	-	-	-	-	-	(79,658,601)	-
Real estate	(7,326,229)	-	(172,925,289)	7,326,229	6,547,272	166,378,017	-	4,744,118,598
Building improvements	(437,705,751)	31,489,588	(1,665,608,589)	437,705,751	-	1,634,119,001	-	3,880,750,200
Minor equipment	(3,000,382,798)	75,975,829	(318,021,305)	(62,656,157)	(16,031,474)	-	(3,321,115,905)	979,788,020
Permanently installed equipment	(862,611,644)	1,300,279	(49,636,571)	(439,297,399)	229,740	-	(1,350,015,595)	161,853,987
Heavy vehicles	-	346,293	(357,932,498)	(1,735,030)	657,247	358,663,988	-	1,106,627,164
Water treatment plants	(15,638,678)	-	(1,956,068)	-	-	-	(17,594,746)	1,953,617
Transformers	-	-	(22,138,037)	-	-	22,138,037	-	57,298,928
Rail car improvements	(526,106,519)	-	-	-	-	-	(526,106,519)	-
Land	-	-	-	-	-	-	-	8,763,456,168
Construction in progress	-	-	-	-	-	-	-	4,757,681
Others	(27,600,870)	-	-	-	-	-	(27,600,870)	-
<b>Total</b>	<b>(7,398,791,835)</b>	<b>205,824,507</b>	<b>(5,039,476,839)</b>	<b>(44,625,649)</b>	<b>(2,017,064)</b>	<b>4,291,153,123</b>	<b>(7,987,933,757)</b>	<b>29,206,652,498</b>

(\*) Recognized in the Statement of Income

A detail of leases included in Property, plant and equipment as of December 31, 2019 is disclosed below.

Leases included in	Balances as of the beginning of the year	Balances as of the end of the year	Additions	Depreciation
Heavy machinery and equipment	632,969,884	28,975,236	-	(320,485,117)
Vehicles	74,322,273	9,227,590	8,572,952	(9,565,981)
Furniture and fixtures and computer hardware	24,452,556	7,297,496	-	(8,105,053)
Real estate	31,134,480	19,508,241	20,150,878	(33,377,900)
Minor equipment	24,949,900	3,549,287	-	(4,132,897)
Permanently installed equipment	57,028,072	53,391,436	18,967,603	(22,834,646)
Heavy vehicles	32,246,014	48,981,311	38,825,253	(31,184,096)
<b>Total</b>	<b>877,103,179</b>	<b>170,930,597</b>	<b>86,516,686</b>	<b>(429,685,690)</b>

### (c) Revaluation as of December 31, 2020

Assets recorded under "Heavy machinery and equipment", "Heavy vehicles", "Transformers", "Land", "Buildings" and "Building improvements" are valued through the revaluation model described in the IAS 16.

At the end of the current year, the Company's management revised the valuation of the assets described above, to determine variations between fair values and carrying values, in compliance with current regulations for those using fair value as primary measurement criteria. For this purpose, valuations made by independent external experts have been obtained and approved. Fair values thus obtained implied an increase in the book value of revalued assets of Ps. 4,562,662,746 which is disclosed in the statement of changes in equity, net of the effect of the deferred income tax.

The carrying values that would have been reported as of December 31, 2020 had the revaluation model not been applied are as follows:

	12/31/2020 In Pesos	12/31/2019 In Pesos
Heavy machinery and equipment	1,847,687,670	3,258,882,564
Heavy vehicles	376,605,135	547,395,486
Transformers	1,237,966	6,709,565
Real estate	1,452,211,277	1,551,859,231
Land	872,003,994	1,440,876,209
Building improvements	2,072,900,927	2,309,820,531
<b>Total</b>	<b>6,622,646,969</b>	<b>9,115,543,586</b>

Total assets revalued comprise a single category under IFRS 13, for the purposes of determining their fair values. For this type of assets, there are no relevant observable data (Level 3), so their valuation was based on the economic value of the assets for the Company according to their use, due to the non-existence of an active, dynamic and representative market of assets in their present condition.

In the case of Heavy machinery and equipment, Heavy vehicles and Transformers, the valuation is made through independent appraisers which assess the fair value of the assets through the identification of the market value of new units of similar characteristics and considering the use and remaining useful life of the assets in question, as well as the improvements made to them.

In regards to Real Estate, Land and Building improvements, reports from independent appraisers - which applied valuation techniques based on the location, existing constructions, preservation conditions and remaining useful life of buildings and improvements, possibility of access, the benefit of potential improvements made, among other factors - were used.

The Company estimates that, if the rest of the factors remains constant, a 10% appreciation/depreciation of the US dollar against the Argentine peso at closing date would decrease/increase the book value of revalued assets in the amount of Ps. 1,553.2 million before taxes. Likewise, a 10% increase in the consumer price index, the rest of the factors remaining constant, would result in a Ps. 583.3 million increase in the book value of revalued assets.

### 11. Goodwill

	12/31/2020 In Pesos	12/31/2019 In Pesos
<b>Opening balances, net</b>	837,607,018	796,537,614
Effect of foreign currency translation	(44,664,337)	41,069,404
<b>Closing balances, net</b>	<b>792,942,681</b>	<b>837,607,018</b>

To assess the recoverability of acquired goodwill, goodwill has been allocated to each acquired investment, since each of these companies is deemed to be a cash generating unit. The recoverable amount of each cash generating unit is determined based on the calculations of the value in use. These calculations use discounted cash flow projections based on financial budgets approved by management.

The changes for the year of each goodwill assigned at each operating segment are presented below:

**(a) For the year ended December 31, 2020**

	<b>Construction (Peru)</b>	<b>Others</b>	<b>Total</b>
Opening balances	818,240,887	19,366,131	837,607,018
Effect of foreign currency translation	(44,664,337)	-	(44,664,337)
<b>Balances as of 12/31/2020</b>	<b>773,576,550</b>	<b>19,366,131</b>	<b>792,942,681</b>

**(b) For the year ended December 31, 2019**

	<b>Construction (Peru)</b>	<b>Others</b>	<b>Total</b>
Opening balances	777,171,483	19,366,131	796,537,614
Effect of foreign currency translation	41,069,404	-	41,069,404
<b>Balances as of 12/31/2019</b>	<b>818,240,887</b>	<b>19,366,131</b>	<b>837,607,018</b>

**12. Intangible assets other than Goodwill**

**a) For the year ended December 31, 2020**

Item	Original values					Balances as of the end of the year
	Balances as of the beginning of the year	Additions	Deductions	Transfers	Effect of foreign currency translation	
Biogas capture and treatment	-	-	-	-	-	-
Concession rights	10,205,538,310	411,494,640	-	-	-	10,617,032,950
Assistance contract	-	-	-	-	-	-
Software	298,394,306	433,974	-	-	(6,154,397)	292,673,883
Other intangible assets	3,103,723	-	-	-	(169,419)	2,934,304
<b>Total</b>	<b>10,507,036,339</b>	<b>411,928,614</b>	<b>-</b>	<b>-</b>	<b>(6,323,816)</b>	<b>10,912,641,137</b>

Item	Accumulated amortization				Balances as of the end of the year	Net carrying value as of 12/31/2020
	Balances as of the beginning of the year	Deductions	Amount for the year	Effect of foreign currency translation		
Biogas capture and treatment	-	-	-	-	-	-
Concession rights	(5,965,304,760)	-	(590,295,029)	-	(6,555,599,789)	4,061,433,161
Assistance contract	-	-	-	-	-	-
Software	(277,047,855)	-	(13,671,851)	5,948,137	(284,771,569)	7,902,314
Other intangible assets	(3,103,723)	-	-	169,419	(2,934,304)	-
<b>Total</b>	<b>(6,245,456,338)</b>	<b>-</b>	<b>(603,966,880)</b>	<b>6,117,556</b>	<b>(6,843,305,662)</b>	<b>4,069,335,475</b>

**b) For the year ended December 31, 2019**

Item	Original values					Balances as of the end of the year
	Balances as of the beginning of the year	Additions	Deductions	Transfers	Effect of foreign currency translation	
Biogas capture and treatment	223,295,584	-	(223,295,584)	-	-	-
Concession rights	9,719,160,825	486,436,595	(59,110)	-	-	10,205,538,310
Assistance contract	257,366,554	-	(257,366,554)	-	-	-
Software	293,331,657	475,550	(4,764,563)	-	9,351,662	298,394,306
Other intangible assets	22,126,438	-	(19,178,498)	-	155,783	3,103,723
<b>Total</b>	<b>10,515,281,058</b>	<b>486,912,145</b>	<b>(504,664,309)</b>	<b>-</b>	<b>9,507,445</b>	<b>10,507,036,339</b>

Item	Accumulated amortization				Balances as of the end of the year	Net carrying value as of 12/31/2019
	Balances as of the beginning of the year	Deductions	Amount for the year	Effect of foreign currency translation		
Biogas capture and treatment	(223,295,584)	223,295,584	-	-	-	-
Concession rights	(5,458,458,754)	60,712	(506,906,718)	-	(5,965,304,760)	4,240,233,550
Assistance contract	(257,366,554)	257,366,554	-	-	-	-
Software	(256,859,177)	4,764,563	(15,877,681)	(9,075,560)	(277,047,855)	21,346,451
Other intangible assets	(11,988,804)	9,040,862	-	(155,781)	(3,103,723)	-
<b>Total</b>	<b>(6,207,968,873)</b>	<b>494,528,275</b>	<b>(522,784,399)</b>	<b>(9,231,341)</b>	<b>(6,245,456,338)</b>	<b>4,261,580,001</b>

### 13. Investments in associates and joint arrangements accounted for under the equity method

Associate	Ownership percentage (1)	12/31/2020 In Pesos	12/31/2019 In Pesos
CV1 - Concesionaria Vial S.A.	51.00%	59,710,397	88,581,649
Transportel Patagónica S.A.	45.00%	15,877,672	50,200,388
Tranelpa S.A. de Inversión	42.12%	583,316	795,258
Autovía del Mar S.A.	26.67%	161,603,411	147,851,740
Concesionaria Do VLT Carioca S.A.	2.00%	10,293,068	12,830,125
Concesionaria do Monotrilho da Linha 18 – Bronze S.A.	1.00%	5,852,000	7,294,413
Covisur S.A.	25.00%	46,602,672	43,112,990
Sundry	-	41,288,384	55,311,183
<b>Total</b>		<b>341,810,920</b>	<b>405,977,746</b>

(1) It is the ownership percentage held by CLISA or the pertinent subsidiary of CLISA.

In applying the equity method, the Company used the financial statements of its associates as of December 31, 2020, except for CV1 - Concesionaria Vial S.A., for which financial statements as of October 31, 2020 were used. The pertinent adjustments were made on the financial statements to show the effects of the transactions and significant events that took place between the dates referred to in the financial statements of this associate until December 31, 2020.

A detail of selected financial information of the main associates as of December 31, 2020 and 2019 is disclosed below:

#### (c) As of December 31, 2020

Associates	12/31/2020 In Pesos	Issuer information						
		Date	Current Assets	Non- Current Assets	Current Liabilities	Non-Current Liabilities	Revenues from contracts with customers	Net income /(loss) for the year
Polledo S.A.I.C. y F.	-	12/31/2020	227,329	11,030,319	4,017,783	94,660,304	-	14,340,252
CV1 - Concesionaria Vial S.A.	59,710,397	10/31/2020	267,972,120	48,587,994	129,537,726	69,943,178	-	(32,953,165)
Transportel Patagónica S.A.	15,877,672	12/31/2020	24,574,927	80,559,295	69,850,507	-	-	(76,272,704)
Tranelpa S.A. de Inversión	583,316	12/31/2020	3,378	1,423,906	42,393	-	-	(262,224)
Autovía del Mar S.A.	161,603,411	12/31/2020	1,870,597,694	25,134,386	1,274,699,460	15,019,827	981,102,599	40,325,226
Covisur S.A.	46,602,672	12/31/2020	210,340,131	9,383,906	16,770,766	16,542,583	8,280,078	(23,364,325)
Concesionaria Do VLT Carioca S.A.	10,293,068							
Concesionaria do Monotrilho da Linha 18 – Bronze S.A.	5,852,000							
Sundry	41,288,384							
<b>Total</b>	<b>341,810,920</b>							

#### (d) As of December 31, 2019

Associates	12/31/2019 In Pesos	Issuer information						
		Date	Current Assets	Non- Current Assets	Current Liabilities	Non-Current Liabilities	Revenues from contracts with customers	Net income (loss) for the year
Polledo S.A.I.C. y F.	-	12/31/2019	223,942	142,122,389	3,438,808	260,552,936	-	4,690,034
CV1 - Concesionaria Vial S.A.	88,581,649	10/31/2019	430,654,910	147,247	148,129,201	108,983,449	1,960,218	(80,739,619)
Transportel Patagónica S.A.	50,200,388	12/31/2019	224,632,502	20,569,344	133,645,428	-	358,935,813	(65,768,768)
Tranelpa S.A. de Inversión	795,258	12/31/2019	4,597	1,936,977	53,495	-	-	(338,545)
Autovía del Mar S.A.	147,851,740	12/31/2019	2,491,850,606	31,717,824	1,928,184,817	40,939,586	1,958,658,359	14,252,900
Covisur S.A.	43,112,990	12/31/2019	198,154,850	24,576,518	32,116,688	18,162,717	51,441,170	23,941,358
Concesionaria Do VLT Carioca S.A.	12,830,125							
Concesionaria do Monotrilho da Linha 18 – Bronze S.A.	7,294,413							
Sundry	55,311,183							
<b>Total</b>	<b>405,977,746</b>							

The following chart presents the evolution of investments in associates as of December 31, 2020 and 2019:

	12/31/2020 In Pesos	12/31/2019 In Pesos
<b>Opening balance</b>	405,977,746	660,957,823
Net gain in associates	(60,472,700)	(255,340,545)
Others	(3,694,126)	360,468
<b>Closing balance</b>	<b>341,810,920</b>	<b>405,977,746</b>



#### 14. Other receivables

	12/31/2020 In Pesos	12/31/2019 In Pesos
<b>Non-Current</b>		
Related companies (Note 25)	97,776,830	109,706,934
Documented	3,760,555	5,119,642
Tax	830,242,908	540,981,720
Deposits in court	1,701,018	1,810,791
Works in progress on behalf of the grantor of the concession	130,468,889	164,350,570
Prepaid expenses	63,180,797	411,120,670
Advances to suppliers	7,731,295	-
Other receivables in joint ventures	321,018,022	423,138,413
Sundry	257,230,578	167,334,438
Allowances for other receivables	(200,205,468)	(218,290,371)
<b>Total</b>	<b>1,512,905,424</b>	<b>1,605,272,807</b>
	12/31/2020 In Pesos	12/31/2019 In Pesos
<b>Current</b>		
Related companies (Note 25)	439,335,746	460,245,760
Tax	1,493,683,980	1,733,698,640
Seized funds	8,226,599	19,585,278
Works in progress on behalf of the grantor of the concession	99,009,773	119,296,900
Recoverable expenses	132,665,874	86,235,025
Prepaid expenses	668,712,584	666,491,821
Advances to suppliers	679,874,250	587,001,907
Guarantee deposits	874,933,154	183,265,599
Receivable with trust for deferred maintenance	2,374,641	3,232,850
Sundry	466,861,495	361,154,701
Sundry in joint ventures	34,643,821	157,439,161
Allowances for other receivables	(14,779,283)	(21,707,944)
<b>Total</b>	<b>4,885,542,634</b>	<b>4,355,939,698</b>

Changes occurred during the year in allowances for other receivables are disclosed in Note 21.

#### 15. Trade receivables

	12/31/2020 In Pesos	12/31/2019 In Pesos
<b>Non-Current</b>		
Notes receivable	204,969,289	172,934
Certificates receivable	773,912,381	589,810,773
Trade receivables	714,930,000	573,258,258
Allowance for doubtful accounts	(392,901,000)	(380,644,999)
<b>Total</b>	<b>1,300,910,670</b>	<b>782,596,966</b>
<b>Current</b>		
Trade receivables from related companies (Note 25)	455,611,294	643,666,580
Notes receivable	452,110,591	5,042,043
Deferred checks receivable	626,416,644	1,328,619,829
Certificates receivable	6,353,648,881	7,267,583,288
Receivables in litigation	1,012,944	1,379,082
Trade receivables	12,884,446,548	10,827,689,670
Retainage	356,050,575	356,728,338
Court agreements receivable	1,226,734,577	65,129,374
Allowance for doubtful accounts	(286,117,527)	(326,729,432)
Sundry	376,367	512,394
<b>Total</b>	<b>22,070,290,894</b>	<b>20,169,621,166</b>

Trade receivables aging is disclosed in the following table:

	12/31/2020 In Pesos	12/31/2019 In Pesos
Up to three months	2,288,416,280	2,344,679,828
Three to six months	525,604,725	451,514,291
Six to nine months	162,086,216	594,708,844
Nine to twelve months	162,417,860	168,572,310
Over one year	509,679,672	642,147,952
<b>Total</b>	<b>3,648,204,753</b>	<b>4,201,623,225</b>

Changes occurred during the year in allowances for doubtful accounts are disclosed in Note 21.

#### 16. Inventories

	12/31/2020 In Pesos	12/31/2019 In Pesos
Materials and spare parts	2,690,154,567	2,643,551,196
Advance payments for materials, spare parts and supplies	51,865,856	70,742,802
Allowance for inventory obsolescence (Note 21)	(635,734,528)	(434,948,735)
Construction in progress	156,056,769	325,409,049
<b>Total</b>	<b>2,262,342,664</b>	<b>2,604,754,312</b>

#### 17. Other investments

	12/31/2020 In Pesos	12/31/2019 In Pesos
<b>Current</b>		
Government bonds	-	65,610,952
Other financial investments	99,107,991	122,664,015
<b>Total</b>	<b>99,107,991</b>	<b>188,274,967</b>

#### 18. Cash and cash equivalents

	12/31/2020 In Pesos	12/31/2019 In Pesos
Cash and banks	1,111,307,748	2,029,515,169
Investments equivalents to cash	2,259,441,456	2,173,558,303
Specific allocation funds	84,847,828	333,119,475
<b>Total</b>	<b>3,455,597,032</b>	<b>4,536,192,947</b>

#### 19. Bank and financial debts

	12/31/2020 In Pesos	12/31/2019 In Pesos
<b>Non-Current</b>		
Loans	664,327,675	984,253,829
Leases (Note 20) (*)	63,417,265	118,433,330
Corporate bonds	28,473,720,146	24,437,423,339
Other bank and financial debts	-	582,678
<b>Subtotal</b>	<b>29,201,465,086</b>	<b>25,540,693,176</b>
Self-liquidating debts	899,406,225	589,810,772
<b>Total</b>	<b>30,100,871,311</b>	<b>26,130,503,948</b>
<b>Current</b>		
Loans	2,617,390,529	2,413,632,532
Leases (Note 20) (*)	165,037,235	393,764,789
Overdraft	95,472,129	972,926,910
Corporate bonds	841,284,191	1,194,528,232
Other bank and financial debts	427,992	767,578
<b>Subtotal</b>	<b>3,719,612,076</b>	<b>4,975,620,041</b>
Self-liquidating debts	5,224,683,479	4,698,475,752
<b>Total</b>	<b>8,944,295,555</b>	<b>9,674,095,793</b>

<b>Bank and financial debts per rate</b>	<b>12/31/2020 In Pesos</b>	<b>12/31/2019 In Pesos</b>
No rate applicable	6,845,646	119,349,128
Fixed rate	35,745,999,339	33,753,284,373
Variable rate	3,292,321,881	1,931,966,240
<b>Total</b>	<b>39,045,166,866</b>	<b>35,804,599,741</b>

<b>Bank and financial debts per currency</b>	<b>12/31/2020 In Pesos</b>	<b>12/31/2019 In Pesos</b>
In Argentine Pesos	6,705,324,828	7,024,968,203
In U.S.\$	29,974,961,832	26,873,649,270
In Nuevos Soles	291,945,894	13,261,226
In Chilean Pesos	231,855,769	284,047,302
In Euros	266,873,670	297,879,805
In Guaraníes	1,572,389,634	1,310,793,935
In Reales	1,815,239	-
<b>Total</b>	<b>39,045,166,866</b>	<b>35,804,599,741</b>

<b>Reconciliation of bank and financial debt</b>	<b>12/31/2020 In Pesos</b>	<b>12/31/2019 In Pesos</b>
Changes in debt according to the Consolidated Cash Flow Statement	2,588,314,949	4,143,303,110
Changes in debt due to interest accrued, net of interest paid	(675,430,536)	(2,347,807,218)
Increase in debt due to changes in foreign exchange rate	1,007,518,198	906,970,424
Changes in debt due to exchange of notes	93,074,583	-
Increase in debt due to purchases of property, plant and equipment by means of Leases	60,612,007	338,974,633
Currency translation differences	166,477,924	21,815,970
<b>Total</b>	<b>3,240,567,125</b>	<b>3,063,256,919</b>

#### Series 4 Notes

On October 15, 2014, Clisa issued Series No. 4 Notes under the Global Issue Programme authorized by the CNV of up to U.S.\$ 300,000,000 (the "Series 4 Notes"). The Series 4 Notes were guaranteed by BRH and Cliba Ingeniería Ambiental S.A., accrued interest at a nominal annual rate of 11.5%, payable semi-annually and matured on October 15, 2019. On the maturity date, Clisa paid in cash 100% of the Series 4 Notes outstanding balance, in the amount of U.S.\$ 17,601,148.

#### Issuance of new Notes for up to U.S.\$ 300,000,000

On July 6, 2016, the CNV authorized the public offering of non-convertible notes in an aggregate principal amount of up to U.S. \$ 300,000,000, pursuant to Resolution No. 18,109 (the "Existing Notes").

On July 20, 2016, Clisa issued U.S.\$ 200,000,000 in aggregate principal amount of Existing Notes due 2023. The Existing Notes were offered to any person in Argentina and to qualified institutional buyers pursuant to Rule 144A under the U.S. Securities Act of 1933, as amended, and persons outside the United States of America in reliance on Regulation S of the U.S. Securities Act of 1933, as amended. Issue price was 98.753%. The Existing Notes accrue interest at a nominal annual rate of 9.5% payable semi-annually, will mature on July 20, 2023 and are guaranteed by BRH and Cliba Ingeniería Urbana S.A.

On February 10, 2017, Clisa issued U.S.\$ 100,000,000 in aggregate principal amount of Existing Notes, representing an additional issuance of the Clisa's Existing Notes. The issue price was 98.580%. The additional Existing Notes have identical terms and conditions as the Existing Notes, other than the issue date and issue price, and were consolidated and formed a single class and are fungible with the Existing Notes.

On June 7, 2018, Clisa entered into a hedging contract with Banco Santander Río in order to protect against fluctuations in foreign exchange rates that affected the interest payment on the Notes due on January 20, 2019. This derivative financial instrument was initially recorded in Other comprehensive income, since it was considered to be a cash flow hedge. The amounts so reported have been reclassified to Other financial results in the statement of income, in the periods in which the hedged item affects income.

#### Clisa - Exchange Offer and Issuance of new Senior Notes

On December 13, 2019 Clisa announced (i) an offer to exchange any and all of the outstanding Existing Notes (the "Exchange Offer") for 9.5% Senior Secured Notes due 2023 (the "New Notes") to be issued by Clisa, pursuant to CNV's Resolution No. 20,596 dated December 6, 2019; and (ii) related consent solicitation according to which it solicited from holders of the Existing Notes consents to certain proposed amendments to the terms and conditions of the Existing Notes (the "Proposed Amendments").

On January 14, 2020 Clisa announced the final results of the Exchange Offer and reported that U.S.\$ 270,040,000 in aggregate principal amount of the Existing Notes, or approximately 90.01% of the outstanding Existing Notes, had been validly tendered for exchange pursuant to the Exchange Offer, with related consents delivered pursuant to the Consent Solicitation, and accepted by Clisa.

On January 17, 2020 holders of U.S.\$ 270,040,000 in aggregate principal amount of Existing Notes, that represented approximately 90.01% of the outstanding Existing Notes, approved the Proposed Amendments in an extraordinary meeting.

Also, on January 17, 2020 Clisa issued U.S.\$ 270,040,000 in aggregate principal amount of New Notes. Therefore, the outstanding principal amount of the Existing Notes after the Exchange is U.S.\$ 29,960,000.

The New Notes accrue interest at a nominal annual rate of 9.50% payable semi-annually in arrears, will mature on July 20, 2023 and are guaranteed by BRH and Cliba Ingeniería Urbana S.A. The New Notes are secured by a first priority share pledge (*prenda en primer grado de prelación y privilegio*) over 100% of the shares of Tecsan.

Pursuant to the terms and conditions of the New Notes, at the sole discretion of Clisa, up to 100% of the interest due for the interest periods ending on or prior to January 20, 2021, may be paid in kind, in which case (i) interest will accrue at a rate of 11.50% per year for the periods and for the portion of interest with regards to which the election is made by Clisa and (ii) Clisa shall issue to each holder of New Notes additional New Notes in a principal amount equal to the accrued interest on such holder's then outstanding New Notes and due on such interest payment date.

In this regard, Clisa exercised the option to pay in kind 100% of the interest due for the interest period ending on July 20, 2020 and, as a consequence, issued on that date additional New Notes in an aggregate principal amount of U.S.\$15,786,087, in accordance with the provisions of the Indenture. Therefore, as of December 31, 2020 the outstanding principal amount of the New Notes after said issuance is U.S.\$285,826,087.

Likewise, on January 20, 2021, Clisa exercised the option to pay in kind 100% of the interest due for the interest period ending on January 20, 2021 and, as a consequence, issued on that date additional New Notes in an aggregate principal amount of U.S.\$ 16,434,999, in accordance with the provisions of the Indenture. Therefore, as of the date of issuance of these Consolidated Financial Statements, the nominal value of New Negotiable Obligations in circulation amounts to US \$ 302,261,086.

#### Benito Roggio Construcciones y Concesiones S.A.C. - Issuance of Senior Secured Notes

On October 7, 2019, Benito Roggio Construcciones y Concesiones S.A.C. ("BRCC"), a subsidiary organized under the laws of the Republic of Peru, executed a private placement transaction that involves the issuance of up to U.S.\$ 27,000,000 aggregate principal amount of senior secured notes due October 2022, with a nominal annual interest rate of 9.5% payable quarterly (the "BRCC Notes"). The proceeds thereof are intended to be used to finance capital expenditures in the Company's waste management division and to repay certain financial obligations, including CLISA's Series 4 Notes.

On October 9, 2019 BRCC issued the first tranche of the BRCC Notes in the amount of U.S.\$ 12,900,000. Additionally, on January 14, 2020 BRCC issued the second tranche of the BRCC Notes in the amount of U.S.\$ 14,100,000. Therefore, as of the date of these financial statements the BRCC Notes outstanding balance was U.S.\$ 27,000,000.

## **20. Leases**

Described below are financial lease contracts outstanding at December 31, 2020 and December 31, 2019 and the present value of minimum lease payments grouped by lessor.

### **(a) As of December 31, 2020**

<b>Lessor</b>	<b>Object of the contract</b>	<b>Amount of leases</b>	<b>Present value of minimum payments In Pesos</b>
Santander Chile	Machinery and equipment	1	7,297,223
Manuel Enrique Lorenzo	Real estate	1	4,629,000
John Deere	Heavy machinery and equipment	10	13,028,123
Escandinavia del Plata	Heavy machinery and equipment	1	16,491,892
Corporate	Road machinery	3	9,609,584
MSM Leasing	Vehicles and Heavy vehicles	22	52,002,288
Alequip	Road machinery	10	28,515,375
Eduardo Mario Kassab	Real estate	1	222,480
Juan Jose Chiaravalle	Real estate	1	290,174
Rodolfo Edgardo Zazzini	Real estate	1	2,630,439
Marcelo Leonardo Montepaone	Real estate	1	311,291
Sociedad de Inversiones y Ayllu Ltda.	Furniture and fixtures	1	4,422,620
Gran Valle Negocios SA	Permanently installed equipment	1	759,875
Silvi Elida T.	Permanently installed equipment	1	28,866,690
P. Portero – C. Portero – F. Gracia S.H.	Permanently installed equipment	1	3,686,709
María Isabel Abramidis	Permanently installed equipment	1	1,174,496
Marina Silvana Penesis	Permanently installed equipment	1	3,027,805
Jorge Rosario Lodeiro Rodriguez	Permanently installed equipment	1	5,145,786
Librería Huemul S.A.	Permanently installed equipment	1	1,797,441

Yohama Francisco García	Permanently installed equipment	1	218,991
Lidia Graciela Mariorano	Permanently installed equipment	1	1,836,891
Río Volga S.A.	Permanently installed equipment	1	2,369,722
Don Lelio S.A.	Permanently installed equipment	1	1,704,494
Jorge Marseillan S.A.C.I.F.I.A.	Real estate	1	2,471,958
HP Financial Leasing	Computer hardware	1	6,582,048
HP Financial Services Argentina S.R.L.	Computer hardware	2	19,976,518
Other lessors	Real estate	8	9,384,587
<b>Total</b>			<b>228,454,500</b>

**(b) As of December 31, 2019**

<b>Lessor</b>	<b>Object of the contract</b>	<b>Amount of leases</b>	<b>Present value of minimum payments In Pesos</b>
BBVA Banco Continental	Vehicles	1	1,763,203
Santander Chile	Vehicles	1	1,975,502
Santander Chile	Machinery and equipment	3	3,534,456
Santander Chile	Minor equipment	1	2,869,019
Manuel Enrique Lorenzo	Real estate	1	5,805,035
John Deere	Heavy machinery and equipment	10	74,911,488
Escandinavia del Plata	Heavy machinery and equipment	1	7,306,136
CGM Leasing	Vehicles and Heavy machinery and equipment	2	34,221,360
Corporate	Road machinery	3	14,518,114
MSM Leasing	Vehicles and Heavy vehicles	22	35,377,308
Alequip	Road machinery	10	143,344,425
Eduardo Mario Kassab	Real estate	1	881,695
Juan Jose Chiaravalle	Real estate	1	459,534
Rodolfo Edgardo Zazzini	Real estate	1	241,060
Marcelo Leonardo Montepaone	Real estate	1	952,410
Rillo SAC	Furniture and fixtures	1	10,373,254
Sociedad de Inversiones y Ayllu Ltda.	Furniture and fixtures	1	5,559,045
ABS Ingeniería SA	Furniture and fixtures	1	500,115
Caterpillar Financial Services	Machinery and equipment	13	36,391,279
Gran Valle Negocios SA	Permanently installed equipment	1	37,394,325
P. Portero – C. Portero – F. Gracia S.H.	Permanently installed equipment	1	11,812,222
Jose Sobrado	Permanently installed equipment	1	770,041
María Isabel Abramidis	Permanently installed equipment	1	274,876
Marina Silvana Penesis	Permanently installed equipment	1	514,923
Jorge Rosario Lodeiro Rodriguez	Permanently installed equipment	1	916,865
Librería Huemul S.A.	Permanently installed equipment	1	2,861,550
Yohama Francisco García	Permanently installed equipment	1	1,876,758
Lidia Graciela Mariorano	Permanently installed equipment	1	504,429
Río Volga S.A.	Permanently installed equipment	1	795,369
Don Lelio S.A.	Permanently installed equipment	1	384,088
Jorge Marseillan S.A.C.I.F.I.A.	Real estate	1	4,815,301
HP Financial Leasing	Computer hardware	1	14,282,422
HP Financial Services Argentina S.R.L.	Computer hardware	2	36,031,033
Other lessors	Real estate	12	17,979,479
<b>Total</b>			<b>512,198,119</b>

	<b>12/31/2020 In Pesos</b>	<b>12/31/2019 In Pesos</b>
Nominal value – Minimum payments of leases		
Up to a year	191,120,931	422,592,388
From one to five years	118,770,558	132,301,900
<b>Total</b>	<b>309,891,489</b>	<b>554,894,288</b>
Financial charges to accrue	(81,436,989)	(42,696,169)
<b>Total debt for financial leases</b>	<b>228,454,500</b>	<b>512,198,119</b>

Present value of leases is the following:

	<b>12/31/2020</b>	<b>12/31/2019</b>
	<b>In Pesos</b>	<b>In Pesos</b>
Present value – Minimum payments of financial leases		
Up to a year	165,037,235	393,764,789
From one to five years	63,417,265	118,433,330
<b>Total</b>	<b>228,454,500</b>	<b>512,198,119</b>

**(c) Amount of Leases recognized in the Consolidated Balance Sheet**

The total amount of leases recognized in the Consolidated Balance Sheet is disclosed in Note 10 – Property, plant and equipment

**(d) Amount of Leases recognized in the Consolidated Statement of Income**

	<b>12/31/2020</b>	<b>12/31/2019</b>
	<b>In Pesos</b>	<b>In Pesos</b>
Depreciation	429,685,690	517,311,511
Interest generated by liabilities	68,576,221	81,862,499
Foreign currency exchange differences generated by liabilities	104,815,126	97,565,915
Expenses in connection with leases that do not involve the right to use an asset, disclosed in Cost of providing services	1,726,453,547	3,421,630,749
Expenses in connection with leases that do not involve the right to use an asset, disclosed in Administrative expenses	72,068,064	82,014,910
Expenses in connection with leases that do not involve the right to use an asset, disclosed in Selling and other operating expenses	18,764,290	14,572,350

**21. Allowances and provisions for contingencies**

**(a) For the year ended December 31, 2020**

Description	Balances as of the beginning of the year	Increases	Applications	Decreases	Loss due to the effect of inflation	Effect of foreign currency translation	Balances as of the end of the year
Allowance for doubtful accounts	707,374,431	278,278,783	(90,558,643)	(6,616,000)	(214,779,298)	5,319,254	679,018,527
Allowance for other receivables	239,998,315	1,392,670	(70,693)	-	(11,516,245)	(14,819,296)	214,984,751
Allowance for inventory obsolescence	434,948,735	201,364,853	-	-	(579,060)	-	635,734,528
Allowance for investment losses	727,421	-	-	-	(193,104)	-	534,317
Provisions for contingencies	1,245,572,024	841,471,661	(357,964,670)	(8,138,743)	(409,264,387)	-	1,311,675,885

**(b) For the year ended December 31, 2019**

Description	Balances as of the beginning of the year	Increases	Applications	Decreases	Loss due to the effect of inflation	Effect of foreign currency translation	Balances as of the end of the year
Allowance for doubtful accounts	609,352,075	470,716,019	(98,719,961)	(43,210,568)	(238,614,474)	7,851,340	707,374,431
Allowance for other receivables	280,732,286	448,414	(2,048,539)	-	(19,438,740)	(19,695,106)	239,998,315
Allowance for inventory obsolescence	531,983,527	-	(95,860,543)	-	(1,174,249)	-	434,948,735
Allowance for investment losses	1,119,005	-	-	-	(391,584)	-	727,421
Provisions for contingencies	1,317,669,951	914,704,774	(430,235,142)	(9,097,441)	(547,470,118)	-	1,245,572,024

## 22. Other liabilities

	12/31/2020 In Pesos	12/31/2019 In Pesos
<b>Non-Current</b>		
Debts with related parties (Note 25)	26,031,000	2,976,289
Services to be rendered and pending works	1,849,441,324	2,110,401,020
Payments in advance from customers	649,325,504	631,083,753
Investments with negative equity	44,710,999	56,525,923
Salaries and social security contributions payable	974,294,075	350,600,084
Tax payables	506,016,559	497,698,904
Sundry debts	269,748,408	351,385,135
<b>Total</b>	<b>4,319,567,869</b>	<b>4,000,671,108</b>
<b>Current</b>		
Debts with related parties (Note 25)	43,384,717	33,640,042
Services to be rendered and pending works	238,029,000	421,431,772
Retained court attachments payable	20,342,829	30,013,019
Out of court Settlements payable	12,481,000	11,405,858
Payments in advance from customers	2,010,097,763	2,035,031,496
Provision for costs of the year	97,164,002	122,874,333
Income advances	157,100,582	198,861,350
Salaries and social security contributions payable	5,001,448,742	4,622,181,306
Tax payables	1,778,459,813	2,284,962,734
Deferred income	300,907,409	21,103,656
Sundry debts	590,618,588	601,115,627
<b>Total</b>	<b>10,250,034,445</b>	<b>10,382,621,193</b>

Below is disclosed a reconciliation between the opening balances and closing balances of post-employment benefits plan and long-term employee benefits

	Long-term employee benefits	Post-employment benefits plan	Total
<b>Total as of 12/31/2018</b>	<b>22,056,993</b>	<b>26,827,769</b>	<b>48,884,762</b>
Effect of inflation	(7,718,666)	(9,388,160)	(17,106,826)
Cost of services	1,523,413	1,488,017	3,011,430
Interest cost	8,689,854	10,473,296	19,163,150
Actuarial gain and losses for the year	(270,920)	(1,829,730)	(2,100,650)
Paid benefits	(1,184,424)	-	(1,184,424)
<b>Total as of 12/31/2019</b>	<b>23,096,250</b>	<b>27,571,192</b>	<b>50,667,442</b>
Effect of inflation	(6,131,250)	(7,319,192)	(13,450,442)
Cost of services	1,621,000	1,518,000	3,139,000
Interest cost	7,833,000	8,923,000	16,756,000
Actuarial gain and losses for the year	(1,702,000)	(1,564,000)	(3,266,000)
Paid benefits	(578,000)	(435,000)	(1,013,000)
<b>Total as of 12/31/2020</b>	<b>24,139,000</b>	<b>28,694,000</b>	<b>52,833,000</b>

Main actuarial assumptions used in the estimate are as follows:

Concept	12/31/2020	12/31/2019
Actual Discount rate	5,00%	5,00%
Mortality before retirement	GAM 83	GAM 83
Disability	DTS 85	DTS 85
Turnover	W 155	W 155

### 23. Trade payables

	12/31/2020 In Pesos	12/31/2019 In Pesos
<b>Non-Current</b>		
Suppliers and subcontractors	427,379,226	436,647,274
Provisions	244,135,821	164,727,536
Sundry	2,354,249	1,649,791
<b>Total</b>	<b>673,869,296</b>	<b>603,024,601</b>
<b>Current</b>		
Suppliers and subcontractors	4,164,304,175	5,490,569,440
Suppliers and subcontractors - Related companies (Note 25)	69,923,970	67,635,759
Subcontractors guarantee deposits	24,582,200	59,792,019
Notes payables	2,382,991,788	1,799,199,485
Sundry Provisions	2,121,308,430	2,371,132,652
<b>Total</b>	<b>8,763,110,563</b>	<b>9,788,329,355</b>

### 24. Construction contracts

Balances of the construction contracts included in the balance sheet are as follows:

	12/31/2020 In Pesos	12/31/2019 In Pesos
<b>Construction contracts</b>		
Amounts due from customers included in current assets	529,811,146	1,234,363,362
Amounts due to customers included in current liabilities	(441,770,290)	(534,709,193)
Amounts due to customers included in non-current liabilities	(47,378,363)	(69,404,518)
<b>Subtotal</b>	<b>40,662,493</b>	<b>630,249,651</b>

On December 31, 2020 and 2019, and in relation to the construction contracts in progress, retainage has been accounted in Trade receivables for Ps. 356,050,575 and Ps. 356,728,338 respectively and payments in advance from customers in Other Liabilities for Ps. 2,209,745,966 and Ps. 1,924,086,744, respectively.

	12/31/2020	12/31/2019	12/31/2017	12/31/2016	12/31/2015	Previous Years
Costs incurred plus recognized retained earnings	7,291,432,881	17,155,665,584	24,597,315,984	14,408,424,012	10,064,743,323	56,397,972,759
Progress in certification	(7,713,710,645)	(16,390,977,038)	(25,871,757,573)	(15,289,523,940)	(9,060,063,896)	(53,265,440,605)
Effect of inflation	(167,309,394)	72,371,300	373,608,951	493,166,803	(650,225,384)	(2,405,030,629)
	<b>(589,587,158)</b>	<b>837,059,846</b>	<b>(900,832,638)</b>	<b>(387,933,125)</b>	<b>354,454,043</b>	<b>727,501,525</b>



## 25. Balances and transactions with related parties

### (a) Balances with related parties

Balances with related parties as of December 31, 2020 are as follow:

Companies	Non-Current Other receivables	Current Other receivables	Current Trade receivables	Non-Current Other liabilities	Current Other liabilities	Current Trade payables
<b>Parent Company</b>						
Roggio S.A.	-	-	302,535	-	-	-
<b>Associates</b>						
Autovía del Mar S.A.	-	154,115	215,053,302	-	1,611,802	21,009
Concanor S.A.	-	515,534	-	-	-	-
Concesionaria Monotrilho Linha 18	-	-	-	-	1,099,917	-
Consorcio Boleto Inteligente de Paraguay	-	1,172,104	-	-	-	-
Covaires S.A.	-	-	15,869,308	-	-	-
Covicentro S.A.	-	412,427	-	-	-	-
Covimet S.A.	493,424	553,370	-	-	-	-
Covinorte S.A.	-	463,981	-	-	-	-
Covisur S.A.	-	-	470,475	-	18,915,948	-
CV 1 - Concesionaria Vial S.A.	-	-	10,770,640	1,788,730	21,487,242	-
Ferrometro S.A.	-	-	20,842,744	-	-	-
Polledo Do Brasil Concessões e Investimentos Ltda.	-	15,439,028	-	23,844,813	-	-
Polledo S.A.I.C. y F.	94,660,304	-	-	-	-	-
Puentes del Litoral S.A.	628,146	2,713,273	-	-	-	-
SOE S.A.	-	-	272,331	-	-	21,629
SOFE S.A.	-	1,634,889	-	-	-	-
Transportel Minera 2 S.A.	-	-	-	-	-	205,512
Transportel Patagónica S.A.	-	-	2,386,127	355,098	-	-
<b>Other related parties</b>						
CET S.A.	-	-	2,714,739	-	-	-
Roggio A.C.E.	-	415,208,689	-	-	-	-
BSA Empreendimentos Ltda	-	184,800	-	-	-	-
Benito Roggio Paraguay – Joint ventures	-	-	186,342,673	-	-	69,671,084
Sundry	1,994,956	883,536	586,420	42,359	269,808	4,736
<b>TOTAL</b>	<b>97,776,830</b>	<b>439,335,746</b>	<b>455,611,294</b>	<b>26,031,000</b>	<b>43,384,717</b>	<b>69,923,970</b>

Balances with related parties as of December 31, 2019 are as follows:

Companies	Non-Current Other receivables	Current Other receivables	Current Trade receivables	Non-Current Other liabilities	Current Other liabilities	Current Trade payables
<b>Associates</b>						
Autovía del Mar S.A.	-	-	393,549,911	-	6,402,185	28,602
Concanor S.A.	-	701,851	-	-	-	-
Concesionaria Monotrilho Linha 18	-	-	-	-	1,373,100	-
Consorcio Boleto Inteligente de Paraguay	-	1,595,709	-	-	-	-
Covaires S.A.	-	-	21,604,569	-	-	-
Covicentro S.A.	-	561,481	-	-	-	-
Covimet S.A.	671,750	753,361	-	-	-	-
Covinorte S.A.	-	631,666	-	-	-	-
Covisur S.A.	-	-	640,507	-	24,342,098	-
CV 1 - Concesionaria Vial S.A.	-	-	5,518,483	2,435,188	1,155,316	-
Ferrometro S.A.	-	-	28,375,434	-	-	-
Polledo Do Brasil Concessões e Investimentos Ltda.	-	17,708,804	-	-	-	-
Polledo S.A.I.C. y F.	105,690,016	-	-	-	-	-
Puentes del Litoral S.A.	855,162	2,196,319	-	-	-	-
SOE S.A.	-	-	320,640	-	-	29,446
SOFE S.A.	-	1,511,167	-	-	-	-
Transportel Minera 2 S.A.	-	-	-	-	-	279,785
Transportel Patagonica S.A.	-	-	1,256,832	483,433	-	-
<b>Other related parties</b>						
CET S.A.	-	-	308,207	-	-	-
Roggio A.C.E.	-	433,321,036	-	-	-	-
BSA Empreendimentos Ltda	-	61,515	-	-	-	-
Benito Roggio Paraguay – Joint ventures	-	-	191,293,643	-	-	67,291,449
Sundry	2,490,006	1,202,851	798,354	57,668	367,343	6,477
<b>TOTAL</b>	<b>109,706,934</b>	<b>460,245,760</b>	<b>643,666,580</b>	<b>2,976,289</b>	<b>33,640,042</b>	<b>67,635,759</b>

**(b) Transactions with related parties:**

	<b>12/31/2020</b> <b>In Pesos</b>	<b>12/31/2019</b> <b>In Pesos</b>
<b>Services rendered</b>		
<b>Associates</b>		
Autovía del Mar S.A.	174,449,122	1,101,234,396
CV1 - Concesionaria Vial S.A.	19,264,716	77,253,216
Transportel Patagónica S.A.	3,117,507	3,916,209
<b>Other related parties</b>		
Benito Roggio Paraguay – Joint ventures	2,818,719	45,026,259
Sundry	2,837,826	3,370,604
<b>Total</b>	<b>202,487,890</b>	<b>1,230,800,684</b>
<b>Services contracted</b>		
<b>Other related parties</b>		
Benito Roggio Paraguay – Consortiums	(8,521,671)	(19,269,124)
Remuneration for senior management	(41,496,342)	(71,594,202)
<b>Total</b>	<b>(50,018,013)</b>	<b>(90,863,326)</b>

**26. Income tax**

The income tax charge for the year is made up of:

	<b>12/31/2020</b> <b>In Pesos</b>	<b>12/31/2019</b> <b>In Pesos</b>
Current income tax expense	536,023,045	756,849,734
Deferred income tax expense	(355,632,975)	603,329,370
<b>Total</b>	<b>180,390,070</b>	<b>1,360,179,104</b>

The income tax charge for the year ended differs from the result obtained by applying the income tax rate in effect in each country where the Company and its subsidiaries operate to the income before taxes, due to the following:

	<b>12/31/2020</b> <b>In Pesos</b>	<b>12/31/2019</b> <b>In Pesos</b>
Net (loss) /gain before income tax	(3,622,561,755)	(1,327,679,289)
Income tax at the 30% tax rate	(1,086,768,527)	(398,303,787)
Investments	61,949,668	(267,293,841)
Effect of tax inflation adjustment and other tax restatements	(4,230,080,567)	2,157,740,193
Effect of adjustment for inflation	(973,586,851)	(838,308,639)
Effect of the change in income tax rate (see Note 2.27)	(243,566,528)	(81,259,203)
Non-deductible expenses	17,081,438	767,950
Expiration of tax losses	210,420,418	152,712,283
Effect of different tax rates applicable in other countries	(24,149,694)	(120,368,996)
Other	(24,169,668)	17,672,243
<b>Subtotal</b>	<b>(6,292,870,311)</b>	<b>623,358,203</b>
Variation in non-recognized tax losses	6,473,260,381	736,820,901
<b>Income tax charge</b>	<b>180,390,070</b>	<b>1,360,179,104</b>

**Deferred income tax**

All charges for deferred income tax are calculated on the basis of temporary differences according to the liability method, applying the tax rates in force in each country.

Changes on deferred income tax accounts are the following:

	<b>12/31/2020</b> <b>In Pesos</b>	<b>12/31/2019</b> <b>In Pesos</b>
At the beginning of year	(4,357,055,124)	(4,028,541,332)
Deferred income tax expense	355,632,975	(603,329,370)
Effect of adjustment for inflation	942,304,420	1,409,517,690
Deferred tax recognized in Other comprehensive income	(972,651,072)	(1,134,702,112)
<b>At the end of the year</b>	<b>(4,031,768,801)</b>	<b>(4,357,055,124)</b>

Changes in deferred tax assets and liabilities occurred in the fiscal year, before the offsetting of balances, are the following:

**(a) For the year ended December 31, 2020**

Deferred tax assets:

	At the beginning of the year	Loss resulting from adjustment for inflation	Deferred income tax expense	Deferred tax recognized in Other comprehensive income	At the end of the year
Trade receivables	17,274,945	(8,482,164)	22,675,351	-	31,468,132
Other receivables	(468,826)	(28,760)	527,330	-	29,744
Inventories	(31,332,921)	8,293,000	(7,087,000)	-	(30,126,921)
Investments	67,045	373,334	754,349	-	1,194,728
Property, plant and equipment	(707,305,379)	191,119,785	(220,251,273)	(849,184)	(737,286,051)
Tax inflation adjustment	201,126,947	(51,776,444)	32,344,731	-	181,695,234
Bank and financial debts	1,741,238	(462,000)	4,715,739	(70,560)	5,924,417
Other liabilities	637,470,952	(169,298,787)	100,323,597	476,838	568,972,600
Allowances	349,905,499	(93,930,862)	69,991,297	-	325,965,934
Sundry	(637,138)	169,000	(688,624)	94,683	(1,062,079)
Tax losses	7,543,551,387	(2,002,550,345)	8,266,749,817	-	13,807,750,859
<b>Subtotal</b>	<b>8,011,393,749</b>	<b>(2,126,574,243)</b>	<b>8,270,055,314</b>	<b>(348,223)</b>	<b>14,154,526,597</b>
Non-recognized tax losses	(6,917,804,659)	1,836,436,369	(7,790,282,596)	-	(12,871,650,886)
<b>Total deferred tax assets</b>	<b>1,093,589,090</b>	<b>(290,137,874)</b>	<b>479,772,718</b>	<b>(348,223)</b>	<b>1,282,875,711</b>

Deferred tax liabilities:

	At the beginning of the year	Loss resulting from adjustment for inflation	Deferred tax assets (charge)	Deferred tax recognized in Other comprehensive income	At the end of the year
Trade receivables	(51,354,852)	(2,403,459)	21,089,382	2,813,774	(29,855,155)
Other receivables	(235,362,386)	61,868,549	43,125,457	90,617	(130,277,763)
Inventories	(13,212,974)	8,660,767	(28,714,229)	-	(33,266,436)
Investments	(2,502,554)	569,387	1,018,407	-	(914,760)
Intangibles assets	(1,678,591)	1,445,607	(154,481,780)	-	(154,714,764)
Property, plant and equipment	(5,417,710,660)	1,185,103,089	(166,750,038)	(949,550,261)	(5,348,907,870)
Tax payables	261,106,994	(32,433,089)	201,620,226	(12,188,401)	418,105,730
Bank and financial debts	14,905,194	(3,956,810)	(45,287,406)	-	(34,339,022)
Other liabilities	131,154,895	(34,817,410)	36,930,405	-	133,267,890
Allowances	44,898,008	(12,012,532)	15,110,131	-	47,995,607
Tax inflation adjustment	(2,159,234,672)	573,201,655	(1,270,185,330)	-	(2,856,218,347)
Sundry	(329,494,706)	99,868,292	(94,637,182)	(13,468,578)	(337,732,174)
<b>Subtotal</b>	<b>(7,758,486,304)</b>	<b>1,845,094,046</b>	<b>(1,441,161,957)</b>	<b>(972,302,849)</b>	<b>(8,326,857,064)</b>
Recognized tax losses	2,307,842,090	(612,651,752)	1,317,022,214	-	3,012,212,552
<b>Total deferred tax liabilities</b>	<b>(5,450,644,214)</b>	<b>1,232,442,294</b>	<b>(124,139,743)</b>	<b>(972,302,849)</b>	<b>(5,314,644,512)</b>

**(b) For the year ended December 31, 2019**

Deferred tax assets:

	At the beginning of the year	Loss resulting from adjustment for inflation	Deferred tax assets (charge)	Deferred tax recognized in Other comprehensive income	At the end of the year
Trade receivables	5,855,454	285,590	11,133,901	-	17,274,945
Other receivable	-	(151,953)	(316,873)	-	(468,826)
Inventories	-	8,322,293	(39,655,214)	-	(31,332,921)
Investments	-	515,300	(448,255)	-	67,045
Property, plant and equipment	-	384,264,162	(1,178,249,181)	86,679,640	(707,305,379)
Tax inflation adjustment	-	531,931	200,595,016	-	201,126,947
Bank and financial debts	-	-	1,741,238	-	1,741,238
Other liabilities	66,740,762	(278,342,814)	850,778,846	(1,705,842)	637,470,952
Allowances	128,478,874	(126,404,815)	347,831,440	-	349,905,499
Sundry	-	176,983	(814,121)	-	(637,138)
Tax losses	7,128,396,973	(2,494,524,733)	2,909,679,147	-	7,543,551,387
Subtotal	7,329,472,063	(2,505,328,056)	3,102,275,944	84,973,798	8,011,393,749
Non-recognized tax losses	(6,304,112,287)	2,206,072,989	(2,819,765,361)	-	(6,917,804,659)
Total deferred tax assets	<b>1,025,359,776</b>	<b>(299,255,067)</b>	<b>282,510,583</b>	<b>84,973,798</b>	<b>1,093,589,090</b>

Deferred tax liabilities:

	At the beginning of the year	Loss resulting from adjustment for inflation	Deferred tax assets (charge)	Deferred tax recognized in Other comprehensive income	At the end of the year
Trade receivables	(97,933,221)	31,429,461	12,416,099	2,732,809	(51,354,852)
Other receivables	(296,504,199)	103,756,904	(42,609,347)	(5,744)	(235,362,386)
Inventories	(54,160,342)	17,202,040	23,745,328	-	(13,212,974)
Investments	(8,173,425)	2,219,048	3,451,823	-	(2,502,554)
Intangibles assets	(3,767,901)	1,318,546	770,764	-	(1,678,591)
Property, plant and equipment	(5,859,560,189)	1,671,374,485	(17,618,551)	(1,211,906,405)	(5,417,710,660)
Tax payables	179,931,371	(63,236,671)	147,253,413	(2,841,119)	261,106,994
Bank and financial debts	1,715	(600)	14,904,079	-	14,905,194
Other liabilities	846,832,950	(41,449,472)	(674,228,583)	-	131,154,895
Allowances	278,558,212	(15,374,568)	(218,285,636)	-	44,898,008
Tax inflation adjustment	-	-	(2,159,234,672)	-	(2,159,234,672)
Sundry	(385,091,506)	122,601,381	(59,349,130)	(7,655,451)	(329,494,706)
Subtotal	(5,399,866,535)	1,829,840,554	(2,968,784,413)	(1,219,675,910)	(7,758,486,304)
Recognized tax losses	345,965,427	(121,067,797)	2,082,944,460	-	2,307,842,090
Total deferred tax liabilities	<b>(5,053,901,108)</b>	<b>1,708,772,757</b>	<b>(885,839,953)</b>	<b>(1,219,675,910)</b>	<b>(5,450,644,214)</b>

Deferred tax assets and liabilities are offset when a) the Company and its subsidiaries have a legally recognized right to offset, before the tax authorities, the amounts recognized for those items; and b) the deferred tax assets and liabilities are derived from the pertinent income tax payable to those tax authorities.

The amounts disclosed in the Balance Sheet as of December 31, 2020 and 2019 after the offsetting are the following:

	12/31/2020	12/31/2019
Deferred tax assets	14,154,526,597	8,011,393,749
Deferred tax liabilities	(8,326,857,064)	(7,758,486,304)
Sub-total	5,827,669,533	252,907,445
Non-recognized tax losses	(9,859,438,334)	(4,609,962,569)
<b>Deferred income tax</b>	<b>(4,031,768,801)</b>	<b>(4,357,055,124)</b>

	12/31/2020 In Pesos	12/31/2019 In Pesos
Deferred tax assets, net, to be reversed before 12 months	424,987,738	(24,637,590)
Deferred tax liabilities, net, to be reversed after 12 months	5,402,681,795	277,545,035
Subtotal	<b>5,827,669,533</b>	<b>252,907,445</b>
Non-recognized tax losses	<b>(9,859,438,334)</b>	<b>(4,609,962,569)</b>
Deferred income tax	<b>(4,031,768,801)</b>	<b>(4,357,055,124)</b>

## 27. Additional information about the Consolidated Cash Flow Statement

Below are disclosed the significant investing and financing transactions not affecting cash or cash equivalents:

	12/31/2020 In Pesos	12/31/2019 In Pesos
Acquisition of intangible assets financed with debt	7,923,000	19,315,183
Acquisition of property, plant and equipment financed with debt	221,917,219	1,743,439,228
Increase in Notes due to interest capitalization	1,294,185,401	-
Dividends from associates	27,688,000	-
Decrease in investments compensated with receivables	65,610,952	39,805,319
Investments acquired through the assignment of government bonds	-	64,374,611
Cancellation of leases (Right-of-use)	12,807,261	-
Increase in bank and financial debts as a result of the incorporation of leases pursuant to IFRS 16	-	314,577,444

## 28. Commitments, contingencies and restrictions on the distribution of profits

### (a) Commitments

Below is a detail of the guarantees provided as of December 31, 2020:

Detail	Amount of debt guaranteed	Guarantor
Surety bond in favor of Banco de la Provincia de Buenos Aires in guarantee of compliance with the obligations under a syndicated loan granted to Coviare (1)	65,698,594	BRH and Clisa
Surety bond for financial loan of Covimet S.A. (2)	107,712,000	BRH
	<u>173,410,594</u>	

(1) See Note 3.2.12. Amount of debt as of December 31, 2012 since the company has no updated information. This surety bond is enforceable only in case of termination of the concession contract due to a breach of contract by Coviare. As described in Note 3.2.12, Coviare rejected the termination of contract decided by the concession grantor and considers that there were no grounds for such a decision. Roggio S.A., the parent company of Clisa, entered into an agreement with Banco de la Provincia de Buenos Aires aimed at preventing the enforcement of this guarantee by such entity, which does not mean any recognition in connection with the judicial situation of Coviare.

(2) The beneficiary of the guarantee declared the termination of the agreement which set up such guarantee, retroactive to December 2012. The Company understands that it is not enforceable. On June 23, 2016 Covimet S.A. initiated its reorganization procedure. On November 8, 2019 Covimet S.A. was declared bankrupt, once the exclusivity period expired.

As part of the construction business, BRH grants performance bonds to guarantee satisfactory completion of own works and of those carried out jointly with third parties.

In guarantee of compliance with its obligations under the concession contract, Metrovías granted a performance bond under policy No. 718,837 issued by Fianzas y Créditos S.A. amounting to Ps. 30,000,000. The guarantee will be returned within one hundred and eighty days from the date on which Metrovías ceases to provide services.

In addition, as guarantee of compliance with the AOM described in Note 3.3.2., Metrovías provided a performance bond, through policy No. 20,738 underwritten by Boston Compañía Argentina de Seguros S.A. in the amount of Ps. 50,000,000. The guarantee will be returned, if applicable, within one hundred and eighty days from the date on which the operator ceases to provide services.

The Company has taken on commitments with financial institutions to obtain lines of credit for its foreign subsidiaries.

In order to guarantee its obligations under the BRCC Notes disclosed in Note 16, the Company assigned in trust all rights to receive any excess proceeds coming from the foreclosure of certain assets. In addition, the BRCC Notes are irrevocably and unconditionally guaranteed by Clisa, BRH and Haug.

The Existing Notes and the New Notes, described in Note 16, are guaranteed by BRH and Clisa Ingeniería Urbana S.A.

As of the date of the current financial statements, Clisa and its subsidiaries were in compliance with the covenants under the terms and conditions of the New Notes and under the agreements governing other bank and financial debts, except for the "Net Debt to EBITDA" ratio that Haug is required to maintain in connection with the BRCC Notes. In this regard, on December 31, 2020 holders of the total outstanding amount of the BRCC Notes granted a waiver of this covenant.

At the date of these consolidated financial statements, Clisa and its subsidiaries were in compliance with the covenants under the terms and conditions of the Notes and under the agreements governing other bank and financial debts.

Likewise, the channeling of the entire Cash Flows through the collection account has been verified, as these terms are defined in the trust agreement executed on October 5, 2020 in connection with the BRCC Notes.

## **(b) Contingencies**

Described below are the administrative, judicial and out-of-court proceedings in the ordinary course of business to which subsidiaries and/or associates of Clisa are parties. Bearing in mind the opinion of the legal counsel and professional advisors and the allowances and provisions for contingencies recorded at the end of the reporting year-end, the Company believes that these cases, of the cumulative effect of all of them taken as a whole, will not produce a significant adverse effect on the financial position of the Company, or on the future results of its operations

The financial statements of subsidiaries and associates disclose the following:

### **I) Metrovías S.A.:**

#### **a) Fine for infringements of safety and health regulations**

The Government of the City of Buenos Aires imposed Metrovías a fine of Ps. 3,155,000 for alleged infringement of safety and health regulations. This resolution has not become final, as it was appealed as and when prescribed by law, and in view of the fact that this is an administrative act that imposes a penalty, payment of the fine may not be demanded until the appeal is ruled on.

On September 3, 2014, the lower court judge partially sustained the appeal filed by Metrovías and reduced the fine to Ps. 2,500,000. Said ruling had been appealed by the company.

On September 5, 2016, Panel I of the Tax Litigation Court for the City of Buenos Aires rejected the appeal filed by Metrovías, thus confirming the first instance court ruling. In view of this situation, Metrovías filed an ordinary appeal for review by the Supreme Court of the City of Buenos Aires which was rejected and, later, an extraordinary appeal, which was rejected as well. In view of this, Metrovías S.A. filed a denied appeal with Argentina's Supreme Court. This motion was rejected. Consequently, Metrovías is waiting for an updated computation of the amount of the fine and, considering that, recorded a provision during 2019.

#### **b) On June 16, 2017, Metrovías was notified of AFIP Resolution No. 62/2017, whereby the tax authority contested the income tax returns for the tax years ended December 31, 2009, December 31, 2010 and December 31, 2011, claiming the inclusion of presumptive interest on the transactions conducted on behalf of Ferrometro S.A. The tax assessment performed by AFIP involved a difference of Ps. 0.59 million in the tax amount payable, interests for Ps. 1.3 million and a fine of Ps. 0.41 million. Metrovías appealed such resolution before the Argentine Tax Court on July 11, 2017 and notified AFIP of said appeal on July 13, 2017. According to its tax advisors' allegations, the arguments invoked and the evidence submitted by Metrovías, a favorable outcome in this dispute is expected.**

### **II) Covisur:**

#### **a) Value added tax**

- i) On November 27, 1995, Covisur lodged an action for recovery with the AFIP for Ps. 1,273,045 for VAT on indemnities collected according to the Restatement Agreement dated December 15, 1992. This claim includes fiscal periods from February 1993 to October 1995, for which amended tax returns were filed. Covisur had originally calculated the tax on the total amount collected, whereas it should have considered that the tax was included in such total. On November 30, 2000, AFIP rejected the action for recovery filed.**
- ii) On December 19, 2001, AFIP notified Covisur of a debt assessment of Ps. 6,128,714 corresponding to VAT and accrued interest on indemnities collected as provided for in the Restatement Agreement dated December 15, 1992, corresponding to fiscal periods between December 1995 and November 1999, as AFIP considered that the total amount of those indemnities represented the net taxable amount.**

Covisur filed an appeal before the National Tax Court claiming non-taxability of the indemnities collected or – if applicable – the consideration of the tax as forming part of the total amount, since the operations were performed with a tax-exempt person.

The Tax Court ruled in favor of Covisur and ordered AFIP to prepare a computation. Following several extensions, AFIP filed a computation, which was challenged by the company as it did not include any type of interest. On November 3, 2017 the Tax Court issued a resolution determining the amount of principal and interest for refund to Covisur, which was appealed by AFIP. The appeal was granted by the Tax Court on December 15, 2017. On July 10, 2020, such court notified Covisur of a new settlement made by the tax authority, which was accepted. As of the date of issuance of these financial statements, Covisur is analyzing the method of payment and the calculation of the interest update.

#### **b) Income tax**

On December 27, 2002, AFIP requested Covisur the payment of Ps. 3,585,754 for Income Tax and interest on indemnities collected under the Restatement Agreement dated December 15, 1992, for the 1997, 1998 and 1999 fiscal years, as AFIP considered that the total amount of those indemnities represented the taxable amount. Conversely, Covisur considers that the indemnities collected are not subject to the tax, alleging that they involve a gross price from which VAT should be deducted

rather than added, as AFIP sustains. In addition, Covisur argues that those amounts include a presumed cost of 100%, as AFIP had previously informed in response to a consultation made by the company. In this respect, on February 20, 2003 Covisur filed an appeal before the National Tax Court, after which a ruling seemingly favorable to Covisur was issued. For that reason, Covisur eventually filed a motion for clarification, which was resolved elliptically, although the outcome continues to seem favorable. An appeal has also been filed for the other issues, which is being heard together with the actions on value added tax, consolidated with this appeal, and included in the last paragraph of section a.1) of the chapter "Value Added Tax". Covisur:

iii) Benito Roggio e Hijos S.A.

On May 8, 2019, the National Criminal and Correctional Federal Court No. 7 issued a decision in Case No. 1614/2016 in process before the Secretary No. 13 of said court, through it resolved, amongst other issues, the prosecution of the then President of BRH, and the attachment of his assets and those of BRH in the amount of Ps. 574 million.

In regard to the attachment of BRH's assets, said court accepted to limit it only to the BRH headquarters building, in the city of Cordoba, as requested by BRH.

On February 27, 2020, said court resolved to extend the prosecution of Mr. Aldo Benito Roggio and to increase the attachment of his assets and those of BRH in the amount of AR\$ 511 million. This resolution was appealed. BRH proposed to cover the additional seizure with the aforementioned property, since the property appraised value is sufficient to cover the increased seizure amount, which the court accepted, and the attachment was duly registered. Finally, on August 30, 2020, the Court of Appeals reduced the amount of the new attachment from Ps. 511 million to Ps.85.0 million, which was also duly registered.

Although no damages for any of the parties derive from the evidence provided and the corresponding expert reports, on July 24, 2020, the judge at first instance rejected all the filed motions and took the case to trial. The rejection of the motions raised by the defense continues to be questioned through incidental proceedings, both before the aforementioned Court of Appeals and before the Federal Criminal Court of Cassation.

The Management understands that the actions of the Company and those of its representatives in the contract under investigation have been carried out in full compliance with applicable laws and regulations, and considers that the foregoing will be confirmed in the course of the judicial proceedings.

iv) File N° 9608/2019 – JCCF N° 11

On August 15, 2019 Mr. Aldo Benito Roggio appeared before the court in connection with the investigations in process before the Criminal and Correctional Federal Court (File N° 9608/2019 – JCCF N° 11) and was accepted by said court to join the legal regime regulated by Law N° 27,304.

Clisa's Board of Directors concluded that the abovementioned facts have no impact on the Company's economic and financial condition and has implemented measures to ensure the fulfilment of the best corporate governance practices.

**(c) Restrictions to the distribution of profits**

Pursuant to section 70 of the General Companies Law 19,550, companies must allocate 5% of the net income of each year to a statutory reserve until reaching 20% of their adjusted capital.

**29. Encumbered and restricted assets**

The table below provides a detail of the encumbered and restricted assets as of December 31, 2020:

Detail	Value of asset	Type of debt	Amount of debt	Type of guarantee
Machinery and equipment	228,584,356	Financial	170,214,863	Pledge
Machinery and equipment	7,291,192	Financial	7,297,233	Right of use
Machinery and equipment	49,280,000	Bank	266,893,670	Pledge
Machinery and equipment	3,549,281	Financial	19,976,518	Leasing
Heavy machinery and equipment	28,975,236	Financial	51,153,081	Right of use
Real estate	2,042,809,992	Bank	529,705,290	Mortgage
Real estate	5,675,539,655	-	-	Writs of attachment
Real estate	3,105,241,953	Financial	(*)	Assignment in trust
Real estate	19,508,241	Financial	19,939,929	Right of use
Vehicles	2,755,469	Bank	427,991	Pledge
Vehicles	10,811,918	Commercial	6,958,501	Pledge
Vehicles	1,936,398	Bank	1,980,830	Right of use
Heavy vehicles	48,981,311	Financial	50,021,458	Right of use
Permanently installed equipment	53,391,436	Financial	50,588,900	Right of use
Furniture and fixtures and computer hardware	3,386,576	Financial	6,582,077	Leasing
Furniture and fixtures and computer hardware	3,910,926	Bank	4,422,591	Right of use

Detail	Value of asset	Type of debt	Amount of debt	Type of guarantee
Certificates receivable	630,188,201	Bank	625,786,114	Pledge
Government bonds	405,962,518	Bank	379,276,462	Pledge
Guarantee deposits	20,000	Bank	20,000	Writs of attachment
Trade receivables	6,733,144,546	Bank	5,219,002,903	Assignment as security of collection rights
Banks	8,226,599	-	-	Writs of attachment
<b>Total</b>	<b>19,063,495,804</b>			

(\*) See Note 19 - Benito Roggio Construcciones y Concesiones S.A.C. - Issuance of Senior Secured Notes.

In order to guarantee its obligations under the BRCC Notes disclosed in Note 16, the Company assigned in trust all shares of the capital stock of BRCC and Haug and shares representing 80% of the capital stock of Benito Roggio Paraguay owned by BRH.

Likewise, the New Notes issued by Clisa on January 17, 2020, disclosed in Note 16, were secured a first priority pledge over the shares of Tecsan.

Current investments balance includes fixed- term deposits for Ps. 99,107,991 as of December 31, 2020 and Ps 122,664,015 as of December 31, 2019, which are restricted as they will be allocated to the payment of obligations derived from conclusive judgments against the Argentine Federal Government and/or UGOMS S.A. and/or UGOFE S.A. and/or Corredores Ferroviarios S.A.

### 30. Financial risk management

#### (a) Financial risk factors

The Company's activities are exposed to variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Company's financial risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance. The Company and its subsidiaries may use derivative financial instruments to hedge certain risk exposures.

#### (i) Market risk

##### Foreign exchange risks

The Company holds Corporate Bonds denominated in United States dollars. In addition, the main income of the Company and its subsidiaries are stated in the functional currency of each of them. Income of the subsidiary Haug S.A. is mostly stated in US dollars. In addition, the Company and its subsidiaries have trade payables and loans from financial institutions stated in other currencies, mostly US dollars and Euros. As a result, the Company and its subsidiaries are exposed to the foreign exchange risk.

The following table shows the exposure to other currencies of the financial instruments denominated in foreign currency.

Functional currency	12/31/2020				
	Net asset (liability) exposure to other currencies				
	U.S.\$	R\$	Euro	Other	Total
Ps.	(30,940,117,041)	(36,744,875)	(299,231,945)	391,941,206	(30,884,152,655)
S/.	71,798,017	-	-	-	71,798,017
Gs.	(408,588,440)	-	-	-	(408,588,440)
CLP	(11,601,714)	-	-	-	(11,601,714)
<b>Total</b>	<b>(31,288,509,178)</b>	<b>(36,744,875)</b>	<b>(299,231,945)</b>	<b>391,941,206</b>	<b>(31,232,544,792)</b>

Functional currency	12/31/2019				
	Net asset (liability) exposure to other currencies				
	U.S.\$	R\$	Euro	Other	Total
Ps.	(26,661,961,604)	8,525,218	(323,362,095)	2,251,959	(26,974,546,522)
S/.	153,585,436	-	-	-	153,585,436
Gs.	(418,718,309)	-	-	-	(418,718,309)
CLP	(35,374,043)	-	-	-	(35,374,043)
<b>Total</b>	<b>(26,962,468,520)</b>	<b>8,525,218</b>	<b>(323,362,095)</b>	<b>2,251,959</b>	<b>(27,275,053,438)</b>

R\$ - Reales (Brazil)  
S/. - Nuevos Soles (Peru)  
Ps. - Argentine Pesos

U.S.\$ - United States Dollars  
Euro - Euro  
CLP- Chilean Pesos



If the Argentine peso becomes stronger or weaker compared to the US dollar, with the rest of the variables remaining stable, it would imply a positive or negative impact on the comprehensive income/loss as a result of exchange gains or losses, mainly due to bank and financial debts in foreign currency, as disclosed in Note 19 to the consolidated financial statements. In turn, the weakening or strengthening of the Argentine peso compared to the Peruvian Nuevo Sol would increase or decrease the comprehensive income/loss as a result of the currency conversion.

The Company estimates that, if the rest of the factors remains constant, a 10% appreciation/depreciation of the US dollar compared with the Argentine peso at closing date would decrease/increase the profit before taxes by Ps. 3,128.9 million, due to exposure to the financial instruments mentioned.

#### *Interest rate risks*

The Company manages its exposure to interest rate volatility through financial alternatives. Borrowings at variable rates expose the Company to the risk of higher interest expenses in case of increases in market interest rates, while borrowings at a fixed rate expose the Company to variations in their fair value. The general policy of the Company is to maintain an adequate balance between instruments disclosed at a fixed and floating rate, which may change considering the long-term market conditions. A decrease or increase in interest rates would imply a positive or negative impact on income/losses as a result of higher or lower losses due to interest accrual mainly due to bank and financial debts at floating rate, as disclosed in Note 19 to these consolidated financial statements. In addition, most of the contracts that generate income for the Company, allow for adjustments based on the increase in costs.

The Company estimates that, if the rest of the factors remain constant, an increase/decrease of one percentage point in the interest rate at closing would decrease/increase the profit before taxes by Ps. 32.9 million, due to exposure to bank and financial debts bearing interest at a variable rate.

#### **(ii) Credit risk**

The Company is exposed to the credit risk with banks and financial institutions, as it carries financial instruments as deposits in current accounts, time deposits and deposits with mutual funds. The Company has established as a general treasury policy to place these financial assets exclusively with creditworthy financial institutions. As regards the credit risk of accounts receivable, in the Group companies whose debtor is the State, the level of activity and compliance with the payment terms by the State may be subject to the expansion or contraction of public spending.

#### **(iii) Liquidity risk**

The Management holds sufficient cash, marketable securities, and credit facilities to finance normal levels of operations, and monitors the liquidity forecasts of the Company's reserves on the basis of expected cash flows.

The chart below discloses maturity dates by groups based on the outstanding period of the bank and financial debts at the date of the balance sheet, in relation to the maturity date set forth in the relevant contracts. The amounts stated in the chart are undiscounted contractual cash flows.

#### **As of December 31, 2020**

	Without term	Up to a year	From one year to two years	More than two years
Trade receivables	-	21,646,091,228	1,342,435,434	382,674,902
Other receivables	3,455,615,922	1,542,010,956	560,876,633	762,434,413
Trade payables	104,185	8,767,258,746	442,081,568	227,535,360
Bank and financial debts	-	8,932,786,028	2,945,102,610	28,196,238,444
Other liabilities	499,421,218	7,424,249,157	1,575,863,169	2,269,816,883

#### **As of December 31, 2019**

	Without term	Up to a year	From one year to two years	More than two years
Trade receivables	-	19,663,355,269	1,047,792,095	241,070,768
Other receivables	2,160,950,638	2,582,304,386	714,620,086	503,495,215
Trade payables	374,011,684	9,479,700,369	419,086,460	118,555,443
Bank and financial debts	-	9,573,307,581	1,414,361,331	25,789,282,218
Other liabilities	1,366,100,963	9,556,367,706	1,049,564,652	2,462,505,364

#### iv) Capital risk management

The objectives of the Company when managing capital are: (i) To guarantee maintenance of a sound credit rating; (ii) ensure a healthy level of capitalization, generating returns for the company shareholders; (iii) maintain an optimum financing structure and (iv) fulfill the commitments undertaken by the Company in the corporate bonds and certain loan agreements detailed in Note 28.

#### (b) Financial instruments by category and fair value hierarchy

The following table shows for the financial assets and liabilities recorded as of December 31, 2020 and 2019, the information required by IFRS 7, according to the categories established by IAS 39.

As of December 31, 2020	Financial assets measured at amortised cost	Financial assets measured at fair value through profit or loss
<i>(1) Assets as per Balance Sheet</i>		
Other receivables	1,540,819,817	-
Trade receivables	23,371,201,564	-
Other investments	-	99,107,991
Cash and cash equivalents	1,159,958,281	2,295,638,751
<b>Total</b>	<b>26,071,979,662</b>	<b>2,394,746,742</b>

As of December 31, 2020	Financial liabilities measured at amortized cost
<i>(2) Liabilities as per Balance Sheet</i>	
Bank and financial debts	39,045,166,866
Other liabilities	2,927,428,975
Trade payables	9,436,979,859
<b>Total</b>	<b>51,409,575,700</b>

As of December 31, 2019	Financial assets measured at amortised cost	Financial assets measured at fair value through profit or loss
<i>(1) Assets as per Balance Sheet</i>		
Other receivables	1,956,963,312	-
Trade receivables	20,952,218,132	-
Other investments	122,664,015	65,610,952
Cash and cash equivalents	4,213,660,563	322,532,384
<b>Total</b>	<b>27,245,506,022</b>	<b>388,143,336</b>

As of December 31, 2019	Financial liabilities measured at amortized cost
<i>(2) Liabilities as per Balance Sheet</i>	
Bank and financial debts	35,804,599,741
Other liabilities	1,229,397,319
Trade payables	10,391,353,956
<b>Total</b>	<b>47,425,351,016</b>

#### Fair value hierarchy

According to IFRS 7 requirements, the Company classifies financial instruments recognized at fair value in the Balance Sheet into three levels, depending on the relevance of the judgment used for the fair value measurement.

Level 1 comprises financial assets and liabilities measured at fair value based on (unadjusted) quoted prices in active markets for identical assets and liabilities.

Level 2 includes financial assets and liabilities measured at fair value based on different premises of market prices included in Level 1, that are observable for assets or liabilities, either directly (for example, prices) or indirectly (for example, price derivatives).

Level 3 includes financial instruments for which the premises used in the fair value estimation are not based on observable market information.

**Measurement at fair value as of December 31, 2020**

Description	Level 1
<b>Financial assets at fair value through profit or loss</b>	
Cash and cash equivalents	2,295,638,751
Investments	99,107,991
<b>Total Assets</b>	<b>2,394,746,742</b>

**Measurement at fair value as of December 31, 2019**

Description	Level 1
<b>Financial assets at fair value through profit or loss</b>	
Cash and cash equivalents	322,532,384
Investments	65,610,952
<b>Total Assets</b>	<b>388,143,336</b>

**(c) Fair value estimation**

The estimated fair value of financial instruments is based on quoted market prices between the parties involved, which differ from the prices set in a forced sale or settlement. To estimate the fair value of financial assets and liabilities falling due within one year, the Company applies the market price less any estimated credit adjustment. For other investments, the Company uses market prices.

As of December 31, 2020	Valor razonable de los instrumentos financieros
Other receivables	1,263,920,931
Trade receivables	20,209,655,676
Other investments	99,107,991
Cash and cash equivalents	3,455,597,032
Bank and financial debts	23,846,892,978
Other liabilities	1,976,292,785
Trade payables	8,055,586,203
<b>As of December 31, 2019</b>	<b>Valor razonable de los instrumentos financieros</b>
Other receivables	1,649,480,477
Trade receivables	19,434,134,813
Cash and cash equivalents	4,536,192,947
Bank and financial debts	22,876,661,070
Other liabilities	1,007,236,518
Trade payables	9,720,133,073

### *Independent auditor's report*

To the Shareholders, President and Directors of  
CLISA - Compañía Latinoamericana de Infraestructura & Servicios S.A.  
Legal domicile: Av. Leandro N. Alem 1050 – 9° Floor  
Ciudad Autónoma de Buenos Aires  
Tax Code No. 30-69223929-2

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### **Opinion**

We have audited the consolidated financial statements of CLISA – Compañía Latinoamericana de Infraestructura & Servicios S.A. and its subsidiaries (the "Company"), including the consolidated balance sheet as of December 31, 2020, the consolidated statements of income and comprehensive income, of changes in equity and of cash flows for the year then ended and a summary of the significant accounting policies and other explanatory notes.

In our opinion, the consolidated financial statements, present fairly, in all material respects, the consolidated balance sheet of CLISA - Compañía Latinoamericana de Infraestructura & Servicios S.A. and its subsidiaries as of December 31, 2020 and the consolidated comprehensive income and consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards.

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### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the consolidated financial statements in Argentina. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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## Key audit matters

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Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><b>Basis of preparation – Going concern</b></p> <p>As mentioned in note 2.1, the Company prepares its consolidated financial statements using IFRS under the premise that the entity has the capacity to continue as a going concern.</p> <p>We have focused on reviewing Management's assessment of this assumption given the Company's economic and financial situation as of 12/31/2020 and given that the Company's ability to continue as a going concern will depend on Management's ability to maintain liquidity, that allows to face its liabilities continuing with the operation of its business.</p> <p>For its evaluation, Management has prepared cash flow projections in which it has considered the impact that disbursements related to payments of principal and interest on its liabilities may have. Likewise, it has used different scenarios to weigh the effect that the future of the different businesses may have on its ability to continue as a going concern.</p> <p>The aforementioned projections depend on important management judgments and may be influenced by management bias.</p> <p>How the Management will generate the necessary resources to face its liabilities considering the continuity of the different businesses it manages, has led us to consider this matter as a key issue in our audit. In turn, it led to a high degree of judgment and effort on the part of the auditor in performing procedures to assess the company's ability to continue operating as a going concern.</p>	<p>The audit procedures performed in relation to this key matter included, among others:</p> <ul style="list-style-type: none"><li>● Inquiry to key members of Management, to understand the process of construction and evaluation of the cash flow projections made by Management;</li><li>● verify the mathematical accuracy of the cash flow projections, as well as the initial position of cash and cash equivalents and investments;</li><li>● review the reasonableness and consistency of the premises considered by Management in the preparation of projections;</li><li>● verify key assumptions with past and / or external information;</li><li>● verify compliance during the fiscal year with the commitments assumed in the terms and conditions of the Company's debt contracts and their projection for fiscal year 2021;</li><li>● review the appropriate disclosure in a note to the consolidated financial statements regarding the assessment of the entity's ability to continue as a going concern.</li></ul>

## Key audit matter

## How our audit addressed the key audit matter

### Fair value of Property plant and equipment

As mentioned in Note 2.5 to the consolidated financial statements, the Company values its land, properties, improvements to third-party properties, heavy vehicles, heavy machinery and equipment and transformers at fair value, applying the revaluation model indicated by IAS 16. The use of this valuation model results in the recognition as of December 31, 2020 of a revaluation reserve of Ps. 11,351,901,270.

In order to obtain fair values, Management considers the existence or not of an asset market for the assets in their current condition. For those goods for which there is an active market in their current condition, determine fair values with reference to their market values. For the remaining cases, the market values for new goods are analyzed, applying a discount based on the condition and wear of each good and considering the particularities of each one of the goods.

Management has hired independent appraisers to assist them in the process of determining the respective fair values.

We consider that the measurement of the fair value of certain items of property, plant and equipment is a key audit matter because they require the application of critical judgments and significant estimates on key variables used in the measurement of these assets, as well as due to the unpredictability of the future evolution of these estimates and the fact that future significant changes in the key assumptions may have a significant impact on the financial statements.

The audit procedures performed in relation to this key issue included, among others:

- evaluate the preparation and supervision process carried out by Management for calculating the fair value of certain items of property, plant and equipment;
- evaluate the competence, capacity and objectivity of the external appraisers hired by the Company to assist them in this process;
- examine the methods and assumptions used,
- confirm the mathematical accuracy of the calculations performed and the appropriate application of the model prepared by management.
- evaluate the disclosures included in the consolidated financial statements.

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### **Information accompanying the consolidated financial statements (“other information”)**

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The other information comprises Annual report and business highlights. Board of Directors is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the [consolidated] financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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### **Responsibilities of Board of Directors for the consolidated financial statements**

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Board of Directors of CLISA - Compañía Latinoamericana de Infraestructura & Servicios S.A. is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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### **Auditor's responsibilities for the audit of the consolidated financial statements**

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Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the [consolidated] financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Board of Directors.
- Conclude on the appropriateness of Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

### **Report on the compliance with current regulations**

In compliance with current regulations, as regards CLISA - Compañía Latinoamericana de Infraestructura & Servicios S.A., we report that:

- a) except for the lack of transcribed "Inventory and Balance Sheet" book, the consolidated financial statements of CLISA- Compañía Latinoamericana de Infraestructura & Servicios S.A. have been transcribed to the "Inventory and Balance Sheet" book and, insofar as concerns our field of competence, are in compliance with the provisions of the General Companies Law and pertinent CNV resolutions;
- b) the separate financial statements of CLISA - Compañía Latinoamericana de Infraestructura & Servicios S.A. arise from accounting records kept in all formal respects in conformity with legal regulations, which maintain the security and integrity conditions based on which they were authorized by the National Securities Commission;
- c) as of December 31, 2020, the debt of CLISA - Compañía Latinoamericana de Infraestructura & Servicios S.A. accrued in favor of the Argentine Integrated Social Security System amounted to Ps. 9,294,793.35, none of which was claimable at that date;



- d) as set forth in Section 21, Subsection b), Chapter III, Section VI, Title II of the National Securities Commission's regulation, we report that total fees for auditing and related services billed to the Company in the year ended December 31, 2020 account for:
- d.1) 100% of the total fees for services billed to the Company for all items during that year;
  - d.2) 8,68% of the total fees for services for auditing and related services billed to the Company, its parent companies, subsidiaries and related companies during that year;
  - d.3) 8,41% of the total fees for services billed to the Company, its parent companies, subsidiaries and related companies for all items during that year;
- e) we have applied the anti-money laundering and financing of terrorism procedures for Clisa - Compañía Latinoamericana de Infraestructura & Servicios S.A. prescribed by professional standards issued by the Professional Council of Economic Sciences for the Ciudad Autónoma de Buenos Aires.

Ciudad Autónoma de Buenos Aires, March 18, 2021.

PRICE WATERHOUSE & CO.S.R.L.

(Partner)

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C.P.C.E.C.A.B.A. T° 1 F° 17  
Dr. Carlos Martín Barbafina  
Contador Público (UCA)  
C.P.C.E.C.A.B.A. T° 175 F° 65



**CLISA - Compañía Latinoamericana de  
Infraestructura & Servicios S.A.**

Legal address: Leandro N. Alem 1050, 9<sup>th</sup> Floor  
City of Buenos Aires

Consolidated Financial Statements for the years ended  
December 31, 2019 and 2018

## **CLISA - Compañía Latinoamericana de Infraestructura & Servicios S.A.**

### **Consolidated Financial Statements**

For the year commenced January 1, 2019 and ended December 31, 2019, presented in comparative format

#### **Contents**

##### Consolidated Financial Statements

- Consolidated Statement of Income

- Consolidated Statement of Other Comprehensive Income

- Consolidated Balance Sheet

- Consolidated Statement of Changes in Equity

- Consolidated Cash Flow Statement

##### Notes to the Consolidated Financial Statements

##### Summary Information

##### Auditor's Report

CONSOLIDATED RESULTS	Notes	For the years ended	
		12/31/2019 In Pesos	12/31/2018 In Pesos
Revenues from contracts with customers	3.6	48,404,270,999	48,472,234,161
Cost of providing services	4	(35,598,953,309)	(34,879,954,752)
<b>Gross profit</b>		<b>12,805,317,690</b>	<b>13,592,279,409</b>
Administrative expenses	5	(5,734,528,705)	(5,907,532,494)
Selling expenses and other operating expenses	6	(3,223,001,846)	(3,673,373,133)
Other operating income and expenses, net		224,595,682	109,560,424
<b>Operating Income</b>		<b>4,072,382,821</b>	<b>4,120,934,206</b>
Financial income	7	678,578,022	1,088,297,155
Financial expenses	7	(5,540,221,839)	(9,561,358,617)
Share of net profit of associates and joint arrangements accounted for under the equity method	8	(185,965,650)	161,744,587
Goodwill impairment		-	(13,280,948)
<b>(Loss) Income before income tax</b>		<b>(975,226,646)</b>	<b>(4,203,663,617)</b>
Income tax	26	(999,098,892)	(1,413,629,930)
<b>NET LOSS FOR THE YEAR</b>		<b>(1,974,325,538)</b>	<b>(5,617,293,547)</b>
<b>Net loss for the year attributable to:</b>			
- Owners of the parent		<b>(2,443,791,394)</b>	<b>(5,895,226,320)</b>
- Non-controlling interests		469,465,856	277,932,773
		<b>(1,974,325,538)</b>	<b>(5,617,293,547)</b>
<b>Losses per share attributable to the owners of the parent during the year</b> (stated in Ps. per share)	9	(25.28)	(60.98)

The accompanying notes are an integral part of these Consolidated Financial Statements.

OTHER CONSOLIDATED COMPREHENSIVE INCOME	For the years ended	
	12/31/2019 In Pesos	12/31/2018 In Pesos
<b>Net loss for the year</b>	<b>(1,974,325,538)</b>	<b>(5,617,293,547)</b>
<b>Other comprehensive income:</b>		
<i><b>Items that can be subsequently reclassified into profit or loss</b></i>		
Effect of foreign currency translation, net of income tax	27,442,405	946,282,889
Cash flow hedge, net of income tax	(63,363,966)	63,363,966
<i><b>Items that cannot be subsequently reclassified into profit or loss</b></i>		
Gains on revaluation of property plant and equipment in subsidiaries, net of income tax (*)	2,632,988,508	3,793,715,898
<b>Other comprehensive income for the year</b>	<b>2,597,066,947</b>	<b>4,803,362,753</b>
<b>Total comprehensive (loss) / gain for the year</b>	<b>622,741,409</b>	<b>(813,930,794)</b>
<b>Comprehensive (loss) / gain attributable to:</b>		
- Owners of the parent	71,376,821	(1,325,556,884)
- Non-controlling interests	551,364,588	511,626,090
	<b>622,741,409</b>	<b>(813,930,794)</b>

(\*) Includes the effect of changes in the income tax rate (see Note 2.27)

The accompanying notes are an integral part of these Consolidated Financial Statements.

<b>ASSETS</b>		<b>12/31/2019</b>	<b>12/31/2018</b>
	<b>Notes</b>	<b>In Pesos</b>	<b>In Pesos</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	21,453,302,771	19,382,314,008
Intangible assets	12	3,130,278,831	3,163,870,712
Goodwill	11	615,251,507	585,084,600
Investments in associates and joint arrangements accounted for under the equity method	13	298,204,784	485,496,525
Deferred tax assets	26	249,620,593	133,382,773
Other receivables	14	1,179,128,747	1,297,361,619
Trade receivables	15	574,844,709	441,223,140
<b>Total non-current Assets</b>		<b>27,500,631,942</b>	<b>25,488,733,377</b>
<b>CURRENT ASSETS</b>			
Contractual assets	24	906,682,850	707,600,320
Other receivables	14	3,199,589,313	3,874,982,757
Inventories	16	1,913,282,698	1,606,497,092
Trade receivables	15	14,815,288,732	14,445,340,356
Other investments	17	138,294,516	112,908,207
Cash and cash equivalents	18	3,331,991,598	4,048,523,595
<b>Total current Assets</b>		<b>24,305,129,707</b>	<b>24,795,852,327</b>
<b>Total Assets</b>		<b>51,805,761,649</b>	<b>50,284,585,704</b>
<b>EQUITY</b>			
Attributable to the owners of the parent		1,155,879,919	1,084,503,098
Non-controlling interests		1,343,629,365	1,267,104,963
<b>Total Equity</b>		<b>2,499,509,284</b>	<b>2,351,608,061</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Bank and financial debts	19	19,193,764,599	18,002,011,937
Provisions for contingencies	21	782,959,540	850,500,302
Contractual liabilities	24	50,980,034	-
Deferred tax liability	26	3,450,029,225	3,092,486,598
Other liabilities	22	2,938,632,168	3,795,659,978
Trade payables	23	442,942,557	283,174,999
<b>Total non-current Liabilities</b>		<b>26,859,308,123</b>	<b>26,023,833,814</b>
<b>CURRENT LIABILITIES</b>			
Bank and financial debts	19	7,105,960,058	6,047,643,899
Provisions for contingencies	21	131,956,463	117,374,137
Contractual liabilities	24	392,762,512	859,509,606
Other liabilities	22	7,626,396,624	8,380,523,564
Trade payables	23	7,189,868,585	6,504,092,623
<b>Total current Liabilities</b>		<b>22,446,944,242</b>	<b>21,909,143,829</b>
<b>Total Liabilities</b>		<b>49,306,252,365</b>	<b>47,932,977,643</b>
<b>Total Equity and Liabilities</b>		<b>51,805,761,649</b>	<b>50,284,585,704</b>

The accompanying notes are an integral part of these Consolidated Financial Statements.

Item	Attributable to owners of the parent							Total	Non-controlling interests	Total of equity
	Share capital	Capital Adjustment	Legal reserve	Effect of foreign currency translation	Cash flow hedge	Balances of revaluation in subsidiaries	Retained earnings / (Accumulated losses)			
<b>Balances as of January 1, 2018</b>	<b>96,677,524</b>	<b>2,277,468,077</b>	<b>5,782,980</b>	<b>439,084,320</b>		<b>305,106,744</b>	<b>(1,891,046,021)</b>	<b>1,233,073,624</b>	<b>896,313,449</b>	<b>2,129,387,073</b>
Net (loss) / gain for the year							(5,895,226,320)	(5,895,226,320)	277,932,773	(5,617,293,547)
Other comprehensive income				879,518,023	63,363,966	3,626,787,447	-	4,569,669,436	233,693,317	4,803,362,753
<b>Total Comprehensive (loss) / income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>879,518,023</b>	<b>63,363,966</b>	<b>3,626,787,447</b>	<b>(5,895,226,320)</b>	<b>(1,325,556,884)</b>	<b>511,626,090</b>	<b>(813,930,794)</b>
Reversal of revaluation in subsidiaries						(106,685,972)	106,685,972			
<b>Transactions with shareholders</b>										
- Distribution of dividends in subsidiaries									(65,818,579)	(65,818,579)
- Contributions and withdrawals in joint ventures									(352,330,743)	(352,330,743)
<b>Total Transactions with shareholders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(418,149,322)</b>	<b>(418,149,322)</b>
<b>Balances as of December 31, 2018</b>	<b>96,677,524</b>	<b>3,555,527,681</b>	<b>8,896,097</b>	<b>1,511,722,619</b>	<b>63,363,966</b>	<b>4,792,794,003</b>	<b>(8,944,478,792)</b>	<b>1,084,503,098</b>	<b>1,267,104,963</b>	<b>2,351,608,061</b>
<b>Balances as of January 1, 2019</b>	<b>96,677,524</b>	<b>3,555,527,681</b>	<b>8,896,097</b>	<b>1,511,722,619</b>	<b>63,363,966</b>	<b>4,792,794,003</b>	<b>(8,944,478,792)</b>	<b>1,084,503,098</b>	<b>1,267,104,963</b>	<b>2,351,608,061</b>
Net (loss) / gain for the year							(2,443,791,394)	(2,443,791,394)	469,465,856	(1,974,325,538)
Other comprehensive income				43,980,072	(63,363,966)	2,534,552,109	-	2,515,168,215	81,898,732	2,597,066,947
<b>Total Comprehensive (loss) / income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>43,980,072</b>	<b>(63,363,966)</b>	<b>2,534,552,109</b>	<b>(2,443,791,394)</b>	<b>71,376,821</b>	<b>551,364,588</b>	<b>622,741,409</b>
Reversal of revaluation in subsidiaries						(314,745,396)	314,745,396	-	-	-
Absorption of Accumulated Losses (*)		(3,503,483,848)	(8,896,097)				3,512,379,945	-	-	-
<b>Transactions with shareholders</b>										
- Distribution of dividends in subsidiaries									(128,269,009)	(128,269,009)
- Contributions and withdrawals in joint ventures									(346,571,177)	(346,571,177)
<b>Total transactions with shareholders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(474,840,186)</b>	<b>(474,840,186)</b>
<b>Balances as of December 31, 2019</b>	<b>96,677,524</b>	<b>52,043,833</b>	<b>-</b>	<b>1,555,702,691</b>	<b>-</b>	<b>7,012,600,716</b>	<b>(7,561,144,845)</b>	<b>1,155,879,919</b>	<b>1,343,629,365</b>	<b>2,499,509,284</b>

(\*) According to resolution of the General Extraordinary Shareholders' Meeting N° 42 held on June 27, 2019.

The accompanying notes are an integral part of these Consolidated Financial Statements.

	Notes	12/31/2019 Pesos	12/31/2018 Pesos
<b>Cash from operating activities</b>			
Net loss for the year		(1,974,325,538)	(5,617,293,547)
Adjustments for:			
Depreciation and amortization		4,085,674,469	3,378,916,717
Income tax		999,098,892	1,413,629,930
Gain from sales of property, plant and equipment		50,373,397	(1,834,627)
Share of net profit of associates and joint arrangements accounted for under the equity method		185,965,650	(161,744,587)
Net carrying value of property, plant and equipment written off		19,342,738	332,124
		7,446,446	-
Other operating and financial income and expenses, net		1,397,822,716	4,867,995,425
Interest earned and expense, net		2,142,349,446	1,892,823,665
<b>Changes in operating assets and liabilities:</b>			
Increase in inventories		(273,843,769)	39,151,059
Increase in allowances and provisions for contingencies		601,001,585	738,624,878
Decrease in investments		(23,075,694)	15,342,048
Increase in operating receivables		(7,766,339,949)	(5,291,303,137)
Increase in operating liabilities		3,576,221,584	4,379,776,458
<b>Net cash flow provided by operations</b>		<b>3,027,711,973</b>	<b>5,654,416,406</b>
Payments and collection of interests, net		(4,352,730,417)	(3,181,961,643)
Payments of income tax		(570,683,462)	(566,698,711)
<b>Net cash flow (used in) provided by operating activities</b>		<b>(1,895,701,906)</b>	<b>1,905,756,052</b>
<b>Cash from investing activities</b>			
Purchases of property, plant and equipment		(1,115,357,232)	(1,383,254,072)
Increases of intangible assets		(338,197,107)	(325,032,248)
Proceeds from sale of other investments		236,688	155,850,008
Proceeds from sale of property, plant and equipment		47,834,462	51,818,342
Dividends collected		10,318,976	11,615,012
<b>Net cash flow used in investing activities</b>		<b>(1,395,164,213)</b>	<b>(1,489,002,958)</b>
<b>Cash from financing activities</b>			
Changes in other receivables and other liabilities		394,266,594	(1,261,893,712)
Non-controlling interests' contributions		-	398,684
Dividends paid to non-controlling interests in subsidiaries		(83,962,687)	(49,445,715)
Proceeds from increase in Corporate Bonds		808,982,309	-
Payments for amortization of Corporate Bonds		(1,060,707,579)	(362,122,340)
Payments of leases		(354,816,608)	(56,202,295)
Payments of and proceeds from self-liquidating debt		2,729,084,129	769,840,756
Proceeds from other bank and financial debts		4,958,060,163	4,844,380,710
Payments of other bank and financial debts		(4,037,202,076)	(2,454,272,730)
<b>Net cash flow provided by financing activities</b>		<b>3,353,704,245</b>	<b>1,430,683,358</b>
Subtotal		62,838,126	1,847,436,452
Effect of inflation in cash and cash equivalents		(807,283,969)	(987,410,992)
Effect of foreign currency translation in cash and cash equivalents		27,913,846	(1,700,931)
<b>Decrease in cash, net</b>		<b>(716,531,997)</b>	<b>858,324,529</b>
Cash and cash equivalents as of the beginning of the year	18	4,048,523,595	3,190,199,066
<b>Cash and cash equivalents as of the end of the year</b>	<b>18</b>	<b>3,331,991,598</b>	<b>4,048,523,595</b>

Note 27 discloses the significant investing and financing activities that did not have an effect on cash or cash equivalents.

The accompanying notes are an integral part of these Consolidated Financial Statements.



## **Contents of the notes to the Consolidated Financial Statements**

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8. Share of net profit of associates and joint arrangements accounted for under the equity method
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## 1. General information

CLISA - Compañía Latinoamericana de Infraestructura & Servicios S.A. (hereinafter "CLISA") runs its business operations through the equity interests it holds in Benito Roggio e Hijos S.A. ("BRH"), Benito Roggio Transporte S.A., Cliba Ingeniería Urbana S.A., Cliba Ingeniería Ambiental S.A. and Roggio Brasil Investimentos e Serviços Ltda, (jointly with CLISA, "the Company"). As detailed in Note 3, these subsidiaries engage mainly, through their operations and interests in other companies, in the following operating activities: construction, waste management, transportation and water supply services.

CLISA is a holding company whose Incorporation Agreement dated October 21, 1996 was registered before the Inspección General de Justicia ("IGJ") (Office of Corporations) on November 15, 1996 under registration No. 11,458 of Book 120, Volume A, of Corporations and its incorporation is valid until November 15, 2095.

The latest registered amendment to its Bylaws was approved by the Ordinary and Extraordinary Meeting of Shareholders No. 42 held on June 27, 2019, and registered before IGJ under No. 20715 of Book 97 of Corporations on October 9, 2019.

Roggio S.A. is the parent company of CLISA. Roggio S.A. is a holding company with legal address at Leandro N, Alem 1050, 9th floor, City of Buenos Aires and holds 97.44% of CLISA's capital stock and voting rights.

The following chart describes the share capital of CLISA:

Ordinary shares	Subscribed and paid (In Pesos)
Class "A" Ps. 1 – 5 Votes	96,677,524

The share capital status is as follows:

	12/31/2019	12/31/2018	12/31/2017
Share capital at the beginning of the year	96,677,524	96,677,524	96,677,524
Increase in share capital	-	-	-
Share capital at the end of the year	96,677,524	96,677,524	96,677,524

On May 15, 1997 Clisa was admitted to the corporate bonds Public Offering System by Resolution No. 11,735 of the National Securities Commission ("CNV").

### Economic environment in which the Company operates

These financial statements must be read in light of the economic environment in which the Company operates, whose main variables have recently been affected by a strong volatility, such as a drop in GDP, a significant increase in inflation and interest rates and a strong devaluation of the peso.

Management closely monitors the changes in the variables affecting business to define possible actions to be taken as well as identify their potential impact on the Company's financial and equity position.

## 2. Accounting policies and basis of preparation

The main accounting policies used in the preparation of these consolidated financial statements are summarized below. These accounting policies have been applied consistently in all the financial years presented.

### 2.1 Basis of preparation

The CNV has established the applicability of Technical Resolution No. 26, and amendments, of the Argentine Federation of Professional Councils in Economic Sciences ("FACPCE", for its Spanish acronym), which adopt the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), for entities included in the public offering regime, whether for their capital or for their corporate bonds, or which have requested authorization to be included in this regime. Application of these standards became mandatory for the Company since the year commenced January 1, 2012.

These Consolidated Financial Statements of the Company have been prepared in accordance with IFRS issued by the IASB. Furthermore, accounting policies are based on IFRS issued by the IASB and the interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), in force at the date of issuance of the consolidated financial statements.

These Consolidated Financial Statements of the Company have been prepared in terms of the measuring unit current at end of the reporting period, as required by IAS 29 "Financial Reporting in Hyperinflationary Economies" for hyperinflationary economies.

Since certain macroeconomic indicators have been fluctuating significantly in recent years, the IASB determined that Argentine economy meets the requirements set out by IAS 29 to be considered a hyperinflationary economy since July 1, 2018 and, therefore, financial statements must be restated according to the guidelines provided by this standard. Likewise, the CNV, through Resolution No 777/2018, decided that financial statements for annual, interim or special periods ended as of December 31, 2018 inclusive, issued by entities subject to its supervision, shall be restated according to the guidelines provided by IAS 29. Also, Law No. 27,468 (published in the Official Gazette on December 4, 2018), repealed Decree 664/2003 by the Argentine National Executive Branch which did not allow for the restatement of financial statements.

IAS 29 requires that the financial statements of an entity whose functional currency is that of a hyperinflationary economy should be stated in terms of the measuring unit current at end of the reporting period regardless of whether they are based on a historical cost approach or a current cost approach. To this aim, as a general rule, non-monetary items must be restated since the date of acquisition (or the date of the last adjustment for inflation, whichever is later) or since the date of the last revaluation performed, as appropriate. Every item in the balance sheet not already expressed in terms of the measuring unit current at the end of the reporting period must be restated by applying a general price index. Likewise, all items in the statement of income must be expressed in terms of the measuring unit current at the end of the reporting period, by applying the change in the general price index from the dates when the items of income and expenses were initially recorded in the financial statements.

In short, IAS 29 establishes that monetary items (such as cash or trade receivables) are not restated because they are already expressed in terms of the monetary unit current at the end of the reporting period. Assets and liabilities subject to adjustments in accordance with specific agreements, shall be restated based on these agreements. Non-monetary items (such as property, plant and equipment, or inventories) that are carried at amounts current at the end of the reporting period, such as net realizable value or others, shall not be restated. All other non-monetary assets and liabilities are restated by applying a general price index.

These Consolidated Financial Statements of the Company were restated by applying the index adopted by the FACPCE based on the price indices reported by the Argentine Bureau of Statistics ("INDEC", for its Spanish acronym). Such index increased 53.8% for the year ending December 31, 2019.

The main restatement procedures are as follows:

- Monetary items are not restated because they are already expressed in terms of the monetary unit current at the end of the reporting period.
- Non-monetary assets and liabilities and the components of owner's equity must be restated by applying the pertinent adjustment indexes.
- Non-monetary assets and liabilities measured according to the revaluation model are accounted for at their value determined by the latest revaluation performed. Any surplus between the latter and the restated value must be recorded in equity in Other Comprehensive Income Balances as "Balances of revaluation".
- All items in the statement of income are restated by applying the pertinent adjustment indexes.
- The gain or loss on the net monetary position is disclosed in the "Financial Income" and "Financial Expenses" lines items of the Statement of Income, under the caption "Income/Loss due to the effect of inflation on net monetary position"

At the beginning of the first period of application of this standard, the components of owners' equity were restated as follows:

- Share capital was restated since the date of subscription or the date of the last adjustment for inflation, whichever is later. The restatement was recognized in "Capital Adjustment".
- "Effect of foreign currency translation" was restated since the date the Company adopted IFRS, because the accumulated balance of this account at that date had been reclassified to Retained Earnings,
- Other comprehensive income was restated since the date that each accounting entry was initially recorded in the financial statements, except for revaluation surplus arose in previous periods, which were eliminated.
- Other earnings reserves were not restated at the beginning of the first period of application

Figures at December 31, 2018 disclosed in these Consolidated Financial Statements for comparative purposes, are expressed in terms of the monetary unit current at the end of the reporting period, as required by IAS 29

These financial statements are stated in Argentine pesos without cents, except for earning per share and operating segment information which is presented in thousands of Argentine pesos.

Certain figures corresponding to the Consolidated Financial Statements for the year ended December 31, 2018 have been reclassified for comparative purposes.

These Consolidated Financial Statements were approved by the Company's Board of Directors on March 6, 2020.

## **2.2 Consolidation basis**

### **(a) Subsidiaries**

Subsidiaries are all entities over which the Company has control. The Company controls an entity when it has the power to direct its financial and operating policies, which generally is accompanied by the ownership of more than 50% of the total outstanding voting power, has the right to obtain variable yield in relation to its interest in that entity and may use its power over it to exert influence on those yields. Subsidiaries are fully consolidated from the date on which control is transferred to the Company and are de-consolidated from the date on that control ceases.

The purchase method of accounting is used by the Company to account business combinations. The cost of acquisition of a subsidiary corresponds to the fair value of the transferred assets, the liabilities incurred with the former owners of the acquiree and the equity interests issued by the Company. The cost of acquisition includes the fair value of any assets or liabilities arising under a contingent purchase agreement. The acquired identifiable assets and the liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date. For each business combination, the Company may opt to recognize any non-controlling interest in the acquiree at fair value or the proportional part of the non-controlling interest of the recognized amounts of the acquiree's identifiable net assets.

The costs of the acquisition are recognized as expenses in the year in which they are incurred.

If the business combination is achieved in stages, the fair value at the date of acquisition of the previously held equity interest in the acquiree is remeasured at fair value through profit or loss for the year on the acquisition date.

Any contingency cost to be transferred by the Company is recognized at fair value on the acquisition date. Subsequent changes in the fair value of the cost of acquisition that is deemed an asset or a liability are recognized in income or as a change in other comprehensive income, pursuant to IAS 39. The contingent cost of acquisition that is classified in equity is not remeasured and its subsequent settlement is recognized in equity.

The excess of the cost of acquisition transferred over the fair value of the non-controlling interest in the identifiable net assets acquired and liabilities assumed is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the acquired subsidiary, the difference is recognized in the statement of income.

Intercompany transactions, balances and income and expenses under transactions between the Company's entities are eliminated. Gains and losses from intra-group transactions that are recognized as assets are also eliminated. The accounting policies of the subsidiaries have been amended in the cases where it was necessary to ensure consistency with the policies adopted by the Company.

Business combinations of entities under common control are not accounted for using the acquisition method; rather, the acquired net assets are recorded at the carrying amounts they had in the acquiree, valued applying the same criteria and accounting policies as those of the acquirer.

#### (b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions, i.e., as transactions with owners in their capacity as owners. The difference between the amount of the adjustment on non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity.

#### (c) Loss of Control

When the Company ceases to have control, the investment retained in the former subsidiary is recognized at its fair value at the date on which control is lost. In this case, the fair value corresponds to the initial measurement for the purpose of subsequent accounting for the interest retained as an associate, joint venture or financial asset. In addition, any amounts previously recorded in Other Comprehensive Income are reclassified to the statement of income.

#### (d) Associates

Associates are all entities over which the Company has significant influence but not control or not jointly control, generally accompanying a shareholding of between 20% and 50% of the voting rights. However, special cases are considered in which, with a shareholding of less than 20%, the Company has significant influence. Investments in associates are accounted by the equity method of accounting, whereby investments are initially recognized at cost, and this amount increases or decreases to recognize the investor's share of profits and losses of the entity after the acquisition date. The value of associates includes goodwill recognized at the acquisition date.

The share of associates' profits and losses is recognized in income for the period, and the changes in equity other than income for the period are allocated to equity reserves (and, if applicable, they are included in other comprehensive income).

When the Company's share of the associates' losses is equal to or exceeds the value of the interest in the associates, the Company does not recognize additional losses, except when there are legal or assumed obligations to make payments on behalf of those associates.

Gains and losses on transactions between the Company and the associate are recognized in the Company's financial statements only in proportion to the unrelated portion of those companies. The accounting policies used by the associates have been amended, where necessary, to ensure consistency with the Company's accounting policies.

The Company assesses at each balance sheet issuance date whether there is objective evidence that an investment in an associate will not be recoverable. In that case, the impairment amount is calculated as the difference between the recoverable value of that associate and its carrying amount, recognizing the resulting amount in "Share of net profit of associates and joint arrangements accounted for under the equity method", in the statement of income.

#### (e) Joint arrangements

Jointly controlled entities are companies and joint ventures in which the Company holds joint control. In accordance with IFRS 11, interests in jointly controlled entities are classified into two types: i) Joint ventures and ii) joint operations. Joint ventures are accounted for by the equity method. Joint operations are accounted by proportionate consolidation, i.e., the share of joint operation' individual income and expenses, assets, liabilities, and cash flow is recognized on a line-by-line basis in the Company's financial statements. The Company recognizes the portion of gains or losses on the disposals of assets by the Company to the joint arrangement that is attributable to the other ventures. When the Company purchases assets to a joint arrangement, it recognizes its portion of the joint arrangement's gain or loss when the assets are re-sold to a third party; however, the loss on that sale is recognized immediately if the loss represents a reduction of the recoverable value of the asset or an impairment of the asset.

#### (f) Participation in corporate collaboration agreements

The Company participates in temporary associations of companies (*uniones transitorias de empresas*, "UTE" or "UT", for its acronym in Spanish) and consortiums. The interest held by the Company in these entities is measured in the consolidated financial statements in accordance with the control capacity over those businesses, considering legal regulations and contractual terms and having assessed the existence of control in case of ownership of less than 50% of voting interest. According to the degree of control, joint ventures are accounted for following the criteria described for subsidiaries (if control is held), joint arrangements (if jointly controlled) and associate (if not controlled). The interest in the Cooperative Association (Roggio A.C.E.) is valued at cost.

#### (g) Consolidation Structure

- i. Companies consolidated at 100% are as follows:

Name	Ref.	Ownership Percentage as of		Line of business
		12/31/2019	12/31/2018	
- Benito Roggio e Hijos S.A.	(1)	99.61%	99.61%	Construction and waste management
- Cclip S.A.	(2)	68.58%	68.58%	Services
- Aguas Cordobesas S.A.	(2)	71.98%	71.98%	Water supply
- Sehos S.A.	(6)	100.00%	100.00%	Construction and maintenance
- Benito Roggio Panamá S.A.	(2)	100.00%	100.00%	Construction
- Benito Roggio e Hijos S.A. (Paraguay)	(2)	80.00%	80.00%	Construction
- Haug S.A. (Peru)	(16)	100.00%	100.00%	Construction and assembling of industrial facilities
- Haug Chile International Ltda.	(15)	100.00%	100.00%	Engineering, construction and assembly services
- Hame Representaciones S.A.C.	(15)	100.00%	100.00%	Marketing services
- Katmai S.A.	(15)	100.00%	100.00%	Representation services
- Necoha S.A.C.(formerly Benito Roggio Perú S.A.C.)	(15)	99.96%	99.96%	Engineering, construction and assembly services

- Consorcio Andino Haug - ABS S.A.	(15)	100.00%	100.00%	Engineering, construction and assembly services
- Haug Limitada (Chile)	(15)	100.00%	100.00%	Engineering, construction and assembly services
- Benito Roggio Construcciones y Concesiones S.A.C.	(17)	100.00%	100.00%	Construction and concession services
- Haug S.A. (Argentina)	(2)	95.00%	95.00%	Construction and metalmechanics
- Benito Roggio Transporte S.A.	(1)	97.13%	97.13%	Investment and advisory
- Metrovias S.A.	(3)	90.66%	90.66%	Transportation
- Corredores Ferroviarios S.A.	(3)	95.00%	95.00%	Transportation
- Neoservice S.A.	(3)	95.00%	95.00%	Investment
- Vianiley S.A.	(8)	-	100.00%	Investment
- Miplus S.A.	(8)	100.00%	100.00%	Investment
- Prominente S.A.	(7)	100.00%	100.00%	IT services
- Grunwald Comunicaciones S.A.	(8)	100.00%	100.00%	Investment
- Metronec S.A.	(6)	100.00%	100.00%	Real estate services
- Compañía Metropolitana de Seguridad S.A.	(7)	100.00%	100.00%	Security and surveillance services
- Benito Roggio Ferroindustrial S.A.	(3)	95.00%	95.00%	Services related to transportation
- Cliba Ingeniería Ambiental S.A.	(4)	98.43%	98.43%	Waste management
- Tecsan Ingeniería Ambiental S.A.	(9)	100.00%	100.00%	Waste management
- Envairo S.A.	(9)	100.00%	100.00%	Waste management
- Cliba Ingeniería Urbana S.A.	(10)	100.00%	100.00%	Waste management
- Taym S.A.	(12)	100.00%	100.00%	Waste management
- Ecoayres Argentina S.A.	(12)	100.00%	100.00%	Waste management
- Enerco2 S.A.	(12)	100.00%	100.00%	Waste management
- Central Buen Ayre S.A.	(13)	100.00%	100.00%	Waste management
- Metro Ambiental S.A.	(14)	100.00%	100.00%	Waste management
- Tecsoil S.A.	(11)	100.00%	100.00%	Waste management
- Roggio Brasil Investimentos e Serviços Ltda.	(1)	99.99%	99.99%	Investment

Voting interest percentages are the same as ownership percentages, except for the following:

Name	Voting interest percentages	
	12/31/2019	12/31/2018
- Metrovias S.A.	96.93%	96.93%
- Cliba Ingeniería Ambiental S.A.	95.79%	95.79%

References:

- (1) Direct interest held by Clisa.
- (2) Direct interest held by Benito Roggio e Hijos S.A.
- (3) Direct interest held by Benito Roggio Transporte S.A.
- (4) Direct interest held by Clisa and Benito Roggio e Hijos S.A.
- (5) Direct interest held by Metronec S.A.
- (6) Interest jointly held by Benito Roggio Transporte S.A. and Benito Roggio e Hijos S.A.
- (7) Interest jointly held by Metronec S.A. and Benito Roggio Transporte S.A.
- (8) Direct interest held by Neoservice S.A.
- (9) Interest jointly held by Cliba Ingeniería Urbana S.A. and Clisa
- (10) Interest jointly held by Clisa and Cliba Ingeniería Ambiental S.A.
- (11) Interest jointly held by Cliba Ingeniería Ambiental S.A. and Tecsan Ingeniería Ambiental S.A.
- (12) Interest jointly held by Cliba Ingeniería Urbana S.A. and Tecsan Ingeniería Ambiental S.A.
- (13) Interest jointly held by Tecsan Ingeniería Ambiental S.A. and Enerco2 S.A.
- (14) Interest jointly held by Enerco2 S.A. and Cliba Ingeniería Urbana S.A.
- (15) Direct and indirect interest held by Haug S.A. (Peru)
- (16) Direct interest held by Benito Roggio e Hijos S.A. y Sehos S.A.
- (17) Direct interest held by Benito Roggio e Hijos S.A. y Haug S.A.(Peru)

ii. Companies which are consolidated proportionately – Joint operation, are as follows:

Name	Ref.	Ownership Percentage as of		Line of business
		12/31/2019	12/31/2018	
Unidad de Gestión Operativa Ferroviaria de Emergencia S.A. – in liquidation	(1)	50.00%	50.00%	Public railway passenger transportation service
Unidad de Gestión Operativa Mitre Sarmiento S.A. – in liquidation	(1)	50.00%	50.00%	Public railway passenger transportation service

(1) Represents the direct ownership percentage held by Metrovias S.A.

iii. Interests in temporary associations of companies and consortiums

Name	Ref.	Ownership Percentage as of		Line of business
		12/31/2019	12/31/2018	
Temporary associations of companies and consortiums in which the Company has control – (Consolidation at 100%)				
BRH / ROVELLA CARRANZA S.A. UTE (Rosario city beltway)	(1)	70.00%	70.00%	Construction
C.P.C. S.A. / BRH UTE (Branch C – Belgrano Railway – Province of Santa Fe)	(1)	50.00%	50.00%	Construction

BRH / ROMERO CAMMISA CONSTRUCCIONES S.A. UTE (Contract for road repair and maintenance No. 308)	(1)	70.00%	70.00%	Construction
BRH / VIALMANI S.A. UTE (Paving of National Road No. 76, Quebrada Santo Domingo - Pircas Negras tranche, Province of La Rioja)	(1)	80.00%	80.00%	Construction
C.P.C. S.A. / BRH UTE (Branch C – Belgrano Railway – San Cristobal, Province of Santa Fe)	(1)	50.00%	50.00%	Construction
SEHOS S.A. / COMSA DE ARGENTINA S.A. (Track renewal – Maldonado Junction – J.L. Suárez – Gral. Mitre Railway)	(5)	47.50%	47.50%	Construction
BRH / J.CARTELLONE C.C. S.A. / BORCOM S.A. UTE (Master plan for the supply of drinkable water to Posadas and Garupá – Misiones)	(1)	35.00%	35.00%	Construction
BRH / BOETTO Y BUTTIGLIENGO S.A. UTE – Closure of Cordoba city beltway – El Tropezon-Spilimbergo tranche- Province of Córdoba	(1)	80.00%	80.00%	Construction
BRH / MIJOVI S.R.L. – Construction of a weir on the Salado river and a water channel to connect with Canal de Dios – Province of Santiago del Estero	(1)	50.00%	50.00%	Construction
BRH / JUMI S.R.L. / AGV SERVICIOS MINEROS S.R.L UTE - Sales de Olaroz	(1)	44.00%	30.00%	Construction
BRH / MAPAL S.A.C.I.A. / SIGMA S.A. - UT- (Gran Tulum water channel, Province of San Juan)	(1)	51.00%	51.00%	Construction
CLIBA Ing. Amb. S.A. / TECSAN Ing. Amb. S.A. U.T.E. (Cliba San Isidro)	(2)	100.00%	100.00%	Waste management
CLIBA Ing. Amb. S.A. / TECSAN Ing. Amb. S.A. U.T.E. (Cliba Santa Fe)	(2)	100.00%	100.00%	Waste management
CLIBA Ing. Amb. S.A. / TECSAN Ing. Amb. S.A. S.A. U.T.E. (Cliba Neuquén)	(2)	100.00%	100.00%	Waste management
TECSAN Ing. Amb. S.A. / BRH U.T.E. (Norte III landfill)	(3)	100.00%	100.00%	Waste management
BENITO ROGGIO TRANSPORTE S.A. – BENITO ROGGIO FERROINDUSTRIAL S.A. – UTE	(4)	100.00%	100.00%	Transportation
<b>Temporary associations of companies and consortiums in which the Company has joint control – (Proportionate consolidation)</b>				
BRH / ESUCO S.A. / SUPERCEMENTO S.A.I.C. UTE (Coastal Protection Works for Yacyretá in the cities of Posadas, Garupá and Candelaria, Province of Misiones)	(1)	33.33%	33.33%	Construction
BRH / ELECTROINGENIERIA S.A. Partnership (Closure of Cordoba city beltway)	(1)	50.00%	50.00%	Construction
PANEDILE ARGENTINA S.A. / BRH / PETERSEN THIELE Y CRUZ S.A. UTE (Renovation of pumping station and wastewater treatment plant – Province of Santiago del Estero)	(1)	35.00%	35.00%	Construction
BRH / SUPERCEMENTO S.A.C.I. / J.C.C.C. S.A. UTE (Vega Creek Second Emissary)	(1)	33.33%	33.33%	Construction
BRH / JOSE J. CHEDIACK S.A.I.C.A. UTE (Elevation of rail line - Gral. Mitre Railway)	(1)	50.00%	50.00%	Construction
BRH / SACDE SA - U.T. – (Closure of Cordoba city beltway – National Road No. 20 - El Tropezón tranche- Province of Córdoba)	(1)	50.00%	50.00%	Construction
BRH / SUPERCEMENTO S.A.C.I. / J.CARTELLONE C.C. S.A. UTE (Water Treatment Plant in Tigre, Province of Buenos Aires)	(1)	33.34%	33.34%	Construction
BRH / AGV SERVICIOS MINEROS S.R.L. / JUMI S.R.L. UT – Lindero Project, Province of Salta	(1)	32.00%	32.00%	Construction
BRH / MINERA SAN PEDRO S.R.L. – Consortium for Cooperation – Aggregate materials supply	(1)	60.00%	60.00%	Construction
BRH / ELEPRINT S.A. / ECODYMA S.A. UT - Salado river expansion - Province of Buenos Aires	(1)	33.34%	-	Construction
HAUG S.A. / DENEM / MYC	(6)	33.34%	33.34%	Construction
HAUG S.A. / OBRAINSA	(6)	42.31%	42.31%	Construction
<b>Temporary associations of companies and consortiums in which the Company has significant influence – (Equity method)</b>				
COMSA DE ARGENTINA S.A. / SEHOS S.A. (Track renewal - Merlo St. to Marcos Paz St. tranche and Moreno St. to Km 51.200 tranche)	(5)	50.00%	50.00%	Construction

- (1) Direct interest held by BRH
- (2) Direct and indirect interest held by Cliba Ingeniería Urbana S.A. and Cliba Ingeniería Ambiental S.A.
- (3) Direct and indirect interest held by Cliba Ingeniería Urbana S.A. and BRH
- (4) Direct and indirect interest held by Benito Roggio Transporte S.A.
- (5) Direct interest held by Sehos S.A.
- (6) Direct interest held by Haug S.A. (Perú)

iv. Non-controlling interests are ownership interests in the consolidated entities described in the preceding points, not attributable to the owners of the controlling company. Non-controlling interests have been valued at equity value.

The chart below discloses selected financial information as of December 31, 2019 and 2018 of those consolidated entities with the most significant non-controlling interests:

**(a) As of December 31, 2019**

Name	Date	Issuer information				Revenues from contracts with customers	Net income /(loss) for the year	Other comprehensive income
		Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities			
Metrovías S.A.	12/31/2019	3,353,408,357	554,547,049	2,711,278,574	317,452,817	6,053,620,413	721,819,859	-
Benito Roggio e Hijos S.A. (Paraguay),	12/31/2019	2,167,981,605	2,161,710,509	1,563,966,082	742,630,138	2,831,290,010	266,201,807	127,675,162
Aguas Cordobesas S.A.,	12/31/2019	891,519,000	4,495,905,000	879,816,000	2,082,362,000	3,105,598,000	340,788,000	167,170,000
BRH / ROVELLA CARRANZA S.A. UTE	12/31/2019	89,473,741	37,134,896	107,008,671	-	44,145,509	(167,013,440)	-
BRH / J.CARTELLONE C.C. S.A. / BORCOM S.A. UTE	12/31/2019	349,422,809	-	7,145,455	-	412,577,887	85,730,776	-
BRH / BOETTO Y BUTTIGLIENGO S.A. UTE	12/31/2019	453,548,847	15,055,435	289,842,656	5,955,958	1,725,501,520	465,577,974	-

BRH / AGV SERVICIOS MINEROS S.R.L. / JUMI S.R.L. UT	12/31/2019	561,049,935	24,776,948	539,943,997	13,988,346	1,337,608,598	113,048,817	-
BRH / MAPAL S.A.C.I.A. / SIGMA S.A. - UT	12/31/2019	174,756,715	12,068,249	107,505,034	138,358,707	114,489,833	(50,621,503)	-

**(b) As of December 31, 2018**

Name	Date	Issuer information						
		Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities	Revenues from contracts with customers	Net income /(loss) for the year	Other comprehensive income
Metrovías S.A.	12/31/2018	2,776,152,989	284,713,657	2,367,132,809	430,462,131	5,368,039,008	86,417,078	-
Benito Roggio e Hijos S.A. (Paraguay),	12/31/2018	1,356,118,428	1,915,731,891	913,049,417	458,767,247	2,403,742,014	353,326,067	671,255,645
Aguas Cordobesas S.A.	12/31/2018	1,338,112,687	4,230,449,512	931,948,996	2,531,501,389	3,081,573,754	192,190,511	289,762,000
BRH / ROVELLA CARRANZA S.A. UTE	12/31/2018	338,246,306	53,476,399	205,067,960	-	438,850,451	(224,492,324)	-
BRH / J.CARTELLONE C.C. S.A. / BORCOM S.A. UTE	12/31/2018	293,463,888	75,361	36,992,671	-	310,555,192	62,817,831	-
BRH / BOETTO Y BUTTIGLIENGO S.A. UTE	12/31/2018	1,063,001,902	16,221,679	801,004,808	56,283	4,561,944,725	1,300,860,479	-
BRH / AGV SERVICIOS MINEROS S.R.L. / JUMI S.R.L. UT	12/31/2018	151,767,054	5,838,413	168,773,637	98,453	501,457,963	40,114,092	-
BRH / MAPAL S.A.C.I.A. / SIGMA S.A. - UT	12/31/2018	3,446,163	7,087,422	1,009,048	26,152	-	(1,743,104)	-

**2.3. Operating segment information**

The operating segments are presented consistently with the internal information provided to the person in authority in charge of the Company's operating decision-making. Operating segment information is disclosed in Note 3.

**2.4. Effect of foreign currency translation**

**(a) Functional currency and presentation**

The financial statement figures of each of the Company's entities were measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in Argentine pesos, which is the Company's functional and presentation currency.

For cases of investments abroad, the currency of each country has been defined as functional currency, because it is the currency of the primary economic environment in which those entities operate. And for entities abroad, which main cash flow is denominated in Argentine pesos was defined as the functional currency.

**(b) Transactions and balances in foreign currency**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions (or of valuation, if transactions that are to be re-measured are involved). Foreign exchange gains and losses resulting from the settlement of such transactions or from the measurement at year end of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income, except for the monetary items receivable from or payable to foreign entities, that do not arise from commercial operations and whose liquidation is not expected to be made in the foreseeable future, which are disclosed in other comprehensive income.

Foreign exchange differences are disclosed in "Financial Income" and "Financial expenses" in the Consolidated Statement of Income.

**(c) Translation of financial statements of subsidiaries or associates abroad**

Results and financial position of subsidiaries and associates that have a functional currency other than the Company's presentation currency are translated to the presentation currency as follows:

- Assets and liabilities are translated at the exchange rate prevailing at the end of the reporting period.
- Income and expenses are translated at the quarterly average exchange rate (unless this average does not represent a reasonable approximation of the cumulative effect of the exchange rates prevailing at the date of each transaction, in which case those income and expenses are translated at the exchange rates prevailing at the date of each transaction) and are restated by applying the pertinent adjustment indexes.
- The resulting exchange differences are presented in other comprehensive income.
- Goodwill and adjustments at fair value resulting from the acquisition of foreign entities are treated as assets and liabilities of the foreign entity and translated at the year-end exchange rate. The resulting exchange differences are presented in other comprehensive income.

When an investment is sold or disposed of in whole or in part, the exchange differences are recognized in the statement of income as part of the gain or loss on that sale/disposal.

**2.5. Property, plant and equipment**

All property, plant and equipment items are shown at historical cost which includes expenditure that is directly attributable to the acquisition of these items, less subsequent depreciation and impairment losses, where applicable. Subsequent costs are included in the asset's carrying amounts only if future economic benefits are expected to arise from their disposals and their cost is measured reliably. The value of replacement parts is written off. The other repair and maintenance expenses are charged to earnings in the year-end when incurred.

The amount for depreciation is recorded under income / (loss) for the year end, following a straight-line method and on the basis of the useful lives of the different types of assets. The Company reviews the residual value, the useful life and the depreciation method for Property, plant and equipment at the end of each year end. Changes of criteria initially established are recognized, as the case may be, as a change of estimate.

Land is not depreciated. Depreciation of assets is calculated using the straight-line method over their estimated useful life, as follows:

	<u>Years</u>
Buildings	33 - 50
Laboratory	22
Machinery and equipment	10 - 20
Furniture and fixtures	10
Vehicles	5
Computer hardware	3 - 4

The amount of the Property, plant and equipment items is written down to its recoverable amount if the asset's residual value is greater than its estimated recoverable value. Gains and losses on sales of assets are measured by comparing the income received with their residual value and are disclosed within "Other operating income and expenses, net", in the statement of income.

Also, the assets categorized under the items Heavy machinery and equipment, Buildings, Land, Heavy vehicles, Transformers and Building improvements are accounted for at the fair value shown by the latest revaluation performed, applying the revaluation model mentioned in IAS 16. Revaluations are performed with sufficient frequency if there are indications that the carrying value significantly differs from value that could be determined using the fair value at the end of the reporting year-end. The higher value is recorded in equity as "Balances of revaluation" and is transferred to retained earnings when the asset is written-off.

In addition, in the present period, the assets classified as "Heavy vehicles", "Transformers" and "Building improvements" were recorded at the fair value arising from the revaluation of such assets, resulting in a Ps. 577,679,860 increase. The change in the policy has been applied prospectively from these Special Condensed interim financial statements.

To obtain the fair values, the existence of an active market for the assets in their present condition, or lack of it, was considered. For those assets for which there is an active market in their present condition, the fair values were determined in relation to their market values. For the remaining cases, the market values for brand-new assets were analyzed, applying a discount rate according to the condition and wear-out of each asset, and considering the distinctive features of each of the assets being revalued (for instance, improvements made, degree of maintenance, levels of productivity, use, etc.).

Property, plant and equipment items are expressed in terms of the monetary unit current at the end of the reporting period (see Note 2.1).

## **2.6. Intangible assets**

Intangible assets include identifiable non-monetary assets, without physical substance, other than Goodwill and assets recognized as a result of the adoption of IFRS 15 and 16. Such an asset is identifiable when it is separable or when it arises from legal or contractual rights. Intangible assets are recorded when they can be measured reliably and are expected to produce benefits for the Company.

### **(a) Public utility concession rights**

A concession of public utility services is a contractual mechanism for providing public utility services to a group of users. Through concession agreements, the grantor transfers to the concessionaire the right and the obligation to provide the service over the term of the concession. Through its subsidiaries Metrovías S.A. and Aguas Cordobesas S.A., the Company holds concessions of public utility services and invests in assets that are included in the essential infrastructure of services provided by those subsidiaries. By application of IFRIC 12, the assets included by Metrovías S.A. and Aguas Cordobesas S.A., in the essential infrastructure for the provision of the services covered by the concession awarded to it, have not been recognized as Property, plant and equipment items; but they were recognized as "concession rights" in Intangible assets, and represent the right (license) of each of the subsidiaries to receive a return on investments, for the rate charged to users. This intangible asset is amortized on a straight-line basis over the term of the concession.

### **(b) Other intangible assets**

Costs associated with software licenses are capitalized based on the incurred acquisition or production costs. These costs are amortized over the estimated useful lives.

Intangible assets recognized as "Biogas capture and treatment" include the investments made for the capture and burning of gases that are harmful for the environment (greenhouse gases), which are valued at historical cost less accumulated amortization, recognized at the moment when the competent authority certifies the gas emission reduction.

Intangible assets are expressed in terms of the monetary unit current at the end of the reporting period (see Note 2.1).

## **2.7. Goodwill**

Goodwill on acquisition of subsidiaries and associates represents the excess of the purchase price over the fair values of the assets, liabilities and contingent liabilities of the acquired entity and the fair value of the non-controlling interest in the acquire.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units (CGU) or group of CGUs expected to benefit from the business combination. Each unit or group of units to which goodwill is allocated represents the minimum level within the entity at which the entity is monitored.

Goodwill is not amortized. Goodwill impairment is reviewed annually or more frequently if there are events or circumstances that are indicators of possible impairment. The carrying amount of goodwill is compared with its recoverable value, which is the higher of the value in use and the fair value, less costs to sell. Impairment is immediately recognized as an expense and it is not reversed.

Intangible assets are expressed in terms of the monetary unit current at the end of the reporting period (see Note 2.1).

## **2.8. Inventories**

Inventories are valued at the lower of cost or net realizable value. Cost is determined using the weighted average cost method. Net realizable value is the sale price estimated in the normal course of business, less applicable variable costs to sell.

Inventories are expressed in terms of the monetary unit current at the end of the reporting period (see Note 2.1).

## **2.9. Contractual assets**



Contractual assets comprise the balances of those construction contracts in which the aggregate of the costs incurred plus recognized earnings according to the percentage of completion of each contract exceeds the accumulated billings and certifications. The criteria for recognition and measurement of these assets are shown in Note 24.

## **2.10. Impairment of non-financial assets**

Assets with an indefinite useful life, such as goodwill, are not subject to amortization but they are annually tested for impairment. The other amortizable assets are reviewed for impairment when there are events or circumstances indicating that their carrying amount might not be recovered. For the purpose of impairment testing, assets are grouped into cash generating units (CGU). A CGU is the smallest group of assets that independently generates cash inflows that are largely independent of the cash flows generated by other assets.

Impairment losses are recognized by the excess of the carrying amount of an asset over its recoverable value. Recoverable value is the higher of the value in use and the fair value of the assets, less costs to sell. The value in use of each CGU is determined based on the present value of future cash flows expected to be generated by each CGU.

Non-financial assets, other than goodwill, that suffered impairment are reviewed for possible reversal of the impairment at the end of each year-end.

## **2.11. Financial Assets**

Financial assets comprise investments in equity and debt instruments, trade receivables, other financial receivables and cash and cash equivalents.

### **2.11.1. Classification**

Financial assets are classified based on the entity's business model for managing these assets and the asset's contractual cash flow characteristics, as follows:

#### **a) Financial assets that are subsequently measured at amortized cost**

A financial asset is measured at amortized cost if: (i) the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income is recognized in the statement of income applying the effective interest rate method.

#### **b) Financial assets that are subsequently measured at fair value through other comprehensive income**

Financial assets are measured at fair value through other comprehensive income if (i) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### **c) Financial assets that are subsequently measured at fair value through profit or loss**

This category includes those financial assets held for trading. A financial asset is measured at fair value through profit or loss if it is acquired mainly for the purpose of being sold in the short term. This category also includes derivative financial instruments, unless they have been classified as hedge instruments.

Profit and losses generated by financial assets measured at fair value are recognized in the Statement of Other Comprehensive Income or in Other comprehensive income.

The Company reclassifies its financial assets if, and only if, the business model for its financial assets changes.

### **2.11.2 Recognition and derecognition**

Regular purchases and sales of financial assets are recognized on the trade date, when the Company undertakes to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

### **2.11.3 Measurement**

Financial assets are initially recognized at fair value plus, in the case of financial assets that are not valued at fair value through profit or loss, the transaction costs that are directly attributable to the acquisition of these financial assets. Transaction costs attributable to financial assets that are measured at fair value through profit or loss are recognized in the Statement of Income.

### **2.11.4 Offsetting financial assets against financial liabilities**

Financial assets and liabilities are offset and shown at their net amount in the statement of financial position, only when the Company has a legally enforceable right to offset the amounts recognized, and it has the intention of settling the net amount, or to simultaneously realize the asset and settle the liability.

## **2.12 Other receivables**

This caption includes mainly the following assets:

*Tax credit balances* corresponds to amounts paid for national, provincial or city taxes that can be applied to the payment of future taxes. These assets are recognized only to the extent that their use against future taxes of the same nature is feasible or, if applicable, that the amounts can be reimbursed by the tax authorities.

*Advances to subcontractors and prepaid expenses*: correspond to amounts paid to subcontractors for services to be received, and to expenses paid and not yet accrued. They are recognized for the amount of the sums paid, net of the value of the services already received and the expenses accrued.

Moreover, this caption includes financial assets that comprise accounts receivable out of the ordinary course of business, which are measured at amortized cost only if: (i) the asset is held within a business model whose objective is to hold assets in order to collect

contractual cash flows and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Allowances for financial assets, when required, are determined according to the guidelines provided by IFRS 9 (see Note 2.13) and it is off- set to the recorded value.

### **2.13 Derivative financial instruments and hedging activities**

Derivative financial instruments are initially recognized and subsequently measured at fair value after initial recognition. The method for recognizing the resulting profits and losses depends on the fact of whether the derivative has been designated as hedge instrument and, if so, on the nature of the hedged item.

The effective portion of changes in the fair value for the derivatives designated and qualifying as cash flow hedge is recognized in other financial income. The gain or loss related to the ineffective portion is immediately recognized in the statement of income.

The amounts accumulated in equity are reclassified to the statement of income in the periods in which the hedged item affects income.

When a hedging instrument is settled or sold, or when it ceases to meet the criteria to be recognized through hedge accounting, any gain or loss accumulated in equity to that date is reclassified to the statement of income.

### **2.14 Trade receivables**

Trade receivables are those receivables which originate from the provision of services to customers in the ordinary course of business.

Trade receivables are initially measured at their transaction price determined pursuant to FRS 15, except when they have a significant financing component, in which case they are measured at fair value.

Since they are assets that the Company holds with the purpose of collecting contractual cash flows assets, trade receivables are subsequently measured at amortized cost, less the impairment allowance, if applicable.

Receivables transferred:

Trade receivables also include receivables that have been transferred for factoring agreements. Under these agreements, the Company has transferred credits to different banks in exchange for cash, which cannot be transferred or used as collateral. Even so, late payment and credit risks have not been transferred. Thus, the Company continues to recognize the transferred assets in their entirety in its financial statements. The Company considers that the business model whose objective is to maintain financial assets to obtain contractual cash flows continues to be appropriate for these loans and consequently continues to measure them at amortized cost.

Assets and liabilities in connection with these agreements were reported in "Assignment of collection rights as security" in Note 29 - "Encumbered and restricted assets".

### **2.15 Other investments**

#### *Investments on debt instruments*

Subsequent measurement of investments in debt instruments depends on the business model within which the asset is held and the asset's cash flows.

For investments measured at fair value gains or losses will be recorded on the comprehensive statement of income or in other comprehensive income.

#### *Investments on equity instruments*

The Company measures all equity instruments, other than investments in subsidiaries, associates and joint agreements accounted for the equity method, at fair value. Dividends from such investments are recognized in profit or loss providing that they represent a return on the investment.

### **2.16 Cash and cash equivalents**

Includes cash on hand, time deposits with financial institutions and other short-term highly liquid investments with original maturities of three months or less, that are readily convertible to cash without a significant risk of changes in value.

### **2.17 Impairment of financial assets**

The Company assesses the expected credit losses associated with its financial instruments carried at amortized cost and financial instruments measured at fair value through Other comprehensive income, if applicable. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

### **2.18. Financial liabilities**

Financial liabilities are measured at amortized cost applying the effective interest rate method. Financial liabilities mainly comprise bank and financial debt, trade payables and other financial debts.

### **2.19. Bank and financial debts**

Bank loans and financial debts, including overdraft facilities, and other financial liabilities are initially recognized at fair value, net of transaction costs. Subsequently, they are measured at amortized cost using the effective interest rate method.

When a financial liability has been paid or settled, it is written-off in the balance sheet. When a debt instrument exchange is not recorded as a repayment of the original debt, the costs and commissions are adjusted to the carrying value of the liability and are amortized throughout the remaining useful life of the liability changed. If this debt exchange is recorded as a repayment of the original liability, the costs or commissions incurred are recognized in the income statement under financial costs (Other financial costs).

### **2.20. Borrowing costs**

General or specific borrowing costs attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to get ready for their intended use or sale (qualifying assets) are added to the cost of such assets until they are substantially ready to be used or sold.

Gains from temporary investments of funds arising from specific loans pending use in qualifying assets are deducted from total funding costs potentially capitalized.

Other borrowing costs are recognized in the period in which the Company incurs them.

## **2.21. Leases**

IFRS 16 "Leases" came into effect on January 1, 2019. This standard eliminates the distinction between "financial" leases, which were recognized in the balance sheet, and "operating" leases, which were not (see Note 2.33).

The Company adopted a retrospective approach for the initial application of IFRS 16, as permitted by the temporary provisions of this standard, according to which it did not restate comparative information as of December 31, 2018.

According to IFRS 16, a lessee recognizes a right-of-use asset and a lease liability on the date the leased asset is available for use. Such assets and liabilities are initially measured at present value.

Lease liabilities include the present value of the following lease payments:

- Fixed lease payments (including payments in kind) less any lease incentives;
- Variable lease payments depending on an index or a rate; initially measured by using the index or rate being applied at the date of calculation
- Amounts expected to be payable under residual value
- Exercise price of a purchase option (if the lessee is reasonably certain that such option will be exercised); and
- Penalties for early termination, if according to the term of the lease contract it is reasonably certain that early termination will occur.

Lease payments in connection with extension options are also included if the lessee is reasonably certain to exercise such option.

Lease payments are discounted at the interest rate implicit in the lease. The Company applies the incremental borrowing rate, which is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The right-of-use asset is measured at the initial amount of the lease liability plus payments prior to commencement, any initial direct costs incurred by the lessee and restoration obligations or similar.

Right-of-use assets have been recorded in the corresponding items in Property, plant and equipment and remeasured at its restated cost or its revalued amount, as applicable. Lease liabilities have been recorded in "Leases" in Bank and financial debts.

Lease payments include a principal portion and a financing cost portion. Financing costs are charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are depreciated following a straight-line method over the term of the lease contract or the useful life of the asset, whichever is shorter. If the lessee is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset.

Payments in connection with short term leases and low-value asset leases are recognized as an expense on a straight-line basis. Short-term leases are those with a 12- month term or less.

## **2.22. Trade payables**

Trade payables represent payment obligations for goods and services purchased from suppliers in the normal course of business. They are disclosed under current liabilities if their payment is enforceable within one year.

Trade payables are initially recognized at fair value and subsequently measured at amortized cost, using the effective interest rate method.

## **2.23. Other liabilities**

Include financial liabilities that comprise accounts payable out of the ordinary course of business. They are initially measured at fair value and subsequently measured at amortized cost using the effective interest rate method.

Other liabilities are classified as current unless the Company has the unconditional right to differ the payment of such liabilities for at least 12 months after the end of the reporting period.

In addition, this caption includes mainly the following liabilities that are not financial instruments:

*Employee benefits payable:* they include liabilities for employee benefits at each closing in line with the recognition and measurement criteria reported in Note 2.24.

*Tax payables:* they include taxes, rates and contributions. Measurement of tax debts is performed at the nominal value of the amounts to be settled, except when the financial impact is material. In this case, the measurement at each closing is performed at the current value of the amounts to be disbursed, discounted at a rate that shows the market assessments of the time value of money, as well as the specific risks of the liabilities to be settled.

*Customer advances and services collected in advance:* they include balances collected in advance for works pending completion. Measurement is made at the nominal value of the amounts received less the value of the works already performed and the services rendered. The amounts thus obtained do not significantly differ from the value of the services to be rendered and/or works to be performed at the end of the fiscal year.

## **2.24. Employee benefits**

Employee benefits are all forms of consideration given by the Company in exchange for services rendered by employees.

### **(a) Short-term employee benefits**

Short-term employee benefits include items such as wages, salaries and social security contributions; compensated absences; profit-sharing in the case of subsidiaries in relation to which benefits are granted in accordance with the applicable legislation or as a result of an agreement between the parties or collective bargaining agreements.

Short-term employee benefits are recognized for the undiscounted amount of employee benefits expected to be paid in exchange for that service: as a liability under other current liabilities, after deducting any amount already paid, or as an expense in the statement of income, under the lines costs of providing services, administrative and selling expenses and other operative expenses, considering the purpose for which each service was used.

At the date of each closing, the Company records the expected cost of compensated leaves the right of enjoyment of which is cumulative, such as vacation leave, considering the additional rights that will be paid to employees as a result of the accumulated rights at that date.

#### **(b) Post-employment benefits - Retirement benefits**

Post-employment benefits are established in the collective bargaining agreement for the staff of the subsidiary Aguas Cordobesas S.A., granted at the time of the termination of the labor relation for retirement, based on the years of service in that company. The calculation of the accumulated benefit was made at the best possible estimate of the discounted amount to be paid, based on the staff that at that date may enjoy those benefits. Actuarial techniques are used based on the information available at the end of each year.

#### **(c) Long-term employee benefits**

Long-term employee benefits are established in the collective bargaining agreement for the staff of Aguas Cordobesas S.A., upon completing a certain number of years of service in that company. Actuarial techniques are used to measure the accumulated benefit based on the information available at the end of each year.

#### **(d) Termination benefits**

Termination benefits arise when employment is terminated before the normal retirement date, or when an employee accepts voluntary termination in exchange for these benefits. The Company recognizes termination benefits when it is demonstrably committed to either: i) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or ii) providing termination benefits as a result of an offer made to encourage voluntary retirement. These benefits are recognized at present value of the cash flows expected to be disbursed by the Company.

### **2.25. Contractual liabilities**

Liabilities for construction contracts: they include balances of construction contracts where accumulated billing and certification exceeds the amount of accumulated costs incurred plus recognized gains based on the progress of each work. Recognition and measurement criteria of these liabilities are reported in Note 24.

### **2.26. Share capital**

Share capital consists of 96,677,524 Class "A" ordinary shares, of Ps.1 par value each and entitled to five votes per share and has been subscribed and fully paid up. Capital status is described in Note 1.

### **2.27. Income tax and minimum notional income tax**

#### **(a) Income Tax**

The income tax charge comprises current and deferred taxes. Taxes are recognized in the consolidated statement of income, except for items that must be recognized directly in other comprehensive income. In this case, the income tax related to these items is recognized in the consolidated statement of comprehensive income.

The current income tax charge is calculated based on the tax laws effective at the date of the balance sheet, in the countries where the Company, its subsidiaries and associates operate and generate taxable income.

Deferred income tax is computed in its entirety according to the liability method, based on the temporary differences arising between the tax bases of assets and liabilities and their respective carrying amounts shown in the consolidated financial statements. However, the deferred tax generated by the initial recognition of an asset or a liability in a transaction not corresponding to a business combination and that at the time of the transaction affects neither accounting profit or loss nor taxable profit, is not recorded. Deferred tax is calculated using tax rates effective at the date of the consolidated balance sheet and tax rates expected to be in effect in the periods in which deferred assets and liabilities reverse. Management periodically evaluates the tax returns positions in relation to situations in which the tax legislation is subject to any interpretation and sets up provisions, if applicable, for the estimated amounts that might be paid to the Tax Authorities including their pertinent fines and interests.

Deferred tax assets are recognized only to the extent that tax benefits are likely to be obtained in the future to be able to offset the temporary differences.

The Company records a deferred tax liability in the case of taxable temporary differences related to investments in subsidiaries and associates, unless both the following conditions are met:

- i) the Company controls the timing of reversal of the temporary differences; and
- ii) it is probable that the temporary difference will not reverse in the foreseeable future.

Balances of deferred assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to the same tax authority for the Company or the different subsidiaries where there is an intention and possibility to settle the tax balances on a net basis.

#### **Tax reform in Argentina**

On December 29, 2017, the National Executive Branch enacted Law 27,430 on Income Tax. This law introduced several changes in the treatment of income tax whose key components are the following:

*Income tax rate:* income tax rate for Argentinean companies reduced from 35% to 30% for the fiscal years that commenced on January 1, 2018 until December 31, 2019, and a subsequent reduction to 25% for the fiscal years commencing on January 1, 2020. However, On December 23, 2019, the National Executive Branch enacted the so-called Social Solidarity and Productive Reactivation Law N° 27,541 whereby the reduction of the income tax rate to 25% was suspended until fiscal years commencing on January 1, 2021, maintaining the 30% tax rate until then.

*Optional revaluation of assets for corporate income tax purposes:* the new rule allowed for the revaluation, for tax purposes, of assets located in the country and used in its income generating activities, at taxpayers' choice. A special tax will be levied on the amount of the adjustment to tax base of the assets, at different rates, depending on the kind of assets: 8% for real estate not accounted for as inventories, 15% for real estate accounted for as inventories, and 10% for movable and other assets. Once a specific asset is decided to be revaluated, all assets in the same category must be revaluated as well. The income arising from the revaluation is not subject to income tax and the special tax levied on the revaluation is not deductible for tax purposes. The deadline for the optional revaluation of assets was on March 29, 2019 and the Company decided not to exercise such option.

Additionally, in relation to Income Tax calculation, pursuant to Law No. 27,430, the tax inflation adjustment set forth in Title VI of the Income Tax Law is applicable for fiscal years commencing on or after January 1, 2018 as long as the cumulative inflation rate over a period of three years as from that date is at least 100%. Subsequently, Law No. 27,468 modified the guidelines for the transition established by Law No. 27,430 indicating that for the first, second and third fiscal year as from its enforcement, the tax inflation adjustment would be applicable if the Consumer Price Index (CPI) increase for each of those fiscal years exceeded fifty five percent (55%), thirty percent (30%) and fifteen percent (15%), respectively. The tax inflation adjustment for the fiscal year under calculation will have effect either as a negative or positive adjustment; one third of it will be allocated in the relevant fiscal period and the remaining two thirds, in two equal parts, in the two immediately following periods. However, Law No. 27,541 introduced additional changes to the foregoing guidelines and established that the income or loss arising from the adjustment for inflation procedure corresponding to the first and second fiscal period beginning as of January 1, 2019 must be proportionally allocated in a six-year period, while the remaining tax inflation adjustment from previous fiscal years can still be allocated in thirds.

The parameters set by the Income Tax Law for the application of the tax inflation adjustment in Argentina were met at the end of these financial statements and, consequently, the tax inflation adjustment was applied for the calculation of current and deferred Income Tax for the year ended December 31, 2019

Note 26 to these financial statements presents a reconciliation between the income tax expense reported in the statement of income and the amount of income tax that would have resulted from applying the tax rate in effect in Argentina to the pretax income for the fiscal years ended December 31, 2019 and 2018.

Likewise, for the acquisitions or investments made in the fiscal years beginning as of January 1, 2018, the following restatements will be carried out, pursuant to the charts to be prepared for these purposes by the Argentine tax authority (Administración Federal de Ingresos Públicos, "AFIP"), based on the evolution of the consumer price index reported by the INDEC:

1) For the calculation of gross profit in the sale of depreciable personal property, real estate not considered to be part of inventories, intangible assets, stocks, quotes or ownerships interests (including shares of mutual funds), the cost of these assets will be restated by applying the aforementioned index, from the date of acquisition or investment to the date of disposal, and will be reduced, where appropriate, by the corresponding depreciations, calculated on the restated value.

2) The deductible depreciation expenses corresponding to buildings and other constructions on properties assigned to activities or investments, not considered to be part of inventories, and those corresponding to other assets used to produce taxable profits, will be calculated by applying the index indicated in the charts prepared by AFIP to the ordinary depreciation installments, since the date of acquisition or construction.

#### **(b) Minimum notional income tax**

The Company and its subsidiaries in Argentina computed the minimum notional income tax by applying the current 1% rate on computable assets at the end of the period. This tax complemented income tax. The Company's tax obligation was the higher of the two taxes. However, if in a fiscal year minimum notional income tax obligation exceeded income tax liability, the surplus was computable as a payment on account of income tax through the following ten years.

According to article 76 of Law 27,260, the minimum notional income tax was repealed as of January 1, 2019

## **2.28. Provisions for contingencies**

Provisions are recognized in the financial statements when:

- (a) the Company has a present (legal or implicit) obligation as a result of past events;
- (b) it is more likely than not that an outflow of resources will be required to settle the obligation; and
- (c) and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditure required to settle the obligation considering the best information available at the balance sheet date and are re-estimated at the end of each reporting year. The discount rate used to determine the present value reflects market assessments at the balance sheet date of the time value of money and the risks specific to the liability.

## **2.29. Revenue recognition**

Revenues are measured and recognized following the five-step model introduced by IFRS 15, which requires to: (i) identify the contract with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract and; (v) recognize revenue when the entity satisfies a performance obligation.

Revenues from contracts with customers comprise the amount of consideration received or receivable in exchange for the sale of goods or rendering of services, net of value added tax, retention tax and discounts. Revenues from contracts with customers are recognized at the fair value of the consideration received or receivable, when control over goods or services is transferred to the customer. Revenues are recognized at a certain point in time and mainly derive from direct sales to customers.

The Company's main performance obligations are:

#### **(a) Construction contracts**

Revenue obtained by the Company for construction contracts which extend over time is recognized as defined in IFRS 15 "Revenue from Contracts with Customers", as a contract specifically negotiated for the construction of an asset.

When the amount of revenue from a construction contract can be reliably measured and it is probable that the contract will result in revenue for the Company, revenue and costs of construction contracts are recognized over the period of the contract based on the percentage of completion. When it is probable that the total costs of the construction contract will exceed total revenue from the contract, the loss is recognized to profit and loss immediately.

When the amount of revenue from a construction contract cannot be reliably measured, revenue from the contracts is recognized only up to the amount of the costs incurred at that date which are likely to be recovered.

Changes in the costs of contracts, as well as the payments for claims and incentives are included in revenue from the contracts if they have been agreed with the customer and can be reliably measured.

The Company uses the percentage of completion method to determine the amount of revenue to be recognized in each year. The percentage of completion of the construction work is measured based on the costs of contracts incurred until the end of the reporting year-end as a percentage of the total estimated costs of each contract.

At the end of each reporting year, the Company reports the contractual net position of each contract, either as assets or liabilities. A contract represents an asset when the costs incurred plus their margin recognized in income exceeds billings issued to date; otherwise it represents a liability.

#### **(b) Service provision**

Revenue is recognized at the fair value of the consideration received or receivable in the period when such services have been rendered, and represents the amounts receivable for sales of services, net of discounts and value added tax. The Company recognizes revenue from services when the amounts can be measured by reliable means and when it is likely that future economic benefits are generated for the entity.

IFRS 15, among other issues, introduces a mechanism to allocate the transaction price to each performance obligation in the contract. Revenues must be recognized once performance obligations are satisfied, that is when control over the promised good or service is transferred to the customer. Revenue from passenger transportation services is recognized according to the number of passengers transported, since given its nature, the provision of this service involves a short period of time.

#### **2.30. Distribution of dividends**

Distributions of dividends among the Company shareholders are recognized as a liability in the Company's financial statements in the fiscal year in which they are approved.

#### **2.31. Government subsidies**

The number of subsidies received has been deducted from cost of providing services, administrative expenses and selling expenses and other operating expenses according to the nature of the received subsidy, under the "Adjustment due to higher costs" caption.

#### **2.32. Critical accounting estimates**

The preparation of these financial statements requires the use of estimates. It also requires the Company's Management to exercise judgment in the process of applying the accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates might not equal the related actual results. The most critical estimates and judgments of the Company are discussed below.

##### **(a) Fair value of goodwill**

Periodically, the Company determines whether goodwill has been suffered any impairment loss, according to the accounting policy in Note 2.7. The recoverable amounts of the cash generating units (CGU) have been determined by calculating the value in use. These calculations require the use of estimates.

##### **(b) Fair value of derivatives or other financial instruments**

The fair values of financial instruments that are not traded in active markets are determined using valuation techniques. The Company uses its judgment to select a series of methods and makes assumptions based primarily on the market conditions prevailing at the end of each reporting period.

##### **(c) Revenue recognition**

The Company uses the percentage of completion method to account for the construction and service contracts at a fixed price. Use of this method requires estimating the costs to be incurred and the services to be provided to date, to determine the actual services provided and actual costs incurred as a proportion of the total services to be provided and total costs to be incurred for each of the contracts.

##### **(d) Provision for lawsuits and contingencies**

The evaluation of contingent liabilities is made by the Company's Management and legal counsel based on the elements of judgment available at the time of preparing these consolidated financial statements. In estimating their amounts, among other characteristics, the likelihood of occurrence has been considered. If in evaluating the contingency there was a chance that losses could materialize and the amount could be estimated by reliable means, a liability would be accounted for under provisions for contingencies. If the potential loss is not likely or probable but the related amount cannot be estimated by reliable means, the nature of the contingent liability and the estimate of probability of occurrence are disclosed in the note to the consolidated financial statements.

##### **(e) Revaluation of property, plant and equipment**

Property, plant and equipment of the Company classified under "Heavy machinery and equipment", "Heavy vehicles", "Buildings", "Land" and "Building improvements" captions, have been recorded at the value arising from the independent appraisal reports, which estimate a

reasonable value of property through the identification of the fair value of the new units with similar features and considering the use and remaining useful life of those assets, as well as improvements therein, or through the use of valuation techniques based on location, existing buildings, condition and remaining useful life of the building, the possibility of access and benefits from potential improvements, among other factors

### 2.33. Changes in accounting standards

(a) New standards, amendments and interpretations that have come into force as from the year commenced January 1, 2019:

IFRS 16 "Leases": In January 2016, the IASB issued IFRS 16 "Leases", which introduces changes in lease accounting, since it eliminates the distinction between financial and operating leases. This modification will entail changes for some lease agreements that had been considered operating leases under IAS 17. There is an optional exemption for short term leases and low value asset leases. This standard is applicable for years commencing on January 1, 2019

Upon application of IFRS 16, the Company recognized lease liabilities at January 1, 2019 in connection with some lease agreements that had been considered operating leases under IAS 17. Such lease liabilities were measured at the present value of the remaining payments of each lease agreement, applying the Company's incremental borrowing rate, which was determined to be 40% for indebtedness denominated in Argentine Pesos and 9.5% for indebtedness denominated in U.S dollars.

The Company adopted a retrospective approach for the initial application of IFRS 16, as permitted by the temporary provisions of this standard, according to which it did not restate comparative information as of December 31, 2018. Reclassifications and adjustments resulting from this standard have been recognized in the current opening financial statement for the year ended December 31, 2019.

For the initial application of IFRS 16, the Company chose the following option permitted by the temporary provisions of this standard:

- Application of a unique discount rate for each portfolio of similar leases.
- Leases ending within 12 months of the date of first applying IFRS 16 were considered short-term leases
- Use all the information available at the assessment date to determine the lease period when the contract contains extension or termination options.

The Company maintained the assessment undertaken following IAS 17 and IFRIC Interpretation 4, for lease agreements entered into before the transition date.

Note 20 presents a reconciliation of leases at the beginning of the year measured pursuant to IAS 17 and IFRS 16.

IFRIC 23 "Uncertainty over income tax treatments": This standard clarifies how recognition and measurement requirements under IAS 12 "Income Tax" are to be applied when there is uncertainty over income tax treatments. The application of the amendments incorporated by this standard did not have an impact on these consolidated financial statements.

Amendments to IAS 19 "Employee benefits": these amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and to recognize in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus. The application of the amendments incorporated by this standard did not have an impact on these consolidated financial statements.

b) Standards, amendments and interpretations that are not applicable for the fiscal year beginning on January 1, 2019 and have not been early adopted:

There are no IFRS or IFRIC interpretations not yet in effect which are expected to have a material impact on the consolidated financial statements of the Company.

### 3. Operating segment information

The Company operates through four principal business segments: Waste management, Construction, Transportation and Water Supply.

#### 3.1. Waste management

The Company provides waste management services through Cliba Ingeniería Urbana S.A. and Tecsán Ingeniería Ambiental S.A. ("Tecsán"), and in the companies or the joint ventures in which they participate directly and indirectly. Waste management services by operating in four major lines of business: (i) urban waste management; (ii) landfill; (iii) industrial services; and (iv) waste valorization.

##### 3.1.1. Urban Waste Management

The following chart briefly summarizes the services provided:

City	Population served	Participation in each project (%)	Services (1)
Buenos Aires (Zone 2) .....	615,000	100%	A/B/C/D
San Isidro.....	292,000	100%	A/B/C/D
Neuquén .....	360,000	100%	A/B/D
Santa Fe (Zone 1) .....	260,000	100%	A/B/D

- (1) Services rendered:
- A — Collection
  - B — Manual and mechanical street cleaning
  - C — Street cleaning
  - D — Other services

The Company has been rendering urban waste management services in the city of Buenos Aires since 1987. Currently, Cliba Ingeniería Urbana S.A. provides services in the so-called Zone 2 (Recoleta, Palermo, Belgrano, Colegiales and Nuñez neighborhoods) of the city of Buenos Aires, within the framework of the Public Bid No. 997/2013 for the provision of urban waste (wet stream) management services. The contract term is 10 years, as from October 1, 2014, with an option to renew it for a further 12 month-period, upon decision of the Government of the City of Buenos Aires.

The Company has been rendering urban waste management services in San Isidro since 1991. Recently, the Municipality of San Isidro has called for bids for the provision of urban waste management services in the county of San Isidro (Public Bid No. 40/2019) and has extended the current contract until June 30, 2020, waiting for the resolution of the bidding process. The Company continues providing services regularly.

The Company has been rendering urban waste management services in the city of Neuquén since 2000. The contract currently in force was signed on November 16, 2015, in the framework of Public Bid No. 06/2015 for "Provision of Urban Cleaning Services", for an 8-year term, with an extension option for an additional year.

The contract for services for the City of Santa Fe (Zone 1), where the Company has been providing services since 1996, was extended until there is a call for bids. On October 29, 2019, the Company notified the City of Santa Fe of its decision to terminate the contract due to significant overdue payments owed by the City of Santa Fe. In this scenario, the contract provides for continued service for a period of 120 business days. At the date of these financial statements, the Company continues providing services regularly and is working to resolve this situation.

In addition to the urban management services usually provided by the Company, on May 15, 2017, Coordinación Ecológica Área Metropolitana Sociedad del Estado (Ecological Coordination of the Metropolitan Area, CEAMSE) and Metro Ambiental S.A. entered into a 12-month contract for the provision of cleaning services and the eradication of dumpsites, as well as the promotion of comprehensive urban solid waste management in the Matanza-Riachuelo basin, as per National Public Bid No. 05/16. Works commenced in June 2017 and extended until January 2019.

### **3.1.2. Landfill**

Landfill operations covers a wide range of services, including civil works and construction of infrastructure for final disposal of household waste, disposal of waste through different mechanisms, treatment of leachate, transportation of waste and the composting of organic waste.

The Company currently operates two landfills Argentina: Norte III and Mar del Plata.

Norte III: UTE Norte III operates the state-owned CEAMSE landfills located in the Norte III environmental complex under a one-service contract. The "Norte III D" module is currently in operation, while modules Norte III (2001), Norte IIIA (2005), Norte IIIB (2010), Norte IIIC (2014), Norte III B+C (2016) and Norte III "Unification of Modules A+B" (2017) have already been completed. Currently, approximately 450,000 tons of waste coming from the City of Buenos Aires and 27 districts from the Greater Buenos Aires area are disposed monthly. As of December 31, 2019 Norte III, D module still has capacity to receive approximately 12.7 million cubic meters of waste.

In October 2014, a new leachate treatment plant became operative, with a treatment capacity of 2,000 m3 per day, which has been developed with membrane biological reactor (MBR) technology, thus providing a cutting-edge technology solution for the treatment of leachate generated in the Norte III landfill. In addition, capacity increase works in other leachate treatment plant, from current 1,350 to 2,350 cubic meters/day, are currently in progress.

Municipality of General Pueyrredón: Tecsán designed, built and is currently operating a landfill in the Municipality of General Pueyrredón. After successive temporary contract extensions to avoid the interruption of services, on October 1, 2018 CEAMSE took control of the landfill and requested Tecsán to continue the provision of services in the existent module and to develop and operate the necessary infrastructure to increase waste disposal capacity. The contract extension is estimated to expire in mid-2020 or when the enlarged landfill is completed, whichever occurs first. Currently, approximately 34,700 tons of waste are disposed monthly.

In addition:

i) City of Neuquén: on July 17, 2014 a contract for an 8-year term, extendible for a further year, was signed with the Municipality of Neuquén for the design, construction and operation of an environmental complex for urban solid waste disposal (16,700 tons per month on average for the last twelve months), biogas capture and construction of a waste separation plant. As a result of an operational and functional reorganization, the Company made the strategic decision of assigning the contract to another operator. This assignment was authorized by Decree No. 0851/2019 issued by the City Council of the City of Neuquén in charge of the Municipal Executive Body and published in the Municipal Official Gazette on October 18, 2019 and came into effect in November 2019.

ii) On December 27, 2013 Tecsán signed a contract with the National Secretariat of Environment and Sustainable Development and the Government of the Province of Mendoza for the design, construction and operation of a landfill, their associated systems, and two transfer stations in the eastern region of the Province of Mendoza. The construction stage finished in May 2015 while operations started in January 2016 and finished in January 2019;

iii) On December 20, 2016 Tecsán entered into an agreement with the National Ministry of Environment and Sustainable Development for the "Construction of a Landfill in the Chanchillos Environmental Complex and Compost Facility, San Pedro Transfer Station and Clean-up of the Palpalá and El Pongo Open Dumpsites - Province of Jujuy – GIRSU-LPI-O-1/2015". This work currently has a degree of completion of 80% approximately and;

iv) Tecsán was awarded the International Public Bidding No. 09/2016 for the development of an environmental complex and landfill in Villa Carlos Paz, in the Province of Córdoba. This project had been completed at the date of these financial statements.

### **3.1.3. Industrial services**

Through its subsidiary Envairo S.A., the Company provides non-hazardous industrial waste collection and transportation services for large quantity generators in the City of Buenos Aires and the Province of Buenos Aires, with a specialized fleet for that activity, and through Taym S.A. it continues working on cleaning services in Uruguay.

In regards to the treatment and disposal plant for hazardous and special waste located near the City of Córdoba, it flooded as a result of the extraordinary weather conditions that took place in late March 2017, a fact that affected its operation.

### **3.1.4. Waste valorization**

Our waste valorization activities started with a greenhouse gases emission reduction project in 2007.

Later, in the framework of the National and International Public Bid ENARSA N° EE 001/2010, the Company was awarded a contract for energy supply by using biogas extracted from the Norte III C landfill. The project is carried out by our subsidiary Central Buen Ayre S.A., which has built and is currently operating an electric power station running on biogas, with a nominal capacity of 11.8 MW. Approximately 90,000 MW were generated and supplied to the electrical grid in the last twelve months. The contract will be in force until 2026.



UTE Norte III operates, under a contract signed with CEAMSE, a plant for the mechanical and biological treatment of urban solid waste for a 15-year period since October 2012. Approximately 358,000 tons of urban solid waste were treated during the last twelve months. Currently, approximately 32,500 tons of waste are treated monthly. This operation is estimated to continue for approximately 23 years, the maximum term permitted by contract.

Furthermore, the Company, through Ecoayres S.A., was granted the exclusive rights derived from the exploitation of biogas in the Norte III B module and its extension.

On December 4, 2015, the Government of the City of Buenos Aires, through the Environment and Public Space Ministry, pre-awarded Tecsán the National and International Public Bid No. 49-SIGAF/2015 for the Design, Construction, Operation and Maintenance of a plant for the mechanical and biological treatment of urban solid waste in the City of Buenos Aires (MBT Sur). This project will be executed by a joint venture between Tecsán, which holds a 75% interest, and Sorain Cechini Tecno España S.L., which holds a 25% stake. The contract term will be 10 years with the possibility of extending it for an additional 10-year period. The Government of the City of Buenos Aires has not yet informed neither the contract award date nor the date of commencement.

### 3.2. Construction

#### 3.2.1. Benito Roggio e Hijos S.A.

Through its subsidiary BRH, a construction company which is positioned as one of Argentina's largest construction companies, the Company is engaged in a wide range of activities in the construction industry.

BRH develops different types of projects, such as road, railway and subway infrastructure, water treatment, ports, industrial facilities and architectural projects. BRH has completed important construction projects, such as the IBM corporate building in Buenos Aires; the Santiago International Airport, in Chile; the Piedras Moras Dam in the Province of Córdoba; the Mario Alberto Kempes Football Stadium in the City of Córdoba (formerly, Chateau Carreras Football Stadium); the Western Access in Buenos Aires; the Conrad Hilton Punta del Este Resort & Casino, in Punta del Este, Uruguay; the Pichi Picún Leufú Hydroelectric Dam in the province of Neuquén; the 9 de Julio Northern Highway in Buenos Aires; the extension of B and D Subway Lines in Buenos Aires City, with the addition of new stations; the Córdoba-Villa María and the Oliva- Ballesteros tranches of the Córdoba-Rosario highway and Sections I and II of National Road No. 76, in the Province of La Rioja, among others..

Currently, BRH is performing construction works nationwide. The following are the most important construction works in progress:

- Coastal Protection Works for Yacyretá in the cities of Posadas, Garupá and Candelaria, Province of Misiones.
- Buenos Aires Subway Line E –Bolívar-Retiro tranche- City of Buenos Aires.
- Rosario city beltway, Province of Santa Fe.
- Repaving of National Roads Nos. 9 and 60, Province of Córdoba.
- Branch C – Belgrano Railway - Province of Santa Fe.
- Duplication of Roadway in National Road No. 9, Asunción del Paraguay – Yala Bridge tranche -Province of Jujuy.
- Contract for road repair and maintenance No 308, comprising National Road No. 150, Parque Natural Provincial Ischigualasto and National Road No. 79 in the Provinces of La Rioja and San Juan.
- Paving of National Road No. 76, Quebrada Santo Domingo - Pircas Negras tranche, Province of La Rioja.
- Closure of Córdoba city beltway- Western section - Province of Córdoba.
- Track renewal - Subway Line E - City of Buenos Aires
- Renovation of pumping station and wastewater treatment plant – Province of Santiago del Estero
- Master plan for the supply of drinkable water to Posadas and Garupá - Misiones
- Rehabilitation of Los Molinos water channel – Córdoba
- Closure of Córdoba city beltway – El Tropezón-Spilimbergo tranche- Province of Córdoba.
- Reconditioning of National Roads No. 3 and No. 226 - Province of Buenos Aires.
- Replacement of mechanical signals by colour light signals - San Martín, Belgrano Sur and Urquiza Railways - Province of Buenos Aires.
- Contract for road repair and maintenance No 303, comprising National Roads No. 38 and No. 74 in the Province of La Rioja.
- Duplication of Roadway in Provincial Roads No. 11 and No. 56 – Province of Buenos Aires.
- Vega Creek Second Emissary– City of Buenos Aires
- Implementation of Automatic Railroad Crossing Systems – Gral. Mitre and Sarmiento Railways (diesel traction) – Province of Buenos Aires.
- Construction of a weir on the Salado River and a water channel to connect with Canal de Dios – Province of Santiago del Estero.
- Elevation of rail line in the Retiro - Tigre branch of Gral. Mitre Railway.
- Closure of Córdoba city beltway – National Road No. 20 - El Tropezón tranche- Province of Córdoba.
- Earthmoving and construction of a heap leach pad – Lindero Project – Province of Salta.
- Lithium Carbonate Plant - Salar de Olaroz – Province of Jujuy
- Construction of Gran Tulum water channel – Province of San Juan.
- Salado river expansion - Province of Buenos Aires
- Installation of fiber optic link / Eramine Mine – Province of Salta

Further, through its branch in Brazil, BRH is currently performing:

- Civil Works in Passenger Stations in Line 15 of São Paulo's Metro.
- Roadworks in the Northern Region of Brazil, in the State of Pará, consisting of the construction of a 112 km- paved road which is part of Federal Road BR163, in the Campo Verde –Rurópolis tranche.

#### 3.2.2. Haug S.A.

Haug S.A. ("Haug"), a Peruvian company leading in the metal mechanical sector with over 68 years of experience, provides engineering and construction services and carries out activities related to the assembly of storage and processing tanks, equipment for the mining industry (thickeners, clarifiers, hoppers, cells), industrial plants, metallic structures, pipelines, etc.

Haug has also carried out activities in Chile, Argentina and Dominican Republic. Currently, Haug mainly provides services through its head office in Peru and Consorcio Andino Haug-ASB S.A. that develops a project for major maintenance, inspection, cleaning and certification of tanks in Chile.

### **3.2.3. Benito Roggio Panamá S.A.**

BRH holds a 100% ownership interest in Benito Roggio Panamá S.A., a company incorporated under the laws of Panama, which was awarded the Design and Construction project for road improvement along the Divisa-Chitré Highway, in the province of Herrera, Republic of Panama. This project included a 3-year maintenance period, and its completion took place in 2018. The road has four lanes, turnarounds every 5km, 2 new bridges, road verge and better lighting. The company also performed works in Panama for road improvement in the province of Herrera, in the sections comprised between the following localities: (i) Cabuya - Los Higos; Cabuya - Potuguilla; Rincón Hondo - Esquiguita; Cruce Limón - Borrola; Pesé - Las Cabras and Cascajillo - La Arenita - Las Cabras, and (ii) Los Pozos - Las Minas and the bridge over Quebrada El Barrero.

### **3.2.4. Sehos S.A.**

BRH holds a 95% equity interest in Sehos S.A., which provides preventive, corrective and operating maintenance services to hospitals and public buildings, and general architectural services, in particular, railway infrastructure services such as the refurbishment and renovation of railway stations, rail level crossing renewals, elevation of train platforms, delimitation of operating areas, among others.

### **3.2.5. Transportel Patagónica S.A.**

BRH holds a 45% equity interest in Transportel Patagónica S.A., whose purpose is to engage, on its own or third parties' account or in association with third parties, in any form or manner, in the construction, operation and maintenance of electric power lines, transformer stations and associated communication systems.

On July 7, 2015, Transportel Patagónica S.A. and the Committee for the Administration of the Trust Fund for the Federal Electric Power Distribution (CAF) entered into a contract for the construction, operation and maintenance (COM) of the enlargement of the 500/132 kW La Rioja Sur Transformer Station and Complementary Works, under National Public Bid 11/2014. The works include the modification, by opening, of the 132 kW Recreo - La Rioja I and II power lines, the enlargement of the 500/132 kW La Rioja Sur Transformer Station, the enlargement of the San Martín 132 kW Marshalling Yard and the modification, by opening, of the 132 kW Recreo - La Rioja double-circuit transmission line in the surroundings of the marshalling yard.

This work will be executed in two stages: a) Construction and b) Operation and Maintenance, which will be in charge of Transener S.A., which operates the national high-voltage transmission network.

On September 7, 2015, according to the bidding terms and conditions, Transportel Patagónica S.A., as trustor and beneficiary, entered into a trust agreement for administration purposes with Banco de Inversión y Comercio Exterior S.A. (BICE), as trustee, whereby transferred to the latter the trust ownership of the respective rights for the collection of fee advances (including VAT) under the COM contract, as guarantee of the correct application of the funds to the project within the framework of the COM Contract. The trustee shall keep funds available in the trust account and shall make only such investments as expressly indicated by the trustor.

Through the resolution issued by CAF on April 7, 2017 a new schedule for works was approved, extending the contract term until June 16, 2018. With this extension, the payments of advanced fees were also rescheduled. Due to delays in the delivery of certain supplies and critical equipment, the company is working with the Committee for the Execution on a new schedule for works to extend the contract term until March 2020. At the date of these financial statements, works are close to finalize.

### **3.2.6. Benito Roggio e Hijos S.A. de Paraguay**

BRH holds a 80% interest in a corporation in Paraguay called Benito Roggio e Hijos S.A. ("Benito Roggio Paraguay"), through which the Company have developed construction projects in that country since 1974.

In addition, due to their connection with the construction business, this segment, formerly named "Construction and toll road concessions", includes different road concessions in which the Company participated, which are briefly described below.

### **3.2.7. CV1 - Concesionaria Vial S.A.**

BRH holds a 51% ownership interest in CV1 - Concesionaria Vial S.A. ("CV1") which was engaged in the construction, improvement, reparation, preservation, extension, remodeling, maintenance, administration and management of National Corridor No. 1 through a toll road concession, for an initial term of 6 years since April 22, 2010, when takeover of the corridor took place. After successive extensions on July 31, 2018, CV1 and the National Road Authority (Dirección Nacional de Vialidad, "DNV") signed the Act of Acceptance of the National Corridor No. 1. Consequently, the new concessionaires took control of the corridor. However, according to the works plan set forth by DNV, CV1 will continue with the works it was performing. At the date of these financial statements, both parts agreed to introduce changes to certain works, which would restart in 2020, according to our estimations.

Furthermore, on September 22, 2016 CV1 was granted the appeal filed against the resolution that had forbidden CV1 to dispose of real and personal property, arbitrarily adopted as a consequence of a legal action against shareholders of the other business group that holds shares in CV1. However, on February 17, 2017, the Court of Appeals in Federal Criminal and Correctional Matters issued a ruling confirming the first instance decision. Then, on March 7, 2017, CV1 filed a cassation appeal as it understood that its federal constitutional rights had been violated, which was granted on March 31, 2017, ordering that the proceedings be forwarded to the Federal Criminal Court of Cassation. However, the cassation appeal was rejected by said court. In view of this situation, CV1 filed an extraordinary appeal, which was rejected as well. For this reason, CV1 filed a denied appeal with the Argentine Supreme Court, which was, in turn, rejected on February 26, 2019. It is worth mentioning that CV1's operations have not been affected by those measures.

### **3.2.8. Autovía del Mar S.A.**

BRH holds a 26.67% of interest in Autovía del Mar S.A., which was engaged in a toll road concession for the construction, improvement, repair, preservation, extension, remodeling, maintenance, administration and operation, for a 30-year term since July 1, 2011, of the Integrated Road System of the Atlantic, a network of roads providing access to many cities and seaside resorts on the Atlantic coast of the Province of Buenos Aires.

On November 8, 2016, Autovía del Mar S.A. entered into an agreement with the Ministry of Infrastructure for the Province of Buenos Aires, approved by the Province of Buenos Aires Executive Branch on November 25, 2016 through Decree 1495/16, which provided, among other things, that: (i) the Province of Buenos Aires assumed part of the rights and duties set forth in the concession contract, particularly those related to the management, operation and maintenance of the Atlantic Integrated Road System, including toll collection; (ii) capital expenditures undertaken by Autovía del Mar S.A. would be compensated in six instalments totaling Ps. 200 million, the first of which was

paid on March 31, 2017; (iii) Autovía del Mar S.A. would continue to execute certain road works for about Ps. 4,832 million, expressed in March 2016 prices, paid for directly by the Province of Buenos Aires; and (iv) the parties agreed to terminate any pending claims. As of December 1, 2016, Autopistas de Buenos Aires S.A., a state-owned company controlled by the Province of Buenos Aires, assumed the management, operation and maintenance of the Atlantic Integrated Road System.

### **3.2.9. Covisur S.A.**

Covisur S.A. (Covisur), a company in which BRH holds a 25% equity interest, was in charge of the toll road concession for the maintenance, improvement and operation of Provincial Road No. 2, in the Province of Buenos Aires.

On December 4, 2015 the Ministry of Infrastructure of the Province of Buenos Aires, Covisur and Autovía del Mar S.A. agreed to terminate, by mutual consent, the concession contract for the remaining tranche of Provincial Road No. 2, which also became part of the concession in charge of Autovía del Mar S.A. as from December 10, 2015. At the date of issuance of these financial statements, Covisur is in position to meet its obligations, to collect its receivables and to resolve any administrative or legal issue that may arise

### **3.2.10. Toll Road Concession Agreement**

On October 31, 2003 Covicentro S.A., Covinorte S.A., Concanor S.A. and Red Vial Centro S.A., companies in which BRH holds a 53.77%, 38.47%, 38.46% y 57.00% equity interest, respectively, returned the assets related to their toll road concessions to the National Government, ending, on that date, the generation of income and any maintenance and exploitation duties under the concession. However, the concession grantor and those companies have not yet expressly agreed to the full termination of the concession contract, and there are still legal actions pending between the parties in connection with the final settlement of the concession contracts. The shareholders of the concessionaires severally guarantee any difference that may arise as a result of the termination process.

Based on the opinion of their legal counsel, the concessionaires believe that no further debts will be incurred in addition to those recognized by them.

In view of the current status of the negotiations, the Company management has decided to value at zero the interests held in Covinorte S.A., Red Vial Centro S.A., Concanor S.A. and Covicentro S.A.

### **3.2.11. Puentes del Litoral S.A.**

Puentes del Litoral S.A. ("PDL"), a company in which BRH holds a 20% equity interest, was awarded by the Argentine Federal Government a concession for the construction, conservation and maintenance of a road nearly 60 km long connecting the cities of Rosario in the Province of Santa Fe, and Victoria in the Province of Entre Ríos. The concession period was twenty five years, until September 13, 2023.

Upon release of Public Emergency Law No 25,561 in 2002, the economic and financial conditions of the concession were substantially altered due to the conversion of tolls into pesos, the removal of any indexation mechanism and the increase in operating and maintenance costs, among others, and a contractual renegotiation process started, which has been extended through successive laws.

On May 22, 2007, PDL commenced a reorganization procedure (*concurso preventivo de acreedores*). An agreement with creditors was approved on December 30, 2009 but it could only be partially fulfilled, due to PDL's weak financial condition.

In May 2014, PDL commenced legal proceedings against the Argentine Federal Government in order to declare the concession contract's termination under the exclusive fault of the grantor, and also requested damages deriving from the Argentine Government's refusal to restore the initial economic and financial equation of the concession. In addition, the meeting of shareholders of PDL held on June 30, 2014 resolved to dissolve and liquidate the company in line with Section 94, Subsection 5 of the General Corporations Law 19,550, since, according to PDL's financial statements as of December 31, 2013, accumulated losses exceeded the amount of share capital plus reserves.

On August 29, 2014 the DNV notified PDL of the termination of the concession contract through Resolution AG No. 1994/14 and PDL surrendered the concession on September 1, 2014. PDL then challenged the DNV's resolution and filed a supplemental complaint in the legal proceeding that is being conducted for termination of contract.

At the date of issuance of these financial statements, the PDL liquidation process is still in progress and the legal action initiated by PDL against the Argentine Federal Government is currently in the evidence stage.

Since June 30, 2006, the investment in PDL is valued at zero.

### **3.2.12. Polledo S.A.I.C.y F.**

The Company holds a 46.18% interest in Polledo S.A.I.C. y F. which carries out its business activities through the investments it holds in other companies, primarily in Coviare S.A. ("Coviare"), in which it holds a minority interest.

Coviare was in charge of a concession for the construction, preservation and operation of the La Plata - Buenos Aires Highway, the Riverside Highway in the City of Buenos Aires and the new bridge over the Riachuelo River, in accordance with the Agreement for the Restatement of the Concession Contract signed with the then Secretary of Public Works and Communications of the Argentine Ministry of Economy and Public Works and Services on December 29, 1993, which was approved by the Ministry Resolution No. 538/94 and a decree issued by the National Executive Branch. The concession term was 22 years, since July 1, 1995.

As from the enactment of the Public Emergency Law No. 25,561 in 2002, the economic and financial conditions of the concession were substantially altered due to the conversion of dollar-denominated tolls into pesos and the removal of any indexation mechanism, among others, and a contractual renegotiation process started, which has been extended through successive laws. Law No. 27,200 extended the term until December 31, 2017. In spite of negotiations, the parties have only entered into one amended agreement on October 9, 2009, that provided for fare increases and a new investment schedule, among others, and which was only partially fulfilled.

On February 5, 2013, the Province of Buenos Aires assumed the role of grantor of the concession contract, upon release of the Province of Buenos Aires Law No. 14,443 that approved the Transfer Agreement through which the Argentine Federal Government ceded the rights and duties under the concession contract to the Province of Buenos Aires. Since then, Coviare made several presentations to procure compliance by the Province with its contractual duties, as well as to renegotiate contractual terms and conditions affected by the Emergency Law.

Coviare did not receive any answer to its requirements and on July 12, 2013, through Provincial Decree No. 419/2013, the Province of Buenos Aires unilaterally terminated the Coviare concession contract. Consequently, Coviare made a presentation rejecting the termination, denied the alleged breach of contract that gave rise to the rescission, and requested that Provincial Decree No. 419/2013 was declared null and void and illegitimate, on the grounds that the Province of Buenos Aires had no power to resolve the rescission, that

there were no good reasons, that the facts invoked were false and that there had been a violation of the essential and substantial procedures established by applicable laws, as well as a violation of the purpose of the Transfer Agreement. Coviarens denied on good grounds the alleged breach of contract invoked in the whereas clauses of Decree 419/2013, as well as the allegations of abandonment of the operation, maintenance, preservation, execution of works and failure to provide users with the essential services. Coviarens also reserved its rights and causes of action against the Province of Buenos Aires and the Argentine Federal Government in connection with the termination of the concession contract.

In December 2013, Coviarens filed an action against the Province of Buenos Aires and the Argentine Federal Government before the Argentine Supreme Court of Justice, claiming the invalidity of the administrative act by which the contract was terminated as well as a compensation for damages. The damages claimed have been assigned as collateral to the trust acting as administrative agent under the Coviarens' syndicated loan, so that the trustee must join the claim as a mandatory third party. Since August 2015 the case is established at the Contentious Administrative Federal Court No. 7.

On June 13, 2014, Coviarens began its reorganization procedure (*concurso preventivo de acreedores*), under File No. 61006/2014 before the National Commercial Court No. 22, Secretariat No. 43. The credit-filing period for creditors ended on October 3, 2014. The DNV and the Province of Buenos Aires, among other creditors, submitted credits which included penalties and reserved their rights based on the fact that final liquidation of the concession had not occurred. Coviarens rejected the credits submitted by those two entities on similar grounds as those of the legal claim for termination of concession and the inapplicability of fines. On April 7, 2015, through the opinion of the judicial trustee in the reorganization proceeding, the credits were endorsed in accordance with Section 36 of the Bankruptcy Law.

On another note, Decree No. 13/2015 amended the Ministries Act, establishing that the issues relating to concessions and licenses for public utility services and the determination of the applicable prices and rates shall be within the different ministries' sphere of competence. In this context, the DNV, now in the scope of the Ministry of Transport, began negotiations with Coviarens to analyze the possibility of coming to an extrajudicial resolution. Coviarens signed a letter of understanding with the DNV, in which it did not concede any facts and expressly reserved its rights to legal action and defenses. The letter established an evaluation commission, which has already been formed and met for the first time in July 2016. As a result of these negotiations, the judge in charge of the reorganization procedures ordered an extension of the exclusivity period until June 30, 2018 and suspended all procedural deadlines in the judicial actions begun by Coviarens against the Argentine Federal Government and the Province of Buenos Aires until the committee releases its final report. The extension of the period was appealed by the AFIP and the National Court of Appeals ordered the lower court to continue with the applicable procedural acts. Coviarens filed an extraordinary appeal with the Argentina's Supreme Court, which was rejected on August 2, 2018.

Polledo S.A.I.C. y F., as minority shareholder, has valued its equity interest in Coviarens at zero since December 31, 2011, and is currently analyzing the possible economic, financial and legal implications of the contract rescission declared by Provincial Decree No. 419/2013.

### **3.3. Transportation**

The Transportation segment comprises passenger railway transportation services, both ground and underground, and related business.

#### **3.3.1. Benito Roggio Transporte S.A.**

Benito Roggio Transporte S.A. ("BRT") mainly provides advisory services to different local and regional railway operators and performs railway infrastructure works. Furthermore, BRT carries out the following activities through the companies in which it holds equity interests:

#### **3.3.2. Metrovías S.A.**

BRT holds a 90.66% equity interest in Metrovías S.A. ("Metrovías"), which provides ground and underground railway transportation services in the Metropolitan Area of the City of Buenos Aires. Metrovías was granted the operation and maintenance of the Buenos Aires subway system and the Premetro, through an operation and maintenance agreement entered into with the Government of the City of Buenos Aires, effective until December 31, 2019. Additionally, Metrovías is the operator of the concession, granted by the Argentine Federal Government, for the exclusive management and development of the General Urquiza suburban railway ("Urquiza Railway"). Although the concession term originally expired on December 31, 2017, it was extended until March 31, 2020 or until the winner of the international bidding process for the construction, operation and maintenance of the Urquiza and Belgrano Norte Railways takes possession of the service, whichever occurs first. The bidding process was called through Decree No 423/2019 issued by the National Executive Branch on June 18, 2019.

#### **Background**

On November 25, 1993, Metrovías entered into a concession contract with the Argentine Federal Government to manage the so called Group of Services 3, comprising the Buenos Aires Subway system and its complementary above-ground Premetro network and the Urquiza Railway, on an exclusive basis until December 31, 2017, with the option for the grantor to renew the concession for successive additional 10- year terms. The concession contract was approved and enacted through Decree No. 2608/93 dated December 22, 1993. This concession for the operation of public utilities" also included the commercial exploitation of shops, retail spaces and advertising at stations, rail cars and real estate comprised by such concession.

The concession contract was later amended by means of an addendum approved by Decree No. 393/99 dated April 21, 1999, and its amended text was approved by the then Ministry of Economy and Public Works and Services and informed to Metrovías through Resolution No. 153/99, dated April 30, 1999, issued by the Secretariat of Transport. The addendum, that created a more ambitious investment schedule and a new fare schedule, was executed only in part due to the shortage of budget resources of the Argentine Federal Government and the delay in the approval of the planned fare increases. In addition, the renegotiation of the concession contract triggered by the Public Emergency Law 25,561 did not occur, despite the presentations made by Metrovías. Furthermore, within the framework of that emergency, Decree No. 2075/02 on Railway Emergency, issued on October 16, 2002, eventually declared a state of emergency in the railway and subway systems in the Metropolitan Area of the City of Buenos Aires.

Subsequently, the Argentine Federal Government took a number of emergency actions aimed at regulating the relations arising from the concession contract to ensure a continued service on a provisional basis until a comprehensive contractual renegotiation was held. Emergency measures included, among others, the suspension of the original investment plan and the payment of subsidies to Metrovías in compensation for the suspended fare increases as set forth in the concession contract.

At the end of 2011, the Argentine Federal Government publicly declared its intention to transfer control of the Buenos Aires subway system and the Premetro to the Government of the City of Buenos Aires. Accordingly, on January 3, 2012, the Argentine Federal Government entered into an agreement with the Government of the City of Buenos Aires, pursuant to which, effective January 2012, the latter accepted

to take control only over the Buenos Aires subway system and the Premetro and become the sole legal authority to set tariffs for those services, and the Argentine Federal Government committed to pay an annual sum in twelve monthly instalments as its only contribution to afford the payment of subsidies.

The differences between the Argentine Federal Government and the GCBA regarding the interpretation of the terms and conditions of the agreement prevented performance thereof within the terms set therein, for reasons beyond Metrovías' control. Throughout 2012, Metrovías filed many requests and made several claims to the signatories to such agreement, alleging that its vested rights had been affected by this situation, which worsened the already deteriorated economic and financial equation even further.

#### Operation and Maintenance Agreement

On December 19, 2012, pursuant to Law No. 4,472, the Buenos Aires City Legislature resolved that: (i) the Government of the City of Buenos Aires would take control of the public passenger transportation service involving the subway and ground railway system operating exclusively in its jurisdiction, as well as of any new lines or expansions of existing lines as may be built in the future after January 1, 2013; (ii) such service involved a utility; (iii) such utility service was at the time in a state of emergency; (iv) the necessary legal instruments would be provided to operate such utility service; (v) Metrovías and/or its parent would be convened to enter into an agreement to be awarded a contract, on a direct basis, for the provisional operation of the service for an initial maximum term of two (2) years, extendable for one additional year based on the duration of the emergency declared; and (vi) the Government of the City of Buenos Aires would create a fund to finance maintenance and investments.

During the first quarter of 2013 and until the execution of an operation and maintenance agreement, Metrovías continued rendering services taking as parameters the terms of the concession contract entered into with the Argentine Federal Government, as provided for by Law No. 4,472.

On April 5, 2013, Metrovías and the Subway of Buenos Aires State Company (Subterráneos de Buenos Aires Sociedad del Estado, "SBASE") executed an operation and maintenance agreement (the "AOM", for its Spanish acronym) whereby, within the terms of Law No. 4,472, SBASE awarded to Metrovías, on an exclusive basis, the operation and maintenance of the Subway and Premetro Public Service within the City of Buenos Aires, including Lines A, B, C, D, E, and H, and the Premetro, as well as those eventually added to the network during the term of the agreement; excluding the operation of any collateral services and the performance of works and investments. The initial term of the AOM was two years from the date of execution, and it could be extended by SBASE provided, however, that the aggregate duration of the AOM did not exceed the effective term of emergency declared by Law No. 4,472, which was initially set for two years, extendable for one additional year. Law No. 4,790 later provided that the emergency period would last four years as of December 2012, keeping the Executive Branch the power to extend such period for another additional year, which was subsequently confirmed and supplemented through Decree No. 127/16 of February 1, 2016.

In view of the amendment introduced by Law 4,790 to the emergency period and the Decree 127/16 above mentioned, an addendum to the AOM was executed on February 26, 2016, whose main amendments in terms of management were: (i) the extension of the AOM until December 31, 2017, (ii) the readjustment of the baseline cost structure at January 2016 prices by using price indexes that faithfully reflect price variations occurred in the preceding periods, and (iii) the consideration of seasonality for the calculation of the monthly subsidy.

Afterwards, the Legislature of the City of Buenos Aires, in the ordinary session of November 2, 2017, passed Law N° 5,885, enacted by Decree N° 469/17, extending the emergency period established in section 6 of Law 4,472 until December 31, 2018 and authorizing SBASE to extend the term of the AOM until the successful bidder for the competitive bidding process called for the concession of the service started operations or until December 31, 2018, whichever occurred first. Consequently, on December 28, 2017 Metrovías and SBASE entered into a new addendum to the AOM, whose main amendments in terms of management were: (i) the extension of the AOM until December 31, 2018; (ii) the commitment to perform the following four construction works, which costs would be borne by SBASE and Metrovías would have to submit the pertinent expense reports: (a) Engineering and assembly of the open code signal system for the Lacarra Workshop with (12) itineraries; (b) Transfer of the Subway Line H Central Monitoring System (CMS) to Bernardo de Irigoyen CMS; (c) Assembly of overhead power line in the tunnel zone behind the Virreyes parking lot; and (d) Adaptation of stores in Lacroze station to install subway Line B simulators –, and (iii) certain considerations related to the transition period in case Metrovías was not the new awardee under the bidding process currently in progress.

The Invitation for Tenders for the National and International Public Bid No. 212/18 was published in the Official Gazette on February 20, 2018, at the request of SBASE, regarding the concession for the operation and maintenance of the Subway and Premetro Network in the City of Buenos Aires, for a term of 12 (twelve) years, renewable for a further 3 (three) years.

Finally, the Legislature of the City of Buenos Aires, in the ordinary session of December 6, 2018, passed Law N° 6,102, enacted by Decree N° 444/18, that modified Law N° 5,885 extending the term of the AOM until the successful bidder for the competitive bidding process called for the concession of the service starts operations or until December 31, 2019, whichever occurs first. Consequently, on December 28, 2018 Metrovías and SBASE entered into the third addendum to the AOM, through which: (i) the AOM was extended until the successful bidder for the competitive bidding process called for the concession of the service starts operations or until December 31, 2019, whichever occurred first and Metrovías committed (ii) to cooperate during the transition period in case another company was awarded the bidding process currently in progress; (iii) to put into service the new rolling stock expected to become available during 2019 and (iv) to make the necessary resources available for the opening of Correo Central, Catalinas and Retiro stations in Line E.

On December 23, 2019 SBASE notified Metrovías of the Pre-selection report issued by the Bid Evaluation Committee of the National and International Public Bid No. 212/18, that selected the consortium integrated by Metrovías and BRT for the final round, jointly with the consortium composed of Keolis SA and Helport S.A., with a virtual tie in the technical qualification of both consortia. However, on January 22, 2020, the consortium that integrates Metrovías challenged the Pre-Selection report pursuant to art. 5.13 of the Tender Terms and Conditions, requesting that the Keolis-Helport offer be declared unacceptable and that the offers be re-evaluated taking into account the observations made on the Pre-selection report.

On December 27, 2019, SBASE through Resolution N° 3360/19 and for reasons of pressing need, extended the term of the AOM until the successful bidder for the competitive bidding process called for the concession of the service - pursuant to Article 1 of Law N° 5885 (as modified by Law N° 6102 passed by the Legislature of the City of Buenos Aires - starts operations. Consequently, on December 27, 2019 Metrovías and SBASE entered into a new addendum to the AOM, whose main amendments in terms of management were: (1) the extension of the AOM until the successful bidder for the competitive bidding process called for the concession of the service starts operations and, (2) the commitment of Metrovías to cooperate during the transition period.

In respect of the operator remuneration, according to the AOM, Metrovías receives: (i) the fare paid by the user (Ps. 7.50 until August 2, 2018, Ps. 12.50 from August 3, 2018 to November 19, 2018; Ps. 13.50 from November 20, 2018 to December 14, 2018; Ps. 14.50 from December 15, 2018 to January 14, 2019; Ps. 15.50 from January 15, 2019 to February 14, 2019, Ps. 16.50 from February 15, 2019 to

April 8, 2019 and Ps. 19.00 since April 9, 2019, in every case for contactless cards with discounts as from the 21st day trip and having been discontinued the option to pay in cash), (ii) fees for the charge of travel cards; and (iii) government subsidies in compensation for operating costs that revenues from fares cannot meet. Upon the Ministry of Transport Resolution 77-E/2018, effective February 1, 2018 the Subway fare is included in the Integrated Ticket System applicable in the Buenos Aires metropolitan area, which offers different discounts for passengers using different means of transport over a given time period.

Subsidies are adjusted whenever either party claims an increase or decrease above 7% in operating costs measured based on a baseline cost structure including price indexes representative of such costs, according to the AOM. Any request for cost adjustment submitted by Metrovías must be approved or rejected by SBASE within a 30-business day term. Subsidies must also be adjusted, upon approval by SBASE, if new tasks and activities are required in order to meet the operation and maintenance commitments or in case of changes in the conditions of the baseline cost structure.

Subsidies received by Metrovías in compensation for cost increases are not recorded as sales but are deducted from cost of providing services, administrative expenses and selling expenses and other operating expenses, under the "Adjustment due to higher costs" caption.

Notwithstanding the terms agreed upon, Metrovías expressed in the AOM its reservation of rights in relation to the fact that the execution of the AOM did not purport a waiver or acknowledgment in favor of the Argentine Federal Government regarding the rights acquired by the company through the original concession contract and its related addendum.

Law No. 4,472 expressly excluded the operation of any other collateral services by Metrovías in the Buenos Aires subway system and the Premetro, except for the fees for the recharge of trip cards and/or other devices, which remained as part of the operator's compensation. Despite having claimed the reservation of its rights over such items in various notes and filings before the SBASE, Metrovías discontinued revenue recognition for these services since the fiscal year ended December 31, 2013.

#### Urquiza Railway Concession

Without prejudice of the situation regarding the SBA and Premetro, Metrovías continues operating the Urquiza Railway under the concession agreement executed in 1993. As the contract allowed for a 10-year extension, Metrovías reiterated the petition for extension which had already submitted to the Renegotiation Commission created under National Executive Branch Decree No. 367/16, within the framework of the renegotiation of the concession contract that was being conducted since January 2002. Although the renegotiation of the concession contract was not concluded, on December 18, 2017 the Ministry of Transport passed Resolution 1325-E/2017 whereby: (i) The petition for contract extension submitted by Metrovías was rejected; (ii) the Transport Secretariat and the Transport Planning Secretariat were instructed to establish, jointly with the state-owned Railway Operator (Operadora Ferroviaria Sociedad del Estado, SOFSE), the Railway Infrastructure Administration and the National Commission for Transport Regulation, the terms and conditions for a call for bids for Service Group No. 3 (Urquiza Railway), which must be awarded within a maximum term of 18 (eighteen) months as from the date of that resolution; (iii) operation shall be automatically assigned to SOFSE if there is no awardee upon expiration of the term set in the preceding point; and (iv) Metrovías will continue providing the service for the term stipulated in point (ii). On February 28, 2018, Metrovías challenged said resolution by filing with the Transport Ministry a Motion for Reconsideration and an administrative appeal in the alternative to be heard and disposed of.

On June 18, 2019, the Ministry of Transport passed Resolution 360/2019 whereby the concession term stipulated in the abovementioned Resolution 1325-E/2017 was extended until March 31, 2020 or until the winner of the international bidding process for the construction, operation and maintenance of the Urquiza and Belgrano Norte Railways takes possession of the service, whichever occurs first. The bidding process was called through Decree No 423/2019 issued by the National Executive Branch on June 18, 2019.

In addition, within the framework of Resolution No. 748/12 adopted by the then Ministry of the Interior and Transport (MlyT), the Joint Technical Committee on Follow-up and Redetermination of Costs of the Railway Passenger Transport Concessionaires for the Buenos Aires Metropolitan Area and the Unit for the Renegotiation and Analysis of Public Utility Contracts (UNIREN) completed the analysis of the cost structure required for the management of the Urquiza Railway (the "Operation Account"), which came into effect upon release of the MlyT Resolution 1604/14 dated December 16, 2014. Such resolution approved: (i) a new Operation Account effective July 1, 2014; (ii) a monthly subsidy of Ps. 25.9 million, in March 2014 prices, which did not include the salary increases granted for 2014; (iii) the gradual hiring of personnel and the new operating account to be considered when all the new employees have been hired; (iv) a "Levelling Plan" including "Works & Maintenance Tasks" with an allocation of Ps. 350.1 million and "Necessary Investment Works" with an allocation of Ps. 20.3 million, the completion of which should not exceed 18 months; and (v) the methodology for assessing the concessionaire's own rate, subsidy and/or compensation for operating costs, which allows to adjust the Operation Account whenever there is an increase of over 6% in any of the cost items other than personnel, the assessment of which will occur upon changes arising from collective wage bargaining and/or from the hiring of new employees.

As of the date of issuance of the current financial statements, the monthly subsidy amounts to Ps.159.6 million, effective as of August 2019, according to Resolution 164/19 issued by the Transport Management Secretariat ("SGT") on November 1, 2019.

However, Metrovías filed several notes with the Argentine Federal Government requesting for certain pending restatements to the Operation Account due to (i) certain salary increases between January 2015 and December 2017, (ii) certain one-time expenses, such as an extraordinary bonus for cooperation given by train drivers, training, year-end solidary bonus and early retirement compensations for drivers, as agreed with trade unions during 2016, (iii) the duly authorized hiring of 30 new employees, (iv) salary increases agreed with trade unions on October 2, 2019, (v) salary increases agreed with trade unions on November 28, 2019, (vi) salary increases stipulated by Decree No. 14/2020, issued by the National Executive Branch, for workers in the private sector companies and (vii) certain adjustments in the items, other than personnel, that make up the Operation Account. At the date of these financial statements pending restatements totaled Ps. 343.2 million.

Subsidies received by Metrovías in compensation for cost increases are not recorded as sales but are deducted from cost of providing services, administrative expenses and selling expenses and other operating expenses, under the "Adjustment due to higher costs" caption.

Regarding the "Levelling Plan" set forth in Resolution No. 1604/14, the planned works and tasks could not be performed as foreseen since no mechanism for adjustment of values, nor had budget items to finance works nor specific procedures to file technical documentation and the work progress certificates been established. Consequently, on February 15, 2017, the Resolution No. 60/2017 of the Ministry of Transport resolved: (i) to allocate Ps. 579.6 million (expressed in July 2016 prices) to the Levelling Plan, (ii) to determine an adjustment mechanism, (iii) to approve an administrative cycle and procedure for the approval of works and maintenance tasks, (iv) to approve a certification procedure and (v) to establish a 12-month term for execution, extendable for another 12 months upon the Ministry approval. At the date of issuance of these financial statements, Metrovías had performed all the works included in Resolution 1604/14 for the improvement of images at stations and level crossings as well as the repair of 24 railway cars. In addition, the new construction works for

the amount set by Resolution 60/17 are under negotiation. In connection with these works, the debt of the Argentine Federal Government amounts to Ps. 1.1 million at the date of these financial statements.

#### Other recognitions and / or claims

Without prejudice to the above indicated, Metrovías made several presentations both to the Argentine Federal Government and the Government of the City of Buenos Aires, including those arising from the compensation of higher operating costs incurred between 2008 and 2012 and for the payment of commissions on sales of tickets, which at the date of issuance of these financial statements had not been resolved yet. Therefore, all payments received are considered as preliminary and in advanced payments as envisaged by Law 25,561 and Buenos Aires Law 4,472.

Metrovías also filed other claims with the Argentine Federal Government and/or the Government of the City of Buenos Aires for the lack of recognition and/or nonpayment of outstanding obligations, over which Metrovías has rights under the provisions of both the concession contract and the AOM, in view of the reservation of rights made in the latter.

As mentioned above, the contractual term of the AOM entered into with the Government of the City of Buenos Aires will expire on December 31, 2019, while the concession contract to manage the Urquiza Railway will expire on March 31, 2020 or until the winner of the international bidding process for the construction, operation and maintenance of the Urquiza and Belgrano Norte Railways takes possession of the service, whichever occurs first. Although these factors generate uncertainty as to its ability to continue operating as a going concern, Metrovías has prepared its financial statements using accounting standards that are applicable to a going concern, which do not include the possible effects of the future adjustments or reclassifications, if any, that could be required if the situation described above was not resolved in favor of the continuity of operations of Metrovías.

#### **3.3.3. Agreements on operation of urban passenger railway services**

BRT holds a 95% interest in Corredores Ferroviarios S.A. ("COFESA"), which was engaged in the operation of the urban railway transport service for passengers of the Mitre and San Martín lines from February 2014 until March 2015. COFESA is making the administrative and legal procedures to settle the outstanding liabilities, formalize the transfer of the assets used in the operation, and the rights and obligations pending enforcement and/or settlement regarding the contracts being performed, as well as the works in progress, pending lawsuits and remuneration for management services pending collection. All this will be addressed during the process for computation and settlement of receivables and debts that will form part of the final rendering of accounts, in accordance with the provisions of the pertinent Agreements timely signed.

Through Metrovías, the Company holds a 50% interest in Unidad de Gestión Operativa Ferroviaria de Emergencia S.A. in Liquidation (UGOFE), as well as in Unidad de Gestión Operativa Mitre Sarmiento S.A. in Liquidation (UGOMS). UGOFE operated for account and by order of the Argentine Government the passenger railway services of the San Martín Line from January 2005 to February 2014, and of the General Roca and Belgrano Sur Lines from July 2007 to February 2014. UGOMS operated the passenger railway services of the Sarmiento Line from July 2012 to October 2013, and of the General Mitre Line from July 2012 to February 2014. UGOFE and UGOMS should agree upon with Sociedad Operadora Ferroviaria Sociedad del Estado (SOFSE) the process for the settlement of outstanding liabilities, the formalization of the transfer of assets allocated to the transaction, and the rights and obligations pending exercise and/or settlement as regards the contracts being carried out, as well as regards works, pending lawsuits and compensation for management pending collection, all of which should be handled in the process for liquidation and settlement of receivables and debts that will be part of the final statements of accounts. For such purpose, UGOFE and UGOMS will formalize with SOFSE and the new operators the agreements necessary to determine the procedure to be followed in each case for an organized transfer, and thus comply with the acts resulting from the transition.

On October 8, 2018 the SGT, in connection with the report submitted by UGOFE giving account of expenses incurred in San Martín Line between October 2009 and September 2010, issued Resolution 165/18 by which it: (1) rejected expenses in the amount of Ps. 2.9 million, which had been also previously disallowed by the National Commission for Transport Regulation ("CNRT"), (2) rejected expenses in the amount of Ps. 100.3 million, which had been sent by the CNRT for assessment, and (3) rejected expenses for Ps. 192.4 million, despite being approved by the CNRT, until definitive pronouncement in cases N° 8464/12 "Jaime Ricardo and Others / Caption: Crime of Public Prosecution" and N° 751/2017 "UGOFE / Caption: Infraction of Law N° 24,769".

UGOFE, in order to be able to substantiate an eventual appeal for reconsideration, requested the file on October 12, 2018, which was granted on October 31, 2018 by the Rail Transport Secretariat. On December 4, 2018, UGOFE filed a motion for reconsideration and an appeal with a higher administrative authority in the alternative, requesting the suspension of the case and offering evidence.

On October 18, 2018 the SGT, in connection with the report submitted by UGOFE giving account of expenses incurred in San Martín Line between October 2010 and September 2011, issued Resolution 175/18 by which it: (1) rejected expenses in the amount of Ps. 5.2 million, which had been also previously disallowed by the CNRT, (2) rejected expenses in the amount of Ps. 73.3 million, which had been sent by the CNRT for assessment, and (3) rejected expenses for Ps. 209.3 million, despite being approved by the CNRT, until definitive pronouncement in cases N° 8464/12 "Jaime Ricardo and Others / Caption: Crime of Public Prosecution" and N° 751/2017 "UGOFE / Caption: Infraction of Law N° 24,769".

UGOFE, in order to be able to substantiate an eventual appeal for reconsideration, requested the file on October 29, 2018, which was granted on November 1, 2018. In due time and manner, on December 17, 2018, UGOFE filed a motion for reconsideration and an appeal with a higher administrative authority in the alternative requesting the suspension of the case and offering evidence.

On March 1, 2019 the SGT, in connection with the report submitted by UGOFE giving account of expenses incurred in San Martín Line between October 2011 and September 2012, issued Resolution 35/19 by which it: (1) rejected expenses in the amount of Ps. 6.2 million, which had been also previously disallowed by the CNRT, (2) rejected expenses in the amount of Ps. 19.0 million, which had been sent by the CNRT for assessment by the SGT, and (3) rejected expenses for Ps. 289.2 million, despite being approved by the CNRT, until definitive pronouncement in cases N° 8464/12 "Jaime Ricardo and Others / Caption: Crime of Public Prosecution" and N° 751/2017 "UGOFE / Caption: Infraction of Law N° 24,769". UGOFE, in order to be able to substantiate an eventual appeal for reconsideration, requested the file on March 11, 2019, which was granted on April 10, 2019 by the Rail Transport Sub-Secretariat.

UGOFE liquidators as well as its legal counsels understand that the refusal is baseless. For that reason, UGOFE intends to raise the reconsideration appeal with hierarchy in subsidy, providing all the elements and documentation that supports the execution and the purpose of the rejected expenses.

#### **3.3.4. Other activities related with Transportation**

On June 27, 2018, BRT, forming a joint venture (*unión transitoria* or UT, for its Spanish acronym) with Siemens Mobility S.A., was awarded the bidding called by SBASE for the improvement of the railway electrification system in Subway Lines C and D. Ownership interests in

the joint venture are 63.78% and 36.22%, respectively. In accordance with the requirements set forth in the bidding documents, the term of the UT will expire two years after the final reception of works or when the duties and responsibilities assumed under the contract end, whichever occurs later.

BRT holds a 95% ownership interest in Benito Roggio Ferroindustrial S.A., ("BRF") which operates a railway maintenance and repair workshop located in Juárez Celman (Province of Córdoba) since February 2008, in a plant that was designed and fully constructed by the Company.

BRF provides solutions for the rail industry by performing reconditioning and repair works on cargo railcars, passenger railcars (electric or towed), locomotives, bogies, and other pieces of rolling stock. In addition, BRT and BRF have created a joint venture for the general repair of 78 Nagoya passenger railcars rendering service in Line C of the Buenos Aires subway, after being awarded Lot No 2 in Public Bid No. 148/13 – B, C, D, E, H and Premetro Lines - General Repair of Rolling Stock", called by SBASE.

As to its activities in Brazil, BRT provides technical assistance in operating, technical, commercial and financial matters in different consortiums in which it holds a minority interest:

- Concessionária do VLT Carioca S.A., a consortium that was awarded from the Rio de Janeiro Prefecture the concession for the implementation, operation and maintenance of a light train (VLT or Veículo Leve sobre Trilhos) in the port and central regions of that city.
- Concessionaria do Monotrilho da Linha 18 - Bronze S.A., the consortium that has been awarded the public concession for constructing, equipping, and operating, for a 25- year term, the new São Paulo Metro Line 18, in Brazil, with monorail technology.

### **3.4. Water supply**

BRH holds a 71.98% ownership interest in Aguas Cordobesas S.A. ("ACSA"), which is in charge of the supply, conservation, transportation, distribution and sale of potable water for household, commercial and industrial consumption in the city of Córdoba, Argentine.

The term of the concession, granted by the Province of Cordoba, is thirty years as from May 7, 1997.

Management and technical operations are in charge of an operator, whom ACSA is required to maintain during the concession term, unless otherwise authorized in writing by the concession grantor. BRH is the operator of the concession since December 22, 2006,

The concession area falls within the municipal boundaries of the city of Córdoba. The concessionaire can carry out activities and works outside this area only for the purposes of securing the supply and transportation of potable water for the rendering of the service. In addition, the concessionaire must provide bulk water to certain cities outside the concession area in the same conditions as the Provincial Bureau of Water and Sanitation did.

#### Transfer of ownership

The Government of the Province of Córdoba informed ACSA of its decision to decentralize potable water supply services by transferring them to the respective municipalities, as permitted by Provincial Law N° 7,850, with the provision of Art. 2 ° section b) of Provincial Law No. 8,836, in accordance with Art. 75 of the Constitution of the Province of Cordoba. Within this framework, the Province of Córdoba agreed to transfer to the Municipality of Córdoba the ownership of the existing drinking water supply service within its jurisdiction, in the conditions in which the service currently works, and additionally, the contractual position the former holds in the concession contract for drinking water supply services in the city of Córdoba.

On December 16, 2019, the "Agreement for the transfer of ownership of the Public Drinking Water Supply Services in the city of Córdoba. - Assignment of the Concession Contract for the Public Supply Service (its addenda, appendices and annexes) approved by provincial laws No. 9,279, 9,339 and 9,340" was signed. The agreement would come into effect, in accordance with the provisions of its second clause, upon its approval by the provincial and municipal legislative bodies and the Boards of Directors of ACSA and the Public Utilities Regulatory Agency of the Province of Cordoba (Ente Regulador de Servicios Públicos de la Provincia de Córdoba or "ERSeP"). The Municipality would assume all the rights and obligations arising from the assignment from the date of signing the Service Delivery Act, which would occur within 10 days from the date of the last instrument of approval or ratification. On December 30, 2019, the Province of Córdoba ratified the agreement through Law No. 10,682, published in the Official Gazette of the Province of Córdoba, through which. At the date of issuance of these financial statements, said agreement was also ratified by Municipal Ordinance No. 13,022 / 2020, General Resolution ERSeP No. 1/2020 and the Extraordinary General Shareholders Meeting of ACSA held on January 29, 2020.

### **3.5. Other activities**

The Company also performs other commercial activities and provides services which, jointly with Clisa's own activities, are grouped under "Others and eliminations".

Through BRT and Metronec S.A., the Company holds a 100% interest in Prominente S.A., which provides IT services to corporations in different industries.

### **3.6. Segments Information as of December 31, 2019 and 2018**

The segments are disclosed according to the internal information provided to the Board of Directors of Clisa, which is the main authority in operation making decisions. The operating segments have been determined based on information reviewed by the Board of Directors in order to allocate resources and evaluate its performance.

Described below are the main indicators of each of the segments mentioned above:



**Segments Information as of December 31, 2019**

Item	Construction	Transportation	Waste management	Water supply	Others and eliminations	Total
(In thousands of Pesos)						
Net sales to third parties	20,282,643.0	6,822,692.8	18,090,126.4	3,114,924.9	93,883.9	48,404,271.0
Inter-segment sales	23,901.4	34,535.5	-	-	(58,436.9)	-
Net sales	20,306,544.4	6,857,228.3	18,090,126.4	3,114,924.9	35,447.0	48,404,271.0
Operating income	1,200,522.1	820,200.8	2,414,162.3	(72,137.5)	(290,364.9)	4,072,382.8
Total assets	24,393,699.3	5,491,094.4	19,765,391.8	5,366,151.7	(3,210,575.6)	51,805,761.6
Total liabilities	12,745,476.7	4,134,203.1	12,240,101.1	2,930,481.0	17,255,990.5	49,306,252.4
Additions of property, plant and equipment	840,805.8	4,409.8	1,498,623.6	17,496.2	20,622.5	2,381,957.9
Depreciation of property, plant and equipment	(1,383,984.2)	(26,275.8)	(2,232,741.1)	(26,091.9)	(32,578.1)	(3,701,671.1)
Additions of intangible assets	294.5	-	-	357,359.4	-	357,653.9
Amortization of intangible assets	(7,872.3)	(654.4)	-	(372,341.7)	(3,134.9)	(384,003.3)
Investments in associates and joint arrangements accounted for under the equity method	278,997.5	14,937.9	-	-	4,269.4	298,204.8

**Geographical breakdown of business segments as of December 31, 2019**

	City of Buenos Aires and Greater Buenos Aires	Rest of the country	Abroad	Total
(In thousands of Pesos)				
<b>Construction</b>				
Revenues from contracts with customers	3,551,713.0	7,469,213.0	9,285,618.4	20,306,544.4
Total assets	3,698,190.7	10,788,707.8	9,906,800.8	24,393,699.3
Investments in associates and joint arrangements accounted for under the equity method	204,960.9	36,973.9	37,062.7	278,997.5
Additions of property, plant and equipment	5,781.8	496,602.8	338,421.2	840,805.8
Additions of intangible assets	-	-	294.5	294.5
<b>Transportation</b>				
Revenues from contracts with customers	6,857,228.3	-	-	6,857,228.3
Total assets	4,712,598.6	690,743.3	87,752.5	5,491,094.4
Investments in associates and joint arrangements accounted for under the equity method	155.7	-	14,782.2	14,937.9
Additions of property, plant and equipment	4,409.8	-	-	4,409.8
<b>Waste management</b>				
Revenues from contracts with customers	15,105,129.4	1,859,642.4	1,125,354.6	18,090,126.4
Total assets	17,540,655.2	1,426,775.0	797,961.6	19,765,391.8
Additions of property, plant and equipment	1,408,998.7	66,195.5	23,429.4	1,498,623.6
<b>Water supply</b>				
Revenues from contracts with customers	-	3,114,924.9	-	3,114,924.9
Total assets	-	5,366,151.7	-	5,366,151.7
Additions of property, plant and equipment	-	17,496.2	-	17,496.2
Additions of intangible assets	-	357,359.4	-	357,359.4

**Segments Information as of December 31, 2018**

Item	Construction	Transportation	Waste management	Water supply	Others and eliminations	Total
(In thousands of Pesos)						
Net sales to third parties	21,453,628.1	5,617,206.5	18,215,687.4	3,079,267.6	106,444.6	48,472,234.2
Inter-segment sales	38,023.2	71,338.5	-	-	(109,361.7)	-
Net sales	21,491,651.3	5,688,545.0	18,215,687.4	3,079,267.6	(2,917.1)	48,472,234.2
Operating income	1,834,307.0	230,728.0	2,064,510.2	150,512.0	(159,123.0)	4,120,934.2
Total assets	23,405,116.3	4,577,344.9	18,110,335.3	5,567,297.0	(1,375,507.8)	50,284,585.7
Total liabilities	11,996,971.9	3,934,785.9	10,945,733.7	3,448,796.2	17,606,689.9	47,932,977.6
Additions of property, plant and equipment	589,358.9	60,105.5	1,239,400.5	15,622.2	13,392.8	1,917,879.9
Depreciation of property, plant and equipment	(752,678.0)	(155,030.8)	(2,001,514.9)	(20,813.9)	(12,960.0)	(2,942,997.6)
Additions of intangible assets	19,610.7	8,435.9	-	285,727.4	1,576.0	315,350.0
Amortization of intangible assets	(10,827.6)	(21,124.3)	(54,851.2)	(345,483.0)	(3,633.0)	(435,919.1)
Investments in associates and joint arrangements accounted for under the equity method	501,788.9	15,148.7	-	-	(31,441.1)	485,496.5

**Geographical breakdown of business segments as of December 31, 2018**

	City of Buenos Aires and Greater Buenos Aires	Rest of the country	Abroad	Total
(In thousands of Pesos)				
<b>Construction</b>				
Revenues from contracts with customers	5,282,526.9	11,172,294.4	5,036,830.0	21,491,651.3
Total assets	4,486,773.1	9,955,698.1	8,962,645.1	23,405,116.3
Investments in associates and joint arrangements accounted for under the equity method	376,565.2	64,315.8	60,907.9	501,788.9
Additions of property, plant and equipment	6,069.8	289,008.3	294,280.8	589,358.9
Additions of intangible assets	-	17,704.5	1,906.2	19,610.7
<b>Transportation</b>				
Revenues from contracts with customers	5,688,246.4	-	298.6	5,688,545.0
Total assets	3,932,074.4	556,621.6	88,648.9	4,577,344.9
Investments in associates and joint arrangements accounted for under the equity method	230.8	-	14,917.9	15,148.7
Additions of property, plant and equipment	60,105.5	-	-	60,105.5
Additions of intangible assets	8,435.9	-	-	8,435.9
<b>Waste management</b>				
Revenues from contracts with customers	15,045,525.5	2,067,341.7	1,102,820.2	18,215,687.4
Total assets	16,284,249.6	728,635.1	1,097,450.6	18,110,335.3
Additions of property, plant and equipment	1,144,136.1	72,741.6	22,522.8	1,239,400.5
<b>Water supply</b>				
Revenues from contracts with customers	-	3,079,267.6	-	3,079,267.6
Total assets	-	5,567,297.0	-	5,567,297.0
Additions of property, plant and equipment	-	15,622.2	-	15,622.2
Additions of intangible assets	-	285,727.4	-	285,727.4

#### 4. Cost of providing services

	12/31/2019 In Pesos	12/31/2018 In Pesos
Freight	307,958,707	593,294,555
Subcontracts	5,438,613,509	5,934,949,187
Salaries, wages and social security contributions	17,950,783,599	17,103,568,282
Fees for professional services	444,098,057	346,932,434
Hardware and software services	56,259,865	42,898,588
Taxes, rates and contributions	369,351,021	104,663,476
Depreciation and amortization	3,447,799,359	2,829,862,701
Maintenance expenses	2,072,428,640	2,094,825,084
Rail car expenses	383,974,934	524,993,879
Travel expenses	692,746,354	505,095,573
Insurance	613,942,834	557,981,201
Water and electricity services	1,173,859,968	1,138,063,266
Telephone, internet and communications	44,268,224	38,878,532
Rental	2,513,306,872	2,181,692,045
Stationery and printed material	13,043,299	11,736,889
Adjustment due to higher costs	(6,563,439,620)	(6,767,438,832)
Materials and spare parts	5,970,880,907	6,838,127,691
Security and surveillance	93,384,108	136,750,440
Litigation, insurance claims and penalties	146,344,201	254,315,716
Sundry	429,348,471	408,764,045
<b>Total</b>	<b>35,598,953,309</b>	<b>34,879,954,752</b>

#### 5. Administrative expenses

	12/31/2019 In Pesos	12/31/2018 In Pesos
Subcontracts	443,065,326	448,100,001
Salaries, wages and social security contributions	3,721,926,473	3,852,135,397
Fees for professional services	940,424,776	772,621,558
Bidding expenses	1,301,562	9,073,107
Hardware and software services	47,765,141	28,578,796
Taxes, rates and contributions	595,371,164	966,611,115
Depreciation and amortization	308,491,310	325,683,081
Maintenance expenses	59,278,108	60,011,509
Travel expenses	102,350,844	121,573,895
Insurance	66,135,211	80,124,267
Water and electricity services	9,007,814	14,985,703
Telephone, internet and communications	63,779,643	68,250,568
Rental	60,242,806	66,397,304
Press and media	136,086,775	149,825,320
Stationery and printed material	64,723,672	71,835,024
Adjustment due to higher costs	(1,087,442,942)	(1,307,118,004)
Materials and spare parts	4,102,787	9,966,494
Security and surveillance	9,933,065	12,297,724
Litigation, insurance claims and penalties	5,549,096	6,248,924
Sundry	182,436,074	150,330,711
<b>Total</b>	<b>5,734,528,705</b>	<b>5,907,532,494</b>

## 6. Selling and other operating expenses

	12/31/2019 In Pesos	12/31/2018 In Pesos
Subcontracts	276,653,242	275,509,754
Salaries, wages and social security contributions	3,248,340,972	3,412,849,916
Fees for professional services	19,834,416	50,028,726
Taxes, rates and contributions	605,855,742	752,044,628
Depreciation and amortization	329,383,800	223,370,935
Maintenance expenses	137,226,799	205,194,818
Commissions and fee	105,361,422	89,232,685
Travel expenses	34,087,168	33,524,165
Insurance	106,223,759	108,252,094
Telephone, internet and communications	73,853,203	66,283,564
Rental	10,703,898	263,518,277
Press and media	23,977,956	35,137,860
Stationery and printed material	1,426,311	1,636,711
Adjustment due to higher costs	(2,226,104,348)	(2,353,489,792)
Materials and spare parts	37,569,000	36,699,979
Security and surveillance	5,042,690	9,848,909
Litigation, insurance claims and penalties	420,407,000	441,611,291
Sundry	13,158,816	22,118,613
<b>Total</b>	<b>3,223,001,846</b>	<b>3,673,373,133</b>

## 7. Financial income and expenses

Financial income	12/31/2019 In Pesos	12/31/2018 In Pesos
Interest generated by assets	444,875,699	106,674,265
Foreign currency exchange differences generated by assets	225,358,058	888,294,403
Other financial results	8,344,265	93,328,487
<b>Total</b>	<b>678,578,022</b>	<b>1,088,297,155</b>
Financial expenses	12/31/2019 In Pesos	12/31/2018 In Pesos
Interest generated by liabilities	(2,587,225,145)	(1,999,497,930)
Foreign currency exchange differences generated by liabilities	(1,070,457,090)	(6,102,566,208)
Financial commissions	(17,985,540)	(21,173,301)
Loss due to the effect of inflation on the net monetary position	(1,169,612,127)	(427,973,012)
Other financial expenses	(694,941,937)	(1,010,148,166)
<b>Total</b>	<b>(5,540,221,839)</b>	<b>(9,561,358,617)</b>

## 8. Share of net profit of associates and joint arrangements accounted for under the equity method

	12/31/2019 In Pesos	12/31/2018 In Pesos
Covisur S.A.	5,342,013	(2,950,750)
Polledo S.A.I.C.y F.	1,590,867	3,920,274
Autovía del Mar S.A.	17,123,050	14,898,091
CV1 - Concesionaria Vial S.A.	(195,186,783)	91,998,614
Transportel Patagónica S.A.	(21,574,150)	13,324,747
Joint ventures	8,969,125	50,376,458
Sundry	(2,229,772)	(9,822,847)
<b>Total</b>	<b>(185,965,650)</b>	<b>161,744,587</b>

## 9. Earnings per share

Earnings per share are calculated dividing the net loss for the year attributable to Clisa's shareholders by the average number of outstanding ordinary shares during the year.

	12/31/2019 In Pesos	12/31/2018 In Pesos
Net loss for the year	(2,443,791,394)	(5,895,226,320)
Weighted average common shares outstanding	96,677,524	96,677,524
Basic and diluted losses per share (Ps. per share)	(25.28)	(60.98)

## 10. Property, plant and equipment, net

### (a) For the year ended December 31, 2019

Item	Original Values							Balances as of the end of the year
	Balances as of the beginning of the year	Additions	Deductions	Transfers	Effect of foreign currency translation	Adjustments for revaluation	Impairment (*)	
Heavy machinery and equipment	6,220,394,458	632,235,955	(74,268,548)	6,682,415	(31,075,363)	(228,405,200)	(28,107,189)	6,497,456,528
Vehicles	1,212,847,214	71,139,789	(33,884,284)	(8,784,872)	(15,425,031)	-	-	1,225,892,816
Furniture and fixtures and computer hardware	1,071,715,460	149,257,373	(12,957,194)	1,516,034	7,795,567	-	-	1,217,327,240
Equipment	58,512,015	-	-	-	-	-	-	58,512,015
Real estate	2,696,755,567	54,566,073	(70,675)	(12,209,965)	28,488,332	717,812,969	(622,077)	3,484,720,224
Building improvements	2,735,978,772	1,119,974,980	(133,109,113)	(316,911,366)	-	(555,387,185)	-	2,850,546,088
Minor equipment	3,016,866,416	160,244,678	(70,905,642)	47,302,395	5,655,775	-	-	3,159,163,622
Permanently installed equipment	704,051,730	75,417,893	(5,039,091)	338,127,927	(2,037,632)	-	-	1,110,520,827
Heavy vehicles	926,295,424	100,067,212	(7,415,814)	(2,004,060)	(4,434,952)	(183,844,517)	(15,807,126)	812,856,167
Water treatment plants	14,358,953	-	-	-	-	-	-	14,358,953
Transformers	45,082,238	1,046,463	(298,907)	-	-	(3,426,902)	(314,835)	42,088,057
Rail car improvements	386,443,549	-	-	-	-	-	-	386,443,549
Land	5,645,080,726	12,400,299	-	6,827,940	46,526,166	726,228,428	-	6,437,063,559
Construction in progress	53,957,937	5,607,166	(36,041,542)	(20,028,879)	-	-	-	3,494,682
Others	28,643,661	-	(631,385)	(7,738,476)	-	-	-	20,273,800
<b>Total</b>	<b>24,816,984,120</b>	<b>2,381,957,881</b>	<b>(374,622,195)</b>	<b>32,779,093</b>	<b>35,492,862</b>	<b>472,977,593</b>	<b>(44,851,227)</b>	<b>27,320,718,127</b>

Item	Accumulated depreciation							Net carrying value as of 12/31/2019
	Balances as of the beginning of the year	Deductions	Amount for the year	Transfers	Effect of foreign currency translation	Adjustments for revaluation	Balances as of the end of the year	
Heavy machinery and equipment	-	34,698,821	(1,586,092,851)	-	1,632,777	1,549,761,253	-	6,497,456,528
Vehicles	(946,500,564)	26,596,060	(115,342,790)	11,616,138	6,885,153	-	(1,016,746,003)	209,146,813
Furniture and fixtures and computer hardware	(847,057,687)	9,743,830	(99,099,028)	(1,309,912)	(3,684,580)	-	(941,407,377)	275,919,863
Equipment	(58,512,015)	-	-	-	-	-	(58,512,015)	-
Real estate	(5,381,370)	-	(127,019,643)	5,381,370	4,809,199	122,210,444	-	3,484,720,224
Building improvements	(321,510,108)	23,130,198	(1,223,447,479)	321,510,108	-	1,200,317,281	-	2,850,546,088
Minor equipment	(2,203,885,591)	55,806,891	(233,597,717)	(46,023,128)	(11,775,673)	-	(2,439,475,218)	719,688,404
Permanently installed equipment	(633,618,275)	955,100	(36,459,789)	(322,679,229)	168,752	-	(991,633,441)	118,887,386
Heavy vehicles	-	254,364	(262,913,877)	(1,274,440)	482,771	263,451,182	-	812,856,167
Water treatment plants	(11,487,153)	-	(1,436,800)	-	-	-	(12,923,953)	1,435,000
Transformers	-	-	(16,261,159)	-	-	16,261,159	-	42,088,057
Rail car improvements	(386,443,549)	-	-	-	-	-	(386,443,549)	-
Land	-	-	-	-	-	-	-	6,437,063,559
Construction in progress	-	-	-	-	-	-	-	3,494,682
Others	(20,273,800)	-	-	-	-	-	(20,273,800)	-
<b>Total</b>	<b>(5,434,670,112)</b>	<b>151,185,264</b>	<b>(3,701,671,133)</b>	<b>(32,779,093)</b>	<b>(1,481,601)</b>	<b>3,152,001,319</b>	<b>(5,867,415,356)</b>	<b>21,453,302,771</b>

(\*) Recognized in the Statement of Income.

A detail of leases included in Property, plant and equipment as of December 31, 2019 is disclosed below:

Leases included in:	Balances as of the beginning of the year	Balances as of the end of the year	Additions (*)	Depreciation
Heavy machinery and equipment	302,865,553	464,938,409	315,560,614	(257,323,412)
Vehicles	70,262,211	54,592,296	17,059,518	(16,674,090)
Furniture and fixtures and computer hardware	-	17,961,254	15,011,039	(5,149,203)
Real estate	-	22,869,385	53,800,689	(30,840,603)
Minor equipment	23,014,836	20,209,816	11,515,194	(6,209,566)
Permanently installed equipment	-	41,889,104	57,799,784	(15,910,680)
Heavy vehicles	-	23,685,820	87,314,021	(47,875,756)
<b>Total</b>	<b>396,142,600</b>	<b>646,146,084</b>	<b>558,060,859</b>	<b>(379,983,310)</b>

(\*) Include additions resulting from the adoption of IFRS 16 (see Note 20. e)

**(b) For the year ended December 31, 2018**

Item	Original Values							Balances as of the end of the year
	Balances as of the beginning of the year	Additions	Deductions	Transfers	Effect of foreign currency translation	Adjustments for revaluation	Impairment (*)	
Heavy machinery and equipment	4,801,289,988	304,682,501	(53,325,427)	110,813,586	262,790,645	795,050,379	(907,214)	6,220,394,458
Vehicles	1,846,460,362	107,023,203	(75,658,923)	(723,867,636)	58,890,208	-	-	1,212,847,214
Furniture and fixtures and computer hardware	893,852,574	141,980,311	(24,465,994)	6,925,762	53,422,807	-	-	1,071,715,460
Equipment	58,512,015	-	-	-	-	-	-	58,512,015
Real estate	1,699,446,166	17,989,710	-	80,835,857	205,542,732	692,941,102	-	2,696,755,567
Building improvements	1,458,782,072	853,341,163	(40,147)	2,679,635,539	-	(2,236,724,118)	(19,015,737)	2,735,978,772
Minor equipment	2,922,151,508	200,390,315	(42,713,902)	(235,125,348)	172,163,843	-	-	3,016,866,416
Permanently installed equipment	3,246,664,648	30,899,305	(13,076,697)	(2,560,444,739)	9,213	-	-	704,051,730
Heavy vehicles	-	120,292,171	(10,289,343)	788,643,881	51,201,681	(21,685,628)	(1,867,338)	926,295,424
Water treatment plants	14,358,953	-	-	-	-	-	-	14,358,953
Transformers	-	6,542,224	-	42,119,904	-	(2,597,682)	(982,208)	45,082,238
Rail car improvements	386,443,549	-	-	-	-	-	-	386,443,549
Land	3,197,312,697	-	-	-	435,671,359	2,012,096,670	-	5,645,080,726
Construction in progress	255,101,800	125,234,013	-	(326,922,166)	544,290	-	-	53,957,937
Others	24,416,876	9,505,026	(227,989)	(5,050,252)	-	-	-	28,643,661
<b>Total</b>	<b>20,804,793,208</b>	<b>1,917,879,942</b>	<b>(219,798,422)</b>	<b>(142,435,612)</b>	<b>1,240,236,778</b>	<b>1,239,080,723</b>	<b>(22,772,497)</b>	<b>24,816,984,120</b>

Item	Accumulated depreciation							Net carrying value as of 12/31/2018
	Balances as of the beginning of the year	Deductions	Amount for the year	Transfers	Effect of foreign currency translation	Balances as of the end of the year	Adjustments for revaluation	
Heavy machinery and equipment	-	33,224,793	(1,194,183,166)	(5,136,365)	(9,181,955)	1,175,276,693	-	6,220,394,458
Vehicles	(1,226,388,929)	66,757,088	(123,454,355)	382,573,054	(45,987,422)	-	(946,500,564)	266,346,650
Furniture and fixtures and computer hardware	(649,468,390)	16,895,430	(178,434,581)	(78,359)	(35,971,787)	-	(847,057,687)	224,657,773
Equipment	(58,512,015)	-	-	-	-	-	(58,512,015)	-
Real estate	(5,381,367)	-	(61,889,297)	-	(1,916,579)	63,805,873	(5,381,370)	2,691,374,197
Building improvements	(321,510,108)	-	(906,159,503)	(1,661,354,424)	-	2,567,513,927	(321,510,108)	2,414,468,664
Minor equipment	(1,931,420,187)	30,778,789	(268,239,470)	59,671,784	(94,676,507)	-	(2,203,885,591)	812,980,825
Permanently installed equipment	(2,244,658,825)	16,454,489	(68,430,840)	1,663,016,901	-	-	(633,618,275)	70,433,455
Heavy vehicles	-	18,168	(131,168,782)	(400,586,713)	(2,708,316)	534,445,643	-	926,295,424
Water treatment plants	(10,050,358)	-	(1,436,795)	-	-	-	(11,487,153)	2,871,800
Transformers	-	-	(9,600,783)	(38,105,878)	-	47,706,661	-	45,082,238
Rail car improvements	(386,443,549)	-	-	-	-	-	(386,443,549)	-
Land	-	-	-	-	-	-	-	5,645,080,726
Construction in progress	-	-	-	-	-	-	-	53,957,937
Others	(20,273,800)	-	-	-	-	-	(20,273,800)	8,369,861
<b>Total</b>	<b>(6,854,107,528)</b>	<b>164,128,757</b>	<b>(2,942,997,572)</b>	<b>-</b>	<b>(190,442,566)</b>	<b>4,388,748,797</b>	<b>(5,434,670,112)</b>	<b>19,382,314,008</b>

(\*) Recognized in the Statement of Income

A detail of leases included in Property, plant and equipment as of December 31, 2018 is disclosed below.

Leases included in (*)	Balances as of the beginning of the year	Balances as of the end of the year	Additions	Depreciation
Heavy machinery and equipment	277,003,055	302,865,553	-	(278,604,874)
Vehicles	69,067,148	70,262,211	-	(2,036,182)
Minor equipment	87,048,398	23,014,836	-	(6,060,839)
<b>Total</b>	<b>433,118,601</b>	<b>396,142,600</b>	<b>-</b>	<b>(286,701,895)</b>

(\*) This chart only include leases recorded pursuant to IAS 17 (see Note 2.21)

### (c) Revaluation as of December 31, 2019

Assets recorded under "Heavy machinery and equipment", "Heavy vehicles", "Transformers", "Land", "Buildings" and "Building improvements" are valued through the revaluation model described in the IAS 16.

At the end of the current year, the Company's management revised the valuation of the assets described above, to determine variations between fair values and carrying values, in compliance with current regulations for those using fair value as primary measurement criteria. For this purpose, valuations made by independent external experts have been obtained and approved. Fair values thus obtained implied an increase in the book value of revalued assets of Ps. 3,624,978,912 which is disclosed in the statement of changes in equity, net of the effect of the deferred income tax.

The carrying values that would have been reported as of December 31, 2019 had the revaluation model not been applied are as follows:

	12/31/2019 In Pesos	12/31/2018 In Pesos
Heavy machinery and equipment	2,393,762,666	1,874,360,565
Heavy vehicles	402,081,036	356,764,186
Transformers	4,928,409	8,271,853
Real estate	1,139,894,616	829,886,386
Land	1,058,373,724	898,064,379
Building improvements	1,696,643,571	1,211,466,967
<b>Total</b>	<b>6,695,684,022</b>	<b>5,178,814,336</b>

Total assets revalued comprise a single category under IFRS 13, for the purposes of determining their fair values. For this type of assets, there are no relevant observable data (Level 3), so their valuation was based on the economic value of the assets for the Company according to their use, due to the non-existence of an active, dynamic and representative market of assets in their present condition.

In the case of Heavy machinery and equipment, Heavy vehicles and Transformers, the valuation is made through independent appraisers which assess the fair value of the assets through the identification of the market value of new units of similar characteristics and considering the use and remaining useful life of the assets in question, as well as the improvements made to them.

In regards to Real Estate, Land and Building improvements, reports from independent appraisers - which applied valuation techniques based on the location, existing constructions, preservation conditions and remaining useful life of buildings and improvements, possibility of access, the benefit of potential improvements made, among other factors - were used.

The Company estimates that, if the rest of the factors remains constant, a 10% appreciation/depreciation of the US dollar against the Argentine peso at closing date would decrease/increase the book value of revalued assets in the amount of Ps. 991.9 million before taxes. Likewise, a 10% increase in the consumer price index, the rest of the factors remaining constant, would result in a Ps. 547.0 million increase in the book value of revalued assets.

### 11. Goodwill

	12/31/2019 In Pesos	12/31/2018 In Pesos
<b>Opening balances, net</b>	585,084,600	461,279,643
Effect of foreign currency translation	30,166,907	137,085,905
Impairment (*)	-	(13,280,948)
<b>Closing balances, net</b>	<b>615,251,507</b>	<b>585,084,600</b>

(\*) See note 3.3.2.

To assess the recoverability of acquired goodwill, goodwill has been allocated to each acquired investment, since each of these companies is deemed to be a cash generating unit. The recoverable amount of each cash generating unit is determined based on the calculations of the value in use. These calculations use discounted cash flow projections based on financial budgets approved by management.

The changes for the year of each goodwill assigned at each operating segment are presented below:

**(a) For the year ended December 31, 2019**

	<b>Construction (Peru)</b>	<b>Transportation</b>	<b>Others</b>	<b>Total</b>
Opening balances	570,859,502	-	14,225,098	585,084,600
Effect of foreign currency translation	30,166,907	-	-	30,166,907
<b>Balances as of 12/31/2019</b>	<b>601,026,409</b>	<b>-</b>	<b>14,225,098</b>	<b>615,251,507</b>

**(b) For the year ended December 31, 2018**

	<b>Construction (Peru)</b>	<b>Transportation</b>	<b>Others</b>	<b>Total</b>
Opening balances	433,773,597	13,280,948	14,225,098	461,279,643
Effect of foreign currency translation	137,085,905	-	-	137,085,905
Impairment	-	(13,280,948)	-	(13,280,948)
<b>Balances as of 12/31/2018</b>	<b>570,859,502</b>	<b>-</b>	<b>14,225,098</b>	<b>585,084,600</b>

**12. Intangible assets other than Goodwill**

**a) For the year ended December 31, 2019**

Item	Original values					Balances as of the end of the year
	Balances as of the beginning of the year	Additions	Deductions	Transfers	Effect of foreign currency translation	
Biogas capture and treatment	164,018,378	-	(164,018,378)	-	-	-
Concession rights	7,112,700,159	357,304,609	(43,418)	-	-	7,469,961,350
Assistance contract	189,044,691	-	(189,044,691)	-	-	-
Software	215,462,311	349,308	(3,499,737)	-	6,869,121	219,181,003
Other intangible assets	16,252,639	-	(14,087,274)	-	114,428	2,279,793
<b>Total</b>	<b>7,697,478,178</b>	<b>357,653,917</b>	<b>(370,693,498)</b>	<b>-</b>	<b>6,983,549</b>	<b>7,691,422,146</b>

Item	Accumulated amortization					Net carrying value as of 12/31/2019
	Balances as of the beginning of the year	Deductions	Amount for the year	Effect of foreign currency translation	Balances as of the end of the year	
Biogas capture and treatment	(164,018,378)	164,018,378	-	-	-	-
Concession rights	(3,983,066,198)	44,595	(372,340,627)	-	(4,355,362,230)	3,114,599,120
Assistance contract	(189,044,691)	189,044,691	-	-	-	-
Software	(188,672,005)	3,499,737	(11,662,709)	(6,666,315)	(203,501,292)	15,679,711
Other intangible assets	(8,806,194)	6,640,828	-	(114,427)	(2,279,793)	-
<b>Total</b>	<b>(4,533,607,466)</b>	<b>363,248,229</b>	<b>(384,003,336)</b>	<b>(6,780,742)</b>	<b>(4,561,143,315)</b>	<b>3,130,278,831</b>

**b) For the year ended December 31, 2018**

Item	Original values					Balances as of the end of the year
	Balances as of the beginning of the year	Additions	Deductions	Transfers	Effect of foreign currency translation	
Biogas capture and treatment	164,018,378	-	-	-	-	164,018,378
Concession rights	6,820,315,369	292,478,628	(93,838)	-	-	7,112,700,159
Assistance contract	189,044,691	-	-	-	-	189,044,691
Software	180,235,900	22,127,837	(5,432,116)	8,404	18,522,286	215,462,311
Other intangible assets	14,997,536	743,517	-	(8,404)	519,990	16,252,639
<b>Total</b>	<b>7,368,611,874</b>	<b>315,349,982</b>	<b>(5,525,954)</b>	<b>-</b>	<b>19,042,276</b>	<b>7,697,478,178</b>

Item	Accumulated amortization					Net carrying value as of 12/31/2018
	Balances as of the beginning of the year	Deductions	Amount for the year	Effect of foreign currency translation	Balances as of the end of the year	
Biogas capture and treatment	(113,628,319)	-	(50,390,059)	-	(164,018,378)	-
Concession rights	(3,623,132,884)	93,838	(360,027,152)	-	(3,983,066,198)	3,129,633,961
Assistance contract	(189,044,691)	-	-	-	(189,044,691)	-
Software	(152,166,466)	5,432,116	(25,169,893)	(16,767,762)	(188,672,005)	26,790,306
Other intangible assets	(7,954,163)	-	(332,041)	(519,990)	(8,806,194)	7,446,445
<b>Total</b>	<b>(4,085,926,523)</b>	<b>5,525,954</b>	<b>(435,919,145)</b>	<b>(17,287,752)</b>	<b>(4,533,607,466)</b>	<b>3,163,870,712</b>



### 13. Investments in associates and joint arrangements accounted for under the equity method

Associate	Ownership percentage (1)	12/31/2019 In Pesos	12/31/2018 In Pesos
CV1 - Concesionaria Vial S.A.	51.00%	65,066,304	260,253,087
Transportel Patagónica S.A.	45.00%	36,873,932	64,173,154
Tranelpa S.A. de Inversión	42.12%	584,145	820,631
Autovía del Mar S.A.	26.67%	108,602,249	90,501,614
Concesionaria Do VLT Carioca S.A.	2.00%	9,424,173	9,510,727
Concesionaria do Monotrilho da Linha 18 – Bronze S.A.	1.00%	5,358,000	5,407,209
Covisur S.A.	25.00%	31,667,992	26,325,979
Sundry	-	40,627,989	28,504,124
<b>Total</b>		<b>298,204,784</b>	<b>485,496,525</b>

(1) It is the ownership percentage held by CLISA or the pertinent subsidiary of CLISA.

In applying the equity method, the Company used the financial statements of its associates as of December 31, 2019, except for CV1 - Concesionaria Vial S.A., for which financial statements as of October 31, 2019 were used. The pertinent adjustments were made on the financial statements to show the effects of the transactions and significant events that took place between the dates referred to in the financial statements of this associate until December 31, 2019.

A detail of selected financial information of the main associates as of December 31, 2019 and 2018 is disclosed below:

#### (c) As of December 31, 2019

Associates	12/31/2019 In Pesos	Issuer information						Revenues from contracts with customers	Net income /(loss) for the year
		Date	Current Assets	Non- Current Assets	Current Liabilities	Non-Current Liabilities			
Polledo S.A.I.C. y F.	-	12/31/2019	164,493	104,393,841	2,525,924	191,385,200	-	3,444,993	
CV1 - Concesionaria Vial S.A.	65,066,304	10/31/2019	316,331,020	108,158	108,806,054	80,052,136	1,439,848	(59,306,060)	
Transportel Patagónica S.A.	36,873,932	12/31/2019	165,000,391	15,108,899	98,167,218	-	263,650,847	(48,309,449)	
Tranelpa S.A. de Inversión	584,145	12/31/2019	3,377	1,422,777	39,294	-	-	(248,673)	
Autovía del Mar S.A.	108,602,249	12/31/2019	1,830,350,997	23,297,846	1,416,318,857	30,071,551	1,438,702,734	10,469,251	
Covisur S.A.	31,667,992	12/31/2019	145,551,634	18,052,308	23,590,825	13,341,148	37,785,330	17,585,761	
Concesionaria Do VLT Carioca S.A.	9,424,173								
Concesionaria do Monotrilho da Linha 18 – Bronze S.A.	5,358,000								
Sundry	40,627,989								
<b>Total</b>	<b>298,204,784</b>								

#### (d) As of December 31, 2018

Associates	12/31/2018 In Pesos	Issuer information						Revenues from contracts with customers	Net income (loss) for the year
		Date	Current Assets	Non- Current Assets	Current Liabilities	Non-Current Liabilities			
Polledo S.A.I.C. y F.	-	12/31/2018	305,622	115,769,542	2,994,768	206,466,095	-	8,489,274	
CV1 - Concesionaria Vial S.A.	260,253,087	10/31/2018	853,094,529	22,838,976	446,343,219	56,716,597	1,051,595,586	59,617,054	
Transportel Patagónica S.A.	64,173,154	12/31/2018	286,785,631	1,818,550	141,691,087	3,741,682	827,410,609	29,458,536	
Tranelpa S.A. de Inversión	820,631	12/31/2018	28,504	1,980,529	60,716	-	-	(439,259)	
Autovia del Mar S.A.	90,501,614	12/31/2018	2,199,836,437	193,966,945	1,964,417,068	79,529,406	3,213,549,980	4,207,767	
Covisur S.A.	26,325,979	12/31/2018	163,752,863	15,038,391	52,511,212	20,976,125	31,410,781	3,882,418	
Concessionaria Do VLT Carioca S.A.	9,510,727								
Concessionaria do Monotrilho da Linha 18 – Bronze S.A.	5,407,209								
Sundry	28,504,124								
<b>Total</b>	<b>485,496,525</b>								

The following chart presents the evolution of investments in associates as of December 31, 2019 and 2018:

	12/31/2019 In Pesos	12/31/2018 In Pesos
<b>Opening balance</b>	485,496,525	383,906,353
Net gain in associates	(187,556,515)	157,824,313
Others	264,774	(56,234,141)
<b>Closing balance</b>	<b>298,204,784</b>	<b>485,496,525</b>

**14. Other receivables**

	<b>12/31/2019</b> <b>In Pesos</b>	<b>12/31/2018</b> <b>In Pesos</b>
<b>Non-Current</b>		
Related companies (Note 25)	80,583,561	46,086,109
Documented	3,760,555	5,784,952
Tax	397,369,902	181,507,362
Deposits in court	1,330,089	1,339,793
Works in progress on behalf of the grantor of the concession	120,721,214	118,230,466
Prepaid expenses	301,982,441	589,825,457
Advances to suppliers	15,649,469	-
Other receivables in joint ventures	310,809,891	293,188,110
Sundry	107,263,500	246,500,164
Allowances for other receivables	(160,341,875)	(185,100,794)
<b>Total</b>	<b>1,179,128,747</b>	<b>1,297,361,619</b>
	<b>12/31/2019</b> <b>In Pesos</b>	<b>12/31/2018</b> <b>In Pesos</b>
<b>Current</b>		
Related companies (Note 25)	338,066,529	521,138,019
Tax	1,273,461,991	1,112,017,639
Seized funds	14,386,068	15,302,438
Works in progress on behalf of the grantor of the concession	87,627,725	87,813,299
Recoverable expenses	63,342,627	144,793,733
Dividends receivable	-	3,845,810
Prepaid expenses	489,561,439	509,852,174
Advances to suppliers	431,173,331	552,310,431
Receivables for hedging instruments	-	158,051,256
Guarantee deposits	134,614,961	137,532,550
Receivable with trust for deferred maintenance	2,374,641	3,652,967
Sundry	265,280,698	384,930,240
Sundry in joint ventures	115,644,543	264,849,042
Allowances for other receivables	(15,945,240)	(21,106,841)
<b>Total</b>	<b>3,199,589,313</b>	<b>3,874,982,757</b>

Changes occurred during the year in allowances for other receivables are disclosed in Note 21.

**15. Trade receivables**

	<b>12/31/2019</b> <b>In Pesos</b>	<b>12/31/2018</b> <b>In Pesos</b>
<b>Non-Current</b>		
Notes receivable	127,026	256,156
Certificates receivable	433,236,541	-
Trade receivables	421,078,142	759,481,588
Allowance for doubtful accounts	(279,597,000)	(318,514,604)
<b>Total</b>	<b>574,844,709</b>	<b>441,223,140</b>
<b>Current</b>		
Trade receivables from related companies (Note 25)	472,795,505	708,000,435
Notes receivable	3,703,556	8,054,012
Deferred checks receivable	975,917,506	334,997,887
Certificates receivable	5,338,292,867	6,020,333,581
Receivables in litigation	1,012,984	1,558,236
Trade receivables	7,953,314,911	7,428,911,233
Retainage	262,029,380	70,700,789
Court agreements receivable	47,839,792	-
Allowance for doubtful accounts	(239,994,139)	(129,075,703)
Sundry	376,370	1,859,886
<b>Total</b>	<b>14,815,288,732</b>	<b>14,445,340,356</b>

As of December 31, 2019, the fair value of trade receivables was approximately Ps. 14,275 million

Trade receivables aging is disclosed in the following table:

	12/31/2019 In Pesos	12/31/2018 In Pesos
Up to three months	1,722,248,938	2,189,866,022
Three to six months	331,652,961	184,887,640
Six to nine months	436,834,344	55,236,742
Nine to twelve months	123,822,229	37,498,119
Over one year	471,680,020	527,151,608
<b>Total</b>	<b>3,086,238,492</b>	<b>2,994,640,131</b>

Changes occurred during the year in allowances for doubtful accounts are disclosed in Note 21.

#### 16. Inventories

	12/31/2019 In Pesos	12/31/2018 In Pesos
Materials and spare parts	1,941,780,360	1,790,101,068
Advance payments for materials, spare parts and supplies	51,963,050	37,092,098
Allowance for inventory obsolescence (Note 21)	(319,484,984)	(390,760,416)
Construction in progress	239,024,272	170,064,342
<b>Total</b>	<b>1,913,282,698</b>	<b>1,606,497,092</b>

#### 17. Other investments

	12/31/2019 In Pesos	12/31/2018 In Pesos
<b>Current</b>		
Government bonds	48,193,528	1,809,095
Other financial investments	90,100,988	111,099,112
<b>Total</b>	<b>138,294,516</b>	<b>112,908,207</b>

#### 18. Cash and cash equivalents

	12/31/2019 In Pesos	12/31/2018 In Pesos
Cash and banks	1,490,749,528	940,640,907
Investments equivalents to cash	1,596,554,222	2,460,812,193
Specific allocation funds	244,687,848	647,070,495
<b>Total</b>	<b>3,331,991,598</b>	<b>4,048,523,595</b>

#### 19. Bank and financial debts

	12/31/2019 In Pesos	12/31/2018 In Pesos
<b>Non-Current</b>		
Loans	722,968,694	1,211,067,829
Leases (Note 20) (*)	86,993,403	75,191,358
Corporate bonds	17,950,137,965	16,489,733,747
Other bank and financial debts	427,997	1,525,722
<b>Subtotal</b>	<b>18,760,528,059</b>	<b>17,777,518,656</b>
Self-liquidating debts	433,236,540	224,493,281
<b>Total</b>	<b>19,193,764,599</b>	<b>18,002,011,937</b>
<b>Current</b>		
Loans	1,772,897,099	1,624,698,603
Leases (Note 20) (*)	289,233,942	73,106,829
Overdraft	714,648,677	249,818,126
Corporate bonds	877,422,561	1,863,331,565
Other bank and financial debts	563,813	69,844,732
<b>Subtotal</b>	<b>3,654,766,092</b>	<b>3,880,799,855</b>
Self-liquidating debts	3,451,193,966	2,166,844,044
<b>Total</b>	<b>7,105,960,058</b>	<b>6,047,643,899</b>

(\*) During the current year, this caption presents a Ps. 546,545,664 increase that correspond to the amount of principal of the leases incorporated due to the application of IFRS 16.

The book value of bank and financial debts is substantially similar to their fair value.

<b>Bank and financial debts per rate</b>	<b>12/31/2019 In Pesos</b>	<b>12/31/2018 In Pesos</b>
No rate applicable	35,754,255	22,537,354
Fixed rate	14,327,974,143	11,177,309,591
Variable rate	1,269,945,341	880,579,404
<b>Total</b>	<b>15,633,673,739</b>	<b>12,080,426,349</b>

<b>Bank and financial debts per currency</b>	<b>12/31/2019 In Pesos</b>	<b>12/31/2018 In Pesos</b>
In Argentine Pesos	2,669,472,468	2,696,880,052
In U.S.\$	12,195,826,425	8,845,289,417
In Nuevos Soles	23,624,653	147,914,738
In Chilean Pesos	111,781,348	14,517,759
In Euros	201,910,175	97,553,472
In Guaraníes	431,058,670	278,199,238
<b>Total</b>	<b>15,633,673,739</b>	<b>12,080,426,349</b>

<b>Reconciliation of bank and financial debt</b>	<b>12/31/2019 In Pesos</b>	<b>12/31/2018 In Pesos</b>
Changes in debt according to the Consolidated Cash Flow Statement	2,052,888,798	1,633,089,296
Changes in debt due to interest accrued, net of interest paid	(1,523,162,678)	(1,541,120,337)
Increase in debt due to changes in foreign exchange rate	1,834,413,544	8,201,142,136
Increase in debt due to purchases of property, plant and equipment by means of Leases	226,988,619	-
Currency translation differences	96,095,428	434,593,363
<b>Total</b>	<b>2,687,223,711</b>	<b>8,727,704,458</b>

#### Clisa - Series 4 Notes

On October 15, 2014, Clisa issued Series No. 4 Notes under the Global Issue Programme authorized by the CNV of up to U.S.\$ 300,000,000 (the "Series 4 Notes"). The Series 4 Notes were guaranteed by BRH and Cliba Ingeniería Ambiental S.A., accrued interest at a nominal annual rate of 11.5%, payable semi-annually and matured on October 15, 2019. On the maturity date, Clisa paid in cash 100% of the Series 4 Notes outstanding balance, in the amount of U.S.\$ 17,601,148.

#### Clisa - Issuance of Notes for U.S.\$ 300,000,000

On July 6, 2016, the CNV authorized the public offering of non-convertible notes in an aggregate principal amount of up to U.S. \$ 300,000,000, pursuant to Resolution No. 18,109 (the "Existing Notes").

On July 20, 2016, Clisa issued U.S.\$ 200,000,000 in aggregate principal amount of Existing Notes due 2023. The Existing Notes were offered to any person in Argentina and to qualified institutional buyers pursuant to Rule 144A under the U.S. Securities Act of 1933, as amended, and persons outside the United States of America in reliance on Regulation S of the U.S. Securities Act of 1933, as amended. Issue price was 98.753%. The Existing Notes accrue interest at a nominal annual rate of 9.5% payable semi-annually, will mature on July 20, 2023 and are guaranteed by BRH and Cliba Ingeniería Urbana S.A. Clisa used a majority of the net proceeds of this offering for debt refinancing, including, but not limited to, the purchase of Series 4 Notes. The remaining net proceeds were applied to bank and financial debt refinancing, to working capital requirements in Argentina and to make capital contributions into Clisa's subsidiaries or associates.

On February 10, 2017, Clisa issued U.S.\$ 100,000,000 in aggregate principal amount of Existing Notes, representing an additional issuance of the Clisa's Existing Notes. The issue price was 98.580%. The additional Existing Notes have identical terms and conditions as the Existing Notes, other than the issue date and issue price, and were consolidated and formed a single class and are fungible with the Existing Notes. The net proceeds of this issuance were applied to bank and financial debt refinancing, to working capital requirements in Argentina and to make capital contributions into Clisa's subsidiaries.

On June 7, 2018, Clisa entered into a hedging contract with Banco Santander Río in order to protect against fluctuations in foreign exchange rates that may affect the interest payment on the Notes due on January 20, 2019. This derivative financial instrument was initially recorded in Other comprehensive income, since it was considered to be a cash flow hedge. The amounts so reported were reclassified to Other financial results in the statement of income, for the portion in which the hedged item affected the income for the year ended 31 December, 2018.

As of December 31, 2019, the aggregate principal amount outstanding of the Existing Notes was U.S.\$ 300,000,000.

#### Clisa - Exchange Offer and Issuance of new Senior Notes

On December 13, 2019 Clisa announced (i) an offer to exchange any and all of the outstanding Existing Notes (the "Exchange Offer") for 9.5% Senior Secured Notes due 2023 (the "New Notes") to be issued by Clisa, pursuant to CNV's Resolution No. 20,596 dated December 6, 2019; and (ii) related consent solicitation according to which it solicited from holders of the Existing Notes consents to certain proposed amendments to the terms and conditions of the Existing Notes (the "Proposed Amendments").

On January 14, 2020 Clisa announced the final results of the Exchange Offer and reported that U.S.\$ 270,040,000 in aggregate principal amount of the Existing Notes, or approximately 90.01% of the outstanding Existing Notes, had been validly tendered for exchange pursuant to the Exchange Offer, with related consents delivered pursuant to the Consent Solicitation, and accepted by Clisa.

On January 17, 2020 holders of U.S.\$ 270,040,000 in aggregate principal amount of Existing Notes, that represented approximately 90.01% of the outstanding Existing Notes, approved the Proposed Amendments in an extraordinary meeting.

Also on January 17, 2020 Clisa issued U.S.\$ 270,040,000 in aggregate principal amount of New Notes. Therefore, the outstanding principal amount of the Existing Notes after the Exchange is U.S.\$ 29,960,000.

The New Notes accrue interest at a nominal annual rate of 9.50% payable semi-annually in arrears, will mature on July 20, 2023 and are guaranteed by BRH and Cliba Ingeniería Urbana S.A. The New Notes are secured by a first priority share pledge (*prenda en primer grado de prelación y privilegio*) over 100% of the shares of Tecsan.

Pursuant to the terms and conditions of the New Notes, at the sole discretion of Clisa, up to 100% of the interest due for the interest periods ending on or prior to January 20, 2021, may be paid in kind, in which case (i) interest will accrue at a rate of 11.50% per year for the periods and for the portion of interest with regards to which the election is made by Clisa and (ii) Clisa shall issue to each holder of New Notes additional New Notes in a principal amount equal to the accrued interest on such holder's then outstanding New Notes and due on such interest payment date.

#### Benito Roggio Construcciones y Concesiones S.A.C. - Issuance of Senior Secured Notes

On October 7, 2019, Benito Roggio Construcciones y Concesiones S.A.C. ("BRCC"), a subsidiary organized under the laws of the Republic of Peru, executed a private placement transaction that involves the issuance of up to U.S.\$ 27,000,000 aggregate principal amount of senior secured notes due October 2022, with a nominal annual interest rate of 9.5% payable quarterly (the "BRCC Notes"). The proceeds thereof are intended to be used to finance capital expenditures in the Company's waste management division and to repay certain financial obligations, including CLISA's Series 4 Notes. As of December 31, 2019 the BRCC Notes outstanding balance was U.S.\$ 12,900,000.

On January 14, 2020 BRCC issued the second tranche of the BRCC Notes in the amount of U.S.\$ 14,100,000. Therefore, as of the date of these financial statements the BRCC Notes outstanding balance was U.S.\$ 27,000,000.

## **20. Leases**

Described below are financial lease contracts outstanding at December 31, 2019 and December 31, 2018 and the present value of minimum lease payments grouped by lessor.

### **(a) As of December 31, 2019**

<b>Lessor</b>	<b>Object of the contract</b>	<b>Amount of leases</b>	<b>Present value of minimum payments In Pesos</b>
BBVA Banco Continental	Vehicles	1	1,295,134
Santander Chile	Vehicles	1	1,451,075
Santander Chile	Machinery and equipment	3	2,596,181
Santander Chile	Minor equipment	1	2,107,394
Manuel Enrique Lorenzo	Real estate	1	4,264,000
John Deere	Heavy machinery and equipment	10	55,025,095
Escandinavia del Plata	Heavy machinery and equipment	1	5,366,611
CGM Leasing	Heavy machinery and equipment	2	25,136,780
Corporate	Road machinery	3	10,664,060
MSM Leasing	Heavy machinery and equipment	22	25,985,864
Alequip	Road machinery	10	105,291,469
Eduardo Mario Kassab	Real estate	1	647,636
Juan Jose Chiaravalle	Real estate	1	337,544
Rodolfo Edgardo Zazzini	Real estate	1	177,067
Marcelo Leonardo Montepaone	Real estate	1	699,578
Rillo SAC	Furniture and fixtures	1	7,619,516
Sociedad de Inversiones y Ayllu Ltda.	Furniture and fixtures	1	4,083,312
ABS Ingeniería SA	Furniture and fixtures	1	367,352
Caterpillar Financial Services	Machinery and equipment	13	26,730,661
Gran Valle Negocios SA	Permanently installed equipment	1	27,467,433
P. Portero – C. Portero – F. Gracia S.H.	Permanently installed equipment	1	8,676,488
Jose Sobrado	Permanently installed equipment	1	565,622
María Isabel Abramidis	Permanently installed equipment	1	201,906
Marina Silvana Penesis	Permanently installed equipment	1	378,229

Jorge Rosario Lodeiro Rodriguez	Permanently installed equipment	1	673,469
Librería Huelmul S.A.	Permanently installed equipment	1	2,101,908
Yohama Francisco García	Permanently installed equipment	1	1,378,544
Lidia Graciela Mariorano	Permanently installed equipment	1	370,521
Río Volga S.A.	Permanently installed equipment	1	584,226
Don Lelio S.A.	Permanently installed equipment	1	282,126
Jorge Marseillan S.A.C.I.F.I.A.	Real Estate	1	3,537,006
HP Financial Leasing	Computer hardware	1	10,490,936
HP Financial Services Argentina S.R.L.	Computer hardware	2	26,466,048
Other lessors	Real Estate	12	13,206,554
<b>Total</b>			<b>376,227,345</b>

**(b) As of December 31, 2018**

<b>Lessor</b>	<b>Object of the contract</b>	<b>Amount of leases</b>	<b>Present value of minimum payments In Pesos</b>
Banco de Crédito del Perú	Vehicles	2	479,680
Banco Interamericano de Finanzas	Machinery and equipment	1	774,555
Interbank	Machinery and equipment	4	1,336,051
BBVA Banco Continental	Vehicles	1	15,388,035
Santander Chile	Vehicles	1	5,742,037
Santander Chile	Machinery and equipment	3	6,315,206
Santander Chile	Minor equipment	1	5,218,607
Caterpillar Financial Services	Machinery and equipment	13	71,061,775
Mercedes Benz Compañía Financiera Arg. S.A.	Vehicles	3	409,062
HP Financial Leasing	Computer hardware	1	15,742,883
HP Financial Services Argentina S.R.L.	Computer hardware	6	25,830,296
<b>Total</b>			<b>148,298,187</b>

	<b>12/31/2019 In Pesos</b>	<b>12/31/2018 In Pesos</b>
Nominal value – Minimum payments of leases		
Up to a year	310,408,817	99,288,669
From one to five years	97,180,350	92,037,079
<b>Total</b>	<b>407,589,167</b>	<b>191,325,748</b>
Financial charges to accrue	(31,361,822)	(43,027,561)
<b>Total debt for financial leases</b>	<b>376,227,345</b>	<b>148,298,187</b>

Present value of financial leases is the following:

	<b>12/31/2019 In Pesos</b>	<b>12/31/2018 In Pesos</b>
Present value – Minimum payments of financial leases		
Up to a year	289,233,942	73,106,829
From one to five years	86,993,403	75,191,358
<b>Total</b>	<b>376,227,345</b>	<b>148,298,187</b>

**(c) Amount of Leases recognized in the Consolidated Balance Sheet**

The total amount of leases recognized in the Consolidated Balance Sheet is disclosed in Note 10 – Property, plant and equipment

**(d) Amount of Leases recognized in the Consolidated Statement of Income**

	<b>12/31/2019 In Pesos</b>	<b>12/31/2018 In Pesos</b>
Depreciation	379,983,310	286,701,895
Interest generated by liabilities	60,130,855	52,644,419
Foreign currency exchange differences generated by liabilities	71,665,560	-
Expenses in connection with leases that do not involve the right to use an asset, disclosed in Cost of providing services	2,513,306,872	2,181,692,045

Expenses in connection with leases that do not involve the right to use an asset, disclosed in Administrative expenses	60,242,806	66,397,304
Expenses in connection with leases that do not involve the right to use an asset, disclosed in Selling and other operating expenses	10,703,898	263,518,277

**(e) Reconciliation of leases at the beginning of the year**

Leases included in:	Leases as of 12/31/2018 pursuant to IAS 17	Incorporation of Leases pursuant to IFRS 16	Leases as of 01/01/2019 pursuant to IFRS 16
Heavy machinery and equipment	302,865,553	315,560,613	618,426,166
Heavy vehicles	-	87,314,021	87,314,021
Vehicles	70,262,211	17,059,518	87,321,729
Real estate	-	53,800,689	53,800,689
Permanently installed equipment	-	57,799,784	57,799,784
Furniture and fixtures and computer hardware	-	15,011,039	15,011,039
Minor equipment	23,014,836	-	23,014,836
<b>Total</b>	<b>396,142,600</b>	<b>546,545,664</b>	<b>942,688,264</b>

**21. Allowances and provisions for contingencies**

**(a) For the year ended December 31, 2019**

Description	Balances as of the beginning of the year	Increases	Applications	Decreases	Loss due to the effect of inflation	Effect of foreign currency translation	Balances as of the end of the year
Allowance for doubtful accounts	447,590,307	345,757,299	(72,513,247)	(31,739,666)	(175,270,636)	5,767,082	519,591,139
Allowance for other receivables	206,207,635	329,376	(1,504,723)	-	(14,278,431)	(14,466,742)	176,287,115
Allowance for inventory obsolescence	390,760,416	-	(70,412,905)	-	(862,527)	-	319,484,984
Allowance for investment losses	821,948	-	-	-	(287,632)	-	534,316
Provisions for contingencies	967,874,439	671,882,492	(316,022,686)	(6,682,387)	(402,135,855)	-	914,916,003

**(b) For the year ended December 31, 2018**

Description	Balances as of the beginning of the year	Increases	Applications	Decreases	Loss due to the effect of inflation	Effect of foreign currency translation	Balances as of the end of the year
Allowance for doubtful accounts	510,492,320	195,564,878	(75,358,671)	(236,891)	(189,244,458)	6,373,129	447,590,307
Allowance for other receivables	188,593,288	1,818,217	-	-	(61,273,899)	77,070,029	206,207,635
Allowance for inventory obsolescence	235,759,572	242,498,559	-	-	(87,497,715)	-	390,760,416
Allowance for investment losses	1,213,570	-	-	-	(391,622)	-	821,948
Provisions for contingencies	1,081,253,472	695,053,309	(388,877,272)	(5,222,907)	(414,332,163)	-	967,874,439

**22. Other liabilities**

	12/31/2019 In Pesos	12/31/2018 In Pesos
<b>Non-Current</b>		
Debts with related parties (Note 25)	2,186,188	3,363,066
Services to be rendered and pending works	1,550,163,000	1,831,708,562
Payments in advance from customers	463,552,981	327,482,725
Investments with negative equity	41,520,258	43,124,709
Salaries and social security contributions payable	257,527,964	471,402,759
Tax payables	365,577,167	857,826,521
Sundry debts	258,104,610	260,751,636
<b>Total</b>	<b>2,938,632,168</b>	<b>3,795,659,978</b>
<b>Current</b>		
Debts with related parties (Note 25)	24,709,782	44,520,240
Services to be rendered and pending works	309,556,304	148,559,621
Retained court attachments payable	22,045,607	22,104,936
Out of court Settlements payable	8,378,000	11,046,705

Payments in advance from customers	1,494,801,461	1,752,031,087
Provision for costs of the year	90,255,474	129,061,310
Income advances	146,070,583	198,866,950
Salaries and social security contributions payable	3,395,153,040	3,361,735,961
Tax payables	1,678,384,654	1,621,824,820
Deferred income	15,501,370	14,236,103
Sundry debts	441,540,349	1,076,535,831
<b>Total</b>	<b>7,626,396,624</b>	<b>8,380,523,564</b>

Below is disclosed a reconciliation between the opening balances and closing balances of post-employment benefits plan and long-term employee benefits

	Long-term employee benefits	Post-employment benefits plan	Total
<b>Total as of 12/31/2016</b>	<b>17,000,019</b>	<b>21,762,670</b>	<b>38,762,689</b>
Effect of inflation	(5,485,663)	(7,022,449)	(12,508,113)
Cost of services	1,024,524	1,021,447	2,045,971
Interest cost	3,875,038	4,905,715	8,780,754
Actuarial gain and losses for the year	150,756	(729,166)	(578,410)
Paid benefits	(363,045)	(232,286)	(595,332)
<b>Total as of 12/31/2018</b>	<b>16,201,629</b>	<b>19,705,931</b>	<b>35,907,559</b>
Effect of inflation	(5,669,629)	(6,895,931)	(12,565,559)
Cost of services	1,119,000	1,093,000	2,212,000
Interest cost	6,383,000	7,693,000	14,076,000
Actuarial gain and losses for the year	(199,000)	(1,344,000)	(1,543,000)
Paid benefits	(870,000)	-	(870,000)
<b>Total as of 12/31/2019</b>	<b>16,965,000</b>	<b>20,252,000</b>	<b>37,217,000</b>

Main actuarial assumptions used in the estimate are as follows:

Concept	12/31/2019	12/31/2018
Actual Discount rate	5,00%	5,00%
Mortality before retirement	GAM 83	GAM 83
Disability	DTS 85	DTS 85
Turnover	W 155	W 155

### 23. Trade payables

	12/31/2019 In Pesos	12/31/2018 In Pesos
<b>Non-Current</b>		
Suppliers and subcontractors	320,732,620	162,831,341
Provisions	120,998,109	120,343,658
Sundry	1,211,828	-
<b>Total</b>	<b>442,942,557</b>	<b>283,174,999</b>
<b>Current</b>		
Suppliers and subcontractors	4,033,014,348	3,410,861,882
Suppliers and subcontractors - Related companies (Note 25)	49,680,819	53,650,945
Subcontractors guarantee deposits	43,919,319	51,430,813
Notes payables	1,321,574,641	1,683,086,131
Sundry Provisions	1,741,679,458	1,305,062,852
<b>Total</b>	<b>7,189,868,585</b>	<b>6,504,092,623</b>

As of December 31, 2019, the fair value of trade payables was approximately Ps. 7,140 million.



## 24. Construction contracts

Balances of the construction contracts included in the balance sheet are as follows:

	12/31/2019 In Pesos	12/31/2018 In Pesos
<b>Construction contracts</b>		
Amounts due from customers included in current assets	906,682,850	707,600,320
Amounts due to customers included in current liabilities	(392,762,512)	(859,509,606)
Amounts due to customers included in non-current liabilities	(50,980,034)	-
<b>Subtotal</b>	<b>462,940,304</b>	<b>(151,909,286)</b>

On December 31, 2019 and 2018, and in relation to the construction contracts in progress, retainage has been accounted in Trade receivables for Ps. 262,029,380 and Ps. 70,700,789 respectively and payments in advance from customers in Other Liabilities for Ps. 1,413,308,679 and Ps. 1,438,515,358, respectively.

	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	Previous Years
Costs incurred plus recognized retained earnings	12,601,433,459	18,067,584,678	10,583,488,909	7,392,904,265	9,661,628,138	31,764,645,735
Progress in certification	(12,039,743,108)	(19,003,706,381)	(11,230,687,472)	(6,654,932,259)	(9,152,928,334)	(29,972,391,648)
Effect of inflation	53,159,239	274,428,778	362,248,181	(477,613,175)	(375,350,875)	(1,391,227,826)
	<b>614,849,590</b>	<b>(661,692,925)</b>	<b>(284,950,382)</b>	<b>260,358,831</b>	<b>133,348,929</b>	<b>401,026,261</b>

## 25. Balances and transactions with related parties

### (a) Balances with related parties

Balances with related parties as of December 31, 2019 are as follow:

Companies	Non-Current Other receivables	Current Other receivables	Current Trade receivables	Non-Current Other liabilities	Current Other liabilities	Current Trade payables
<b>Associates</b>						
Autovía del Mar S.A.	-	-	289,076,107	-	4,702,628	21,009
Concanor S.A.	-	515,534	-	-	-	-
Concesionaria Monotrilho Linha 18	-	-	-	-	1,008,590	-
Consorcio Boleto Inteligente de Paraguay	-	1,172,104	-	-	-	-
Covaires S.A.	-	-	15,869,308	-	-	-
Covicentro S.A.	-	412,427	-	-	-	-
Covimet S.A.	493,424	553,370	-	-	-	-
Covinorte S.A.	-	463,981	-	-	-	-
Covisur S.A.	-	-	470,475	-	17,880,118	-
CV 1 - Concesionaria Vial S.A.	-	-	4,053,518	1,788,730	848,620	-
Ferrometro S.A.	-	-	20,842,744	-	-	-
Polledo Do Brasil Concessões e Investimentos Ltda.	-	13,007,733	-	-	-	-
Polledo S.A.I.C. y F.	77,632,995	-	-	-	-	-
Puentes del Litoral S.A.	628,146	1,613,273	-	-	-	-
SOE S.A.	-	-	235,521	-	-	21,629
SOFE S.A.	-	1,110,005	-	-	-	-
Transportel Minera 2 S.A.	-	-	-	-	-	205,512
Transportel Patagónica S.A.	-	-	923,187	355,098	-	-
<b>Other related parties</b>						
CET S.A.	-	-	226,389	-	-	-
Roggio A.C.E.	-	318,289,382	-	-	-	-
BSA Empreendimentos Ltda	-	45,185	-	-	-	-
Benito Roggio Paraguay – Joint ventures	-	-	140,511,838	-	-	49,427,911
Sundry	1,828,996	883,535	586,418	42,360	269,826	4,758
<b>TOTAL</b>	<b>80,583,561</b>	<b>338,066,529</b>	<b>472,795,505</b>	<b>2,186,188</b>	<b>24,709,782</b>	<b>49,680,819</b>

Balances with related parties as of December 31, 2018 are as follows:

Companies	Non-Current Other receivables	Current Other receivables	Current Trade receivables	Non-Current Other liabilities	Current Other liabilities	Current Trade payables
<b>Associates</b>						
Autovía del Mar S.A.	-	-	309,029,793	-	14,915,271	32,319
Concanor S.A.	-	793,058	-	-	-	-
Concesionaria Monotrilho Linha 18	-	-	-	-	1,657,421	-
Consortio Boleto Inteligente de Paraguay	-	1,803,076	-	-	-	-
Coviare S.A.	-	-	24,412,138	-	-	-
Covicentro S.A.	-	634,446	-	-	-	-
Covimet S.A.	759,046	851,262	-	-	-	-
Covinorte S.A.	-	713,753	-	-	-	-
Covisur S.A.	-	2,307,486	723,743	-	25,916,326	-
CV 1 - Concesionaria Vial S.A.	-	-	146,418,326	2,751,646	1,305,453	-
Ferrometro S.A.	-	-	32,062,894	-	-	-
Polledo Do Brasil Concessões e Investimentos Ltda.	-	46,114,922	-	-	310,717	-
Polledo S.A.I.C. y F.	42,393,261	-	-	-	-	-
Puentes del Litoral S.A.	966,292	2,481,737	-	-	-	-
SOE S.A.	-	-	192,994	-	-	33,272
SOFE S.A.	-	962,914	-	-	-	-
Transportel Minera 2 S.A.	-	-	-	-	-	316,144
Transportel Patagonica S.A.	-	-	2,232,773	546,256	-	-
<b>Other related parties</b>						
CET S.A.	-	-	267,890	-	-	-
Roggio A.C.E.	-	396,168,886	-	-	-	-
B.R.H. S.A.	-	59,703,375	-	-	-	-
BSA Empreendimentos Ltda	-	6,526,918	-	-	-	-
Benito Roggio Paraguay – Joint ventures	-	-	191,757,786	-	-	53,261,883
Sundry	1,967,510	2,076,186	902,098	65,164	415,052	7,327
<b>TOTAL</b>	<b>46,086,109</b>	<b>521,138,019</b>	<b>708,000,435</b>	<b>3,363,066</b>	<b>44,520,240</b>	<b>53,650,945</b>

**(b) Transactions with related parties:**

	12/31/2019 In Pesos	12/31/2018 In Pesos
<b>Services rendered</b>		
<b>Parent Company</b>		
Roggio S.A.	-	9,151,285
<b>Associates</b>		
Autovía del Mar S.A.	808,894,991	1,236,493,739
Covisur S.A.	-	217,507
CV1 - Concesionaria Vial S.A.	56,745,176	685,175,592
Transportel Patagónica S.A.	2,876,592	22,362,481
Concesionaria Do VLT Carioca S.A.	-	8,332,035
<b>Other related parties</b>		
Benito Roggio Paraguay – Joint ventures	33,073,354	476,836,001
Sundry	2,475,827	2,997,316
<b>Total</b>	<b>904,065,940</b>	<b>2,441,565,956</b>
<b>Services contracted</b>		
<b>Other related parties</b>		
Benito Roggio Paraguay – Consortiums	(14,153,842)	(7,353,907)
BSA Empreendimentos Ltda	-	(3,069,971)
Remuneration for senior management	(52,588,433)	(48,897,946)
Sundry	-	(44,298)
<b>Total</b>	<b>(66,742,275)</b>	<b>(59,366,122)</b>

**26. Income tax**

The income tax charge for the year is made up of:

	12/31/2019 In Pesos	12/31/2018 In Pesos
Current income tax expense	555,932,475	1,102,978,641
Deferred income tax expense	443,166,417	310,651,289
<b>Total</b>	<b>999,098,892</b>	<b>1,413,629,930</b>

The income tax charge for the year ended differs from the result obtained by applying the income tax rate in effect in each country where the Company and its subsidiaries operate to the income before taxes, due to the following:

	12/31/2019 In Pesos	12/31/2018 In Pesos
Net (loss) /gain before income tax	(975,226,646)	(4,203,663,617)
Income tax at the 30% tax rate	(292,567,994)	(1,261,099,085)
Investments	(196,336,629)	(31,285,451)
Effect of tax inflation adjustment and other tax restatements	1,584,935,270	(59,204,355)
Effect of adjustment for inflation	(615,766,872)	(614,425,772)
Effect of the change in income tax rate (see Note 2.27)	(59,687,713)	(42,107,111)
Non-deductible expenses	564,086	556,021
Expiration of tax losses	112,172,487	86,857,898
Effect of different tax rates applicable in other countries	(88,415,217)	120,772,964
Other	12,980,878	280,853,996
<b>Subtotal</b>	<b>457,878,296</b>	<b>(1,519,080,895)</b>
Variation in non-recognized tax losses	541,220,596	2,932,710,825
<b>Income tax charge</b>	<b>999,098,892</b>	<b>1,413,629,930</b>

#### Deferred income tax

All charges for deferred income tax are calculated on the basis of temporary differences according to the liability method, applying the tax rates in force in each country.

Changes on deferred income tax accounts are the following:

	12/31/2019 In Pesos	12/31/2018 In Pesos
At the beginning of year	(2,959,103,825)	(1,186,090,577)
Deferred income tax expense	(443,166,417)	(310,651,289)
Effect of adjustment for inflation	1,035,339,804	374,284,119
Deferred tax recognized in Other comprehensive income	(833,478,194)	(1,836,646,078)
<b>At the end of the year</b>	<b>(3,200,408,632)</b>	<b>(2,959,103,825)</b>

Changes in deferred tax assets and liabilities occurred in the fiscal year, before the offsetting of balances, are the following:

#### (a) For the year ended December 31, 2019

Deferred tax assets:

	At the beginning of the year	Loss resulting from adjustment for inflation	Deferred income tax expense	Deferred tax recognized in Other comprehensive income	At the end of the year
Trade receivables	4,301,034	209,776	8,178,238	-	12,689,048
Other receivables	-	(111,615)	(232,754)	-	(344,369)
Inventories	-	6,113,014	(29,128,135)	-	(23,015,121)
Investments	-	378,506	(329,259)	-	49,247
Property, plant and equipment	-	282,255,399	(865,465,031)	63,669,214	(519,540,418)
Tax inflation adjustment	-	390,722	147,344,021	-	147,734,743
Bank and financial debts	-	-	1,279,000	-	1,279,000
Other liabilities	49,023,412	(204,452,484)	624,926,673	(1,253,000)	468,244,601
Allowances	94,372,204	(92,848,736)	255,494,299	-	257,017,767
Sundry	-	130,000	(598,000)	-	(468,000)
Tax losses	5,236,055,674	(1,832,315,236)	2,137,260,602	-	5,541,001,040
<b>Subtotal</b>	<b>5,383,752,324</b>	<b>(1,840,250,654)</b>	<b>2,278,729,654</b>	<b>62,416,214</b>	<b>5,884,647,538</b>
Non-recognized tax losses	(4,630,589,884)	1,620,437,391	(2,071,215,797)	-	(5,081,368,290)
<b>Total deferred tax assets</b>	<b>753,162,440</b>	<b>(219,813,263)</b>	<b>207,513,857</b>	<b>62,416,214</b>	<b>803,279,248</b>

Deferred tax liabilities:

	At the beginning of the year	Loss resulting from adjustment for inflation	Deferred tax assets (charge)	Deferred tax recognized in Other comprehensive income	At the end of the year
Trade receivables	(71,935,359)	23,086,033	9,120,057	2,007,343	(37,721,926)
Other receivables	(217,792,652)	76,213,057	(31,298,048)	(4,219)	(172,881,862)
Inventories	(39,782,659)	12,635,497	17,441,770	-	(9,705,392)
Investments	(6,003,665)	1,629,968	2,535,484	-	(1,838,213)
Intangibles assets	(2,767,654)	968,518	566,153	-	(1,232,983)
Property, plant and equipment	(4,304,939,460)	1,227,682,730	(12,941,439)	(890,187,434)	(3,980,385,603)
Tax payables	131,884,494	(46,449,536)	108,162,757	(2,086,901)	191,510,814
Bank and financial debts	1,260	(441)	10,947,565	-	10,948,384
Other liabilities	622,028,274	(30,446,080)	(495,244,360)	-	96,337,834
Allowances	204,610,701	(11,293,155)	(160,338,397)	-	32,979,149
Tax inflation adjustment	-	-	(1,586,033,017)	-	(1,586,033,017)
Sundry	(281,693,192)	90,054,986	(43,594,000)	(5,623,197)	(240,855,403)
Subtotal	<b>(3,966,389,912)</b>	<b>1,344,081,577</b>	<b>(2,180,675,475)</b>	<b>(895,894,408)</b>	<b>(5,698,878,218)</b>
Recognized tax losses	254,123,647	(88,928,510)	1,529,995,201	-	1,695,190,338
Total deferred tax liabilities	<b>(3,712,266,265)</b>	<b>1,255,153,067</b>	<b>(650,680,274)</b>	<b>(895,894,408)</b>	<b>(4,003,687,880)</b>

(b) For the year ended December 31, 2018

Deferred tax assets:

	At the beginning of the year	Loss resulting from adjustment for inflation	Deferred tax assets (charge)	Deferred tax recognized in Other comprehensive income	At the end of the year
Trade receivables	19,756,446	(6,250,124)	(9,205,288)	-	4,301,034
Inventories	(14,663,303)	4,557,353	10,105,950	-	-
Property, plant and equipment	(652,030,932)	202,651,158	(250,537,646)	699,917,420	-
Other liabilities	561,213,973	(175,117,558)	225,192,669	(562,265,672)	49,023,412
Allowances	341,059,628	(107,726,316)	(138,961,108)	-	94,372,204
Sundry	229,398	(71,297)	(158,101)	-	-
Tax losses	3,232,942,006	(1,042,916,842)	3,046,030,510	-	5,236,055,674
Subtotal	<b>3,488,507,216</b>	<b>(1,124,873,626)</b>	<b>2,882,466,986</b>	<b>137,651,748</b>	<b>5,383,752,324</b>
Non-recognized tax losses	(2,348,564,371)	757,887,420	(3,039,912,933)	-	(4,630,589,884)
Total deferred tax assets	<b>1,139,942,845</b>	<b>(366,986,206)</b>	<b>(157,445,947)</b>	<b>137,651,748</b>	<b>753,162,440</b>

Deferred tax liabilities:

	At the beginning of the year	Loss resulting from adjustment for inflation	Deferred tax assets (charge)	Deferred tax recognized in Other comprehensive income	At the end of the year
Trade receivables	(46,520,772)	14,458,652	(23,690,302)	(16,182,937)	(71,935,359)
Other receivables	(114,391,867)	36,963,370	(140,278,341)	(85,814)	(217,792,652)
Inventories	(34,638,650)	11,069,527	(13,253,614)	(2,959,922)	(39,782,659)
Investments	(3,735,168)	1,160,890	(3,429,387)	-	(6,003,665)
Intangibles assets	(23,980,259)	7,732,815	13,479,790	-	(2,767,654)
Property, plant and equipment	(2,286,921,720)	728,741,842	(219,476,640)	(2,527,282,942)	(4,304,939,460)
Tax payables	84,619,779	(26,063,230)	38,726,118	34,601,827	131,884,494
Bank and financial debts	(1,112,164)	345,660	767,764	-	1,260
Other liabilities	77,567,922	(23,905,831)	33,341,152	535,025,031	622,028,274
Allowances	27,014,317	(8,396,048)	185,992,432	-	204,610,701
Sundry	(220,858,014)	69,164,314	(132,586,423)	2,586,931	(281,693,192)
Subtotal	<b>(2,542,956,596)</b>	<b>811,271,961</b>	<b>(260,407,451)</b>	<b>(1,974,297,826)</b>	<b>(3,966,389,912)</b>
Recognized tax losses	216,923,174	(70,001,636)	107,202,109	-	254,123,647
Total deferred tax liabilities	<b>(2,326,033,422)</b>	<b>741,270,325</b>	<b>(153,205,342)</b>	<b>(1,974,297,826)</b>	<b>(3,712,266,265)</b>

Deferred tax assets and liabilities are offset when a) the Company and its subsidiaries have a legally recognized right to offset, before the tax authorities, the amounts recognized for those items; and b) the deferred tax assets and liabilities are derived from the pertinent income tax payable to those tax authorities.

The amounts disclosed in the Balance Sheet as of December 31, 2019 and 2018 after the offsetting are the following:

	12/31/2019	12/31/2018
Deferred tax assets	5,884,647,538	5,383,752,324
Deferred tax liabilities	(5,698,878,218)	(3,966,389,912)
Sub-total	<b>185,769,320</b>	<b>1,417,362,412</b>
Non-recognized tax losses	(3,386,177,952)	(4,376,466,237)
<b>Deferred income tax</b>	<b>(3,200,408,632)</b>	<b>(2,959,103,825)</b>

	12/31/2019 In Pesos	12/31/2018 In Pesos
Deferred tax assets, net, to be reversed before 12 months	(18,097,168)	(108,376,867)
Deferred tax liabilities, net, to be reversed after 12 months	203,866,488	1,525,739,279
Subtotal	<b>185,769,320</b>	<b>1,417,362,412</b>
Non-recognized tax losses	(3,386,177,952)	(4,376,466,237)
<b>Deferred income tax</b>	<b>(3,200,408,632)</b>	<b>(2,959,103,825)</b>

## 27. Additional information about the Consolidated Cash Flow Statement

Below are disclosed the significant investing and financing transactions not affecting cash or cash equivalents:

	12/31/2019 In Pesos	12/31/2018 In Pesos
Decrease in investments compensated with receivables	29,238,392	-
Acquisition of intangible assets financed with debt	14,187,674	-
Acquisition of property, plant and equipment financed with debt	1,280,616,792	528,416,319
Dividends from associates	44,306,322	16,372,864
Investments acquired through the assignment of government bonds	47,285,392	-
Increase in bank and financial debts as a result of the incorporation of leases pursuant to IFRS 16	231,068,081	-

## 28. Commitments, contingencies and restrictions on the distribution of profits

### (a) Commitments

Below is a detail of the guarantees provided as of December 31, 2019:

Detail	Amount of debt guaranteed	Guarantor
Surety bond in favor of Banco de la Provincia de Buenos Aires in guarantee of compliance with the obligations under a syndicated loan granted to Coviare (1)	65,698,594	BRH and Clisa
Surety bond for financial loan of Covimet S.A. (2)	48,256,000	BRH
	<b>113,954,594</b>	

(1) See Note 3.2.12. Amount of debt as of December 31, 2012 since the company has no updated information. This surety bond is enforceable only in case of termination of the concession contract due to a breach of contract by Coviare. As described in Note 3.2.12, Coviare rejected the termination of contract decided by the concession grantor and considers that there were no grounds for such a decision. Roggio S.A., the parent company of Clisa, entered into an agreement with Banco de la Provincia de Buenos Aires aimed at preventing the enforcement of this guarantee by such entity, which does not mean any recognition in connection with the judicial situation of Coviare.

(2) The beneficiary of the guarantee declared the termination of the agreement which set up such guarantee, retroactive to December 2012. The Company understands that it is not enforceable. On June 23, 2016 Covimet S.A. initiated its reorganization procedure. On November 8, 2018 Covimet S.A. was declared bankrupt, once the exclusivity period expired.

As part of the construction business, BRH grants performance bonds to guarantee satisfactory completion of own works and of those carried out jointly with third parties.

In guarantee of compliance with its obligations under the concession contract, Metrovías granted a performance bond under policy No. 718,837 issued by Fianzas y Créditos S.A. amounting to Ps. 30,000,000. The guarantee will be returned within one hundred and eighty days from the date on which Metrovías ceases to provide services.

In addition, as guarantee of compliance with the AOM described in Note 3.3.2., Metrovías provided a performance bond, through policy No. 19,714 underwritten by Boston Compañía Argentina de Seguros S.A. in the amount of Ps. 50,000,000. The guarantee will be returned, if applicable, within one hundred and eighty days from the date on which the operator ceases to provide services.

The Company has taken on commitments with financial institutions to obtain lines of credit for its foreign subsidiaries.

At the date of these consolidated financial statements, Clisa and its subsidiaries were in compliance with the covenants under the terms and conditions of the Notes and under the agreements governing other bank and financial debts.

In order to guarantee its obligations under the BRCC Notes disclosed in Note 19, the Company assigned in trust all rights to receive any excess proceeds coming from the foreclosure of certain assets. In addition, the BRCC Notes are irrevocably and unconditionally guaranteed by Clisa, BRH and Haug. Additionally, in connection with the issuance of the second tranche of the BRCC Notes on January 14, 2020, the Company assigned in trust shares representing 80% of the capital stock of Benito Roggio Paraguay owned by BRH and certain property owned by Benito Roggio Paraguay.

Likewise, the channeling of the entire Cash Flows through the collection account has been verified, as these terms are defined in the trust agreement executed on October 5, 2019 in connection with the BRCC Notes.

## **(b) Contingencies**

Described below are the administrative, judicial and out-of-court proceedings in the ordinary course of business to which subsidiaries and/or associates of Clisa are parties. Bearing in mind the opinion of the legal counsel and professional advisors and the allowances and provisions for contingencies recorded at the end of the reporting year-end, the Company believes that these cases, of the cumulative effect of all of them taken as a whole, will not produce a significant adverse effect on the financial position of the Company, or on the future results of its operations

The financial statements of subsidiaries and associates disclose the following:

### **I) Metrovías S.A.:**

#### **a) Fine for infringements of safety and health regulations**

The Government of the City of Buenos Aires imposed Metrovías a fine of Ps. 3,155,000 for alleged infringement of safety and health regulations. This resolution has not become final, as it was appealed as and when prescribed by law, and in view of the fact that this is an administrative act that imposes a penalty, payment of the fine may not be demanded until the appeal is ruled on.

On September 3, 2014, the lower court judge partially sustained the appeal filed by Metrovías and reduced the fine to Ps. 2,500,000. Said ruling had been appealed by the company.

On September 5, 2016, Panel I of the Tax Litigation Court for the City of Buenos Aires rejected the appeal filed by Metrovías, thus confirming the first instance court ruling. In view of this situation, Metrovías filed an ordinary appeal for review by the Supreme Court of the City of Buenos Aires which was rejected and, later, an extraordinary appeal, which was rejected as well. In view of this, Metrovías S.A. filed a denied appeal with Argentina's Supreme Court. This motion was rejected. Consequently, Metrovías is waiting for an updated computation of the amount of the fine and, considering that, recorded a provision during 2018.

- b) On June 16, 2017, Metrovías was notified of AFIP Resolution No. 62/2017, whereby the tax authority contested the income tax returns for the tax years ended December 31, 2009, December 31, 2010 and December 31, 2011, claiming the inclusion of presumptive interest on the transactions conducted on behalf of Ferrometro S.A. The tax assessment performed by AFIP involved a difference of Ps. 0.59 million in the tax amount payable, interests for Ps. 1.3 million and a fine of Ps. 0.41 million. Metrovías appealed such resolution before the Argentine Tax Court on July 11, 2017 and notified AFIP of said appeal on July 13, 2017. According to its tax advisors' allegations, the arguments invoked and the evidence submitted by Metrovías, a favorable outcome in this dispute is expected.

### **II) Covisur:**

#### **a) Value added tax**

- i) On November 27, 1995, Covisur lodged an action for recovery with the AFIP for Ps. 1,273,045 for VAT on indemnities collected according to the Restatement Agreement dated December 15, 1992. This claim includes fiscal periods from February 1993 to October 1995, for which amended tax returns were filed. Covisur had originally calculated the tax on the total amount collected, whereas it should have considered that the tax was included in such total. On November 30, 2000, AFIP rejected the action for recovery filed.
- ii) On December 19, 2001, AFIP notified Covisur of a debt assessment of Ps. 6,128,714 corresponding to VAT and accrued interest on indemnities collected as provided for in the Restatement Agreement dated December 15, 1992, corresponding to fiscal periods between December 1995 and November 1999, as AFIP considered that the total amount of those indemnities represented the net taxable amount.

Covisur filed an appeal before the National Tax Court claiming non-taxability of the indemnities collected or – if applicable – the consideration of the tax as forming part of the total amount, since the operations were performed with a tax-exempt person.

The Tax Court ruled in favor of Covisur and ordered AFIP to prepare a computation. Following several extensions, AFIP filed a computation, which was challenged by the company as it did not include any type of interest. On November 3, 2017 the Tax Court issued a resolution determining the amount of principal and interest for refund to Covisur, which was appealed by AFIP. The appeal was granted by the Tax Court on December 15, 2017. On July 10, 2019, such court notified Covisur of a new settlement made by the tax authority, which was accepted. As of the date of issuance of these financial statements, Covisur is analyzing the method of payment and the calculation of the interest update.

#### **b) Income tax**

On December 27, 2002, AFIP requested Covisur the payment of Ps. 3,585,754 for Income Tax and interest on indemnities collected under the Restatement Agreement dated December 15, 1992, for the 1997, 1998 and 1999 fiscal years, as AFIP considered that the total amount of those indemnities represented the taxable amount. Conversely, Covisur considers that the indemnities collected are not subject to the tax, alleging that they involve a gross price from which VAT should be deducted rather than added, as AFIP sustains. In addition, Covisur argues that those amounts include a presumed cost of 100%, as AFIP had previously informed in response to a consultation made by the company. In this respect, on February 20, 2003 Covisur filed an appeal before the National Tax Court, after which a ruling seemingly favorable to Covisur was issued. For that reason, Covisur eventually filed a motion for clarification, which was resolved elliptically, although the outcome continues to seem

favorable. An appeal has also been filed for the other issues, which is being heard together with the actions on value added tax, consolidated with this appeal, and included in the last paragraph of section a.1) of the chapter "Value Added Tax".Covisur:

iii) Benito Roggio e Hijos S.A.

On May 8, 2018, the National Criminal and Correctional Federal Court No. 7 issued a decision in Case No. 1614/2016 in process before the Secretary No. 13 of said court, through it resolved, amongst other issues, the prosecution of Mr. Aldo Benito Roggio, at that time President of BRH, and the attachment of his assets and those of BRH in the amount of Ps. 574 million.

In regard to the attachment of BRH's assets, said court accepted to limit it only to the BRH headquarters building, in the city of Cordoba, as requested by BRH. Afterwards, Mr. Aldo Benito Roggio resigned as Director and Chairman of the Board of BRH.

On February 27, 2019, said court resolved to extend the prosecution of Mr. Aldo Benito Roggio and to increase the attachment of his assets and those of BRH in the amount of AR\$ 511 million. This resolution was appealed. BRH proposed to cover the additional seizure with the aforementioned property, since the property appraised value is sufficient to cover the increased seizure amount, which the court accepted, and the attachment was duly registered. Finally, on August 30, 2019, the Court of Appeals reduced the amount of the new attachment from Ps. 511 million to Ps.85.0 million, which was also duly registered.

The Management understands that the actions of the Company and those of its representatives in the contract under investigation have been carried out in full compliance with applicable laws and regulations, and considers that the foregoing will be confirmed in the course of the judicial proceedings.

iv) File N° 9608/2018 – JCCF N° 11

On August 15, 2018 Mr. Aldo Benito Roggio appeared before the court in connection with the investigations in process before the Criminal and Correctional Federal Court (File N° 9608/2018 – JCCF N° 11) and was accepted by said court to join the legal regime regulated by Law N° 27,304.

Afterwards, Mr. Roggio resigned as Director and Chairman of the Board of Clisa and Mr. Alberto Esteban Verra was appointed new Chairman of the Board.

Clisa's Board of Directors concluded that the abovementioned facts have no impact on the Company's economic and financial condition and has implemented measures to ensure the fulfilment of the best corporate governance practices.

**(c) Restrictions to the distribution of profits**

Pursuant to section 70 of the General Companies Law 19,550, companies must allocate 5% of the net income of each year to a statutory reserve until reaching 20% of their adjusted capital.

**29. Encumbered and restricted assets**

The table below provides a detail of the encumbered and restricted assets as of December 31, 2019:

Detail	Value of asset	Type of debt	Amount of debt	Type of guarantee
Machinery and equipment	213,033,610	Financial	138,900,157	Pledge
Machinery and equipment	35,858,000	Bank	218,823,084	Pledge
Machinery and equipment	312,715,910	Financial	26,730,661	Leasing
Real estate	2,419,800,029	Bank	298,340,958	Mortgage
Real estate	2,942,263,152	-	-	Writs of attachment
Real estate	1,352,705,741	Financial	(*)	Pledge
Vehicles	3,214,923	Bank	991,810	Pledge
Vehicles	2,513,291	Commercial	11,824,788	Pledge
Computer hardware and software	6,264,231	Financial	36,956,984	Leasing
Guarantee deposits	30,000	Bank	30,000	Writs of attachment
Certificates receivable	671,532,248	Bank	643,120,443	Pledge
Trade receivables	60,725,418	Bank	-	Pledge
Trade receivables	3,224,699,329	Bank	3,487,924,550	Assignment of collection rights as security
Other leases	313,406,316			Right of use
Banks	14,386,068			Writs of attachment
<b>Total</b>	<b>11,573,148,266</b>			

(\*) See Note 19 - Benito Roggio Construcciones y Concesiones S.A.C. - Issuance of Senior Secured Notes.

In order to guarantee its obligations under the BRCC Notes disclosed in Note 19, the Company (i) assigned in trust all shares of the capital stock of BRCC and Haug and (ii) granted a first priority pledge over the shares of Tecsán, which was released on January 14, 2020.

Likewise, the New Notes issued by Clisa on January 17, 2020, disclosed in Note 19, were secured a first priority pledge over the shares of Tecsán.

Current investments balance includes fixed- term deposits for Ps. 90,100,988 as of December 31, 2019 and Ps 111,099,111 as of December 31, 2018, which are restricted as they will be allocated to the payment of obligations derived from conclusive judgments against the Argentine Federal Government and/or UGOMS S.A. and/or UGOF S.A. and/or Corredores Ferroviarios S.A.

### 30. Financial risk management

#### (a) Financial risk factors

The Company's activities are exposed to variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Company's financial risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance. The Company and its subsidiaries may use derivative financial instruments to hedge certain risk exposures.

#### (i) Market risk

##### *Foreign exchange risks*

The Company holds Corporate Bonds denominated in United States dollars. In addition, the main income of the Company and its subsidiaries are stated in the functional currency of each of them. Income of the subsidiary Haug S.A. is mostly stated in US dollars. In addition, the Company and its subsidiaries have trade payables and loans from financial institutions stated in other currencies, mostly US dollars and Euros. As a result, the Company and its subsidiaries are exposed to the foreign exchange risk.

The following table shows the exposure to other currencies of the financial instruments denominated in foreign currency.

Functional currency	12/31/2019				
	Net asset (liability) exposure to other currencies				
	U.S.\$	R\$	Euro	Other	Total
Ps.	(19,584,138,744)	6,262,069	(237,520,713)	1,654,142	(19,813,743,246)
S/.	112,813,848	-	-	-	112,813,848
Gs.	(307,563,171)	-	-	-	(307,563,171)
CLP	(25,983,466)	-	-	-	(25,983,466)
Total	(19,804,871,533)	6,262,069	(237,520,713)	1,654,142	(20,034,476,035)

Functional currency	12/31/2018				
	Net asset (liability) exposure to other currencies				
	U.S.\$	R\$	Euro	Other	Total
Ps.	(18,385,270,572)	5,747,886	(358,488,864)	289,266,175	(18,448,745,375)
S/.	35,035,553	-	-	-	35,035,553
Gs.	(163,340,534)	-	-	-	(163,340,534)
CLP	(2,210,126)	-	-	-	(2,210,126)
Total	(18,515,785,679)	5,747,886	(358,488,864)	289,266,175	(18,579,260,482)

R\$ - Reales (Brazil)                      U.S.\$ - United States Dollars  
S/ - Nuevos Soles (Peru)                      Euro - Euro  
Ps. - Argentine Pesos                      CLP- Chilean Pesos

If the Argentine peso becomes stronger or weaker compared to the US dollar, with the rest of the variables remaining stable, it would imply a positive or negative impact on the comprehensive income/loss as a result of exchange gains or losses, mainly due to bank and financial debts in foreign currency, as disclosed in Note 19 to the consolidated financial statements. In turn, the weakening or strengthening of the Argentine peso compared to the Peruvian Nuevo Sol would increase or decrease the comprehensive income/loss as a result of the currency conversion.

The Company estimates that, if the rest of the factors remains constant, a 10% appreciation/depreciation of the US dollar compared with the Argentine peso at closing date would decrease/increase the profit before taxes by Ps. 1,980.5 million, due to exposure to the financial instruments mentioned.

##### *Interest rate risks*

The Company manages its exposure to interest rate volatility through financial alternatives. Borrowings at variable rates expose the Company to the risk of higher interest expenses in case of increases in market interest rates, while borrowings at a fixed rate expose the Company to variations in their fair value. The general policy of the Company is to maintain an adequate balance between instruments disclosed at a fixed and floating rate, which may change considering the long-term market conditions. A decrease or increase in interest rates would imply a positive or negative impact on income/losses as a result of higher or lower losses due to interest accrual mainly due to bank and financial debts at floating rate, as disclosed in Note 19 to these consolidated financial statements. In addition, most of the contracts that generate income for the Company, allow for adjustments based on the increase in costs.



The Company estimates that, if the rest of the factors remain constant, an increase/decrease of one percentage point in the interest rate at closing would decrease/increase the profit before taxes by Ps. 14.2 million, due to exposure to bank and financial debts bearing interest at a variable rate.

#### (ii) Credit risk

The Company is exposed to the credit risk with banks and financial institutions, as it carries financial instruments as deposits in current accounts, time deposits and deposits with mutual funds. The Company has established as a general treasury policy to place these financial assets exclusively with creditworthy financial institutions. As regards the credit risk of accounts receivable, in the Group companies whose debtor is the State, the level of activity and compliance with the payment terms by the State may be subject to the expansion or contraction of public spending.

#### (iii) Liquidity risk

The Management holds sufficient cash, marketable securities, and credit facilities to finance normal levels of operations, and monitors the liquidity forecasts of the Company's reserves on the basis of expected cash flows.

The chart below discloses maturity dates by groups based on the outstanding period of the bank and financial debts at the date of the balance sheet, in relation to the maturity date set forth in the relevant contracts. The amounts stated in the chart are undiscounted contractual cash flows.

#### As of December 31, 2019

	Without term	Up to a year	From one year to two years	More than two years
Trade receivables	-	14,443,418,811	769,639,761	177,074,869
Other receivables	1,587,293,454	1,896,792,446	524,913,325	369,834,759
Trade payables	274,724,599	6,963,169,853	307,833,591	87,083,099
Bank and financial debts	-	7,031,927,609	1,038,897,623	18,943,125,362
Other liabilities	1,003,448,704	7,019,484,681	770,941,766	1,808,795,895

#### As of December 31, 2018

	Without term	Up to a year	From one year to two years	More than two years
Trade receivables	6,564,524	14,011,698,312	703,076,821	165,223,839
Other receivables	972,970,686	3,670,188,643	1,025,092,358	233,576,025
Trade payables	405,369,182	6,107,102,258	170,816,890	103,979,292
Bank and financial debts	-	6,041,008,556	647,788,745	19,905,111,077
Other liabilities	1,017,438,908	6,748,626,663	2,623,520,884	2,828,411,521

#### iv) Capital risk management

The objectives of the Company when managing capital are: (i) To guarantee maintenance of a sound credit rating; (ii) ensure a healthy level of capitalization, generating returns for the company shareholders; (iii) maintain an optimum financing structure and (iv) fulfill the commitments undertaken by the Company in the corporate bonds and certain loan agreements detailed in Note 28.

#### (b) Financial instruments by category and fair value hierarchy

The following table shows for the financial assets and liabilities recorded as of December 31, 2019 and 2018, the information required by IFRS 7, according to the categories established by IAS 39.

As of December 31, 2019	Financial assets measured at amortised cost	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income
<i>(1) Assets as per Balance Sheet</i>			
Other receivables	1,439,965,027	-	-
Trade receivables	15,390,133,441	-	-
Other investments	-	138,294,516	-
Cash and cash equivalents	-	3,331,991,598	-
<b>Total</b>	<b>16,830,098,468</b>	<b>3,470,286,114</b>	<b>-</b>

As of December 31, 2019	Financial liabilities measured at amortized cost
<i>(2) Liabilities as per Balance Sheet</i>	
Bank and financial debts	26,299,724,657
Other liabilities	903,034,822
Trade payables	7,632,811,142
<b>Total</b>	<b>34,835,570,621</b>

As of December 31, 2018	Financial assets measured at amortised cost	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income
<i>(1) Assets as per Balance Sheet</i>			
Other receivables	1,804,094,886	-	-
Trade receivables	14,886,563,496	-	-
Cash flow hedge	-	-	158,051,256
Other investments	-	112,908,207	-
Cash and cash equivalents	-	4,048,523,595	-
<b>Total</b>	<b>16,690,658,382</b>	<b>4,161,431,802</b>	<b>158,051,256</b>

As of December 31, 2018	Financial liabilities measured at amortized cost
<i>(2) Liabilities as per Balance Sheet</i>	
Bank and financial debts	24,049,655,836
Other liabilities	1,617,189,364
Trade payables	6,787,267,622
<b>Total</b>	<b>32,454,112,822</b>

#### Fair value hierarchy

According to IFRS 7 requirements, the Company classifies financial instruments recognized at fair value in the Balance Sheet into three levels, depending on the relevance of the judgment used for the fair value measurement.

Level 1 comprises financial assets and liabilities measured at fair value based on (unadjusted) quoted prices in active markets for identical assets and liabilities.

Level 2 includes financial assets and liabilities measured at fair value based on different premises of market prices included in Level 1, that are observable for assets or liabilities, either directly (for example, prices) or indirectly (for example, price derivatives).

Level 3 includes financial instruments for which the premises used in the fair value estimation are not based on observable market information.

#### Measurement at fair value as of December 31, 2019

Description	Level 1	Level 2
<b>Financial assets at fair value through profit or loss</b>		
Cash and cash equivalents	3,331,991,598	-
Investments	138,294,516	-
<b>Total Assets</b>	<b>3,470,286,114</b>	-

#### Measurement at fair value as of December 31, 2018

Description	Level 1	Level 2
<b>Financial assets at fair value through profit or loss</b>		
Cash flow hedge	-	158,051,256

Cash and cash equivalents	4,048,523,595	-
Investments	112,908,207	-
<b>Total Assets</b>	<b>4,161,431,802</b>	<b>158,051,256</b>

**(c) Fair value estimation**

The estimated fair value of financial instruments is based on quoted market prices between the parties involved, which differ from the prices set in a forced sale or settlement. To estimate the fair value of financial assets and liabilities falling due within one year, the Company applies the market price less any estimated credit adjustment. For other investments, the Company uses market prices.

## **AUDITOR'S REPORT**

To the Shareholders, President and Directors of  
**CLISA - Compañía Latinoamericana de Infraestructura & Servicios S.A.**  
Legal domicile: Leandro N. Alem 1050 – 9° Piso  
Ciudad Autónoma de Buenos Aires  
Tax Code No. 30-69223929-2

### **Report on the financial statements**

We have audited the accompanying consolidated financial statements of CLISA – Compañía Latinoamericana de Infraestructura & Servicios S.A. and its subsidiaries (the "Company"), including the consolidated balance sheet as of December 31, 2019, the consolidated statements of income and comprehensive income, of changes in equity and of cash flows for the year then ended and a summary of the significant accounting policies and other explanatory notes.

The balances and other information corresponding to the fiscal year 2018 are an integral part of the audited financial statements mentioned above; therefore, they must be considered in connection with these financial statements.

### **Management's Responsibility**

The Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"), adopted by the Argentine Federation of Professional Councils in Economic Sciences ("FACPCE") as professional accounting standards and added by the National Securities Commission ("CNV") to its regulations, as approved by the International Accounting Standard Board ("IASB"). Further, the Board of Directors is responsible for the existence of adequate internal control to prepare the consolidated financial statements free of any significant distortions due to misstatements or irregularities.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the accompanying consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISAs). These standards were adopted as auditing standards in Argentina by the FACPCE by Technical Pronouncement No. 32 and its circulars of adoption. Those standards require that we comply with the ethics requirements, as well as plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatements.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the consolidated financial statements due to fraud or error. In making those risk assessments, the auditor should take into account the internal control relevant to the preparation and fair presentation of the Company's consolidated 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by the Company's management, as well as evaluating the overall presentation of the consolidated financial statements as a whole.

We believe that the evidence we have obtained provides a sufficient and appropriate basis for our audit opinion.

## **Opinion**

In our opinion, the consolidated financial statements mentioned in the first paragraph, present fairly, in all material respects, the consolidated balance sheet of CLISA - Compañía Latinoamericana de Infraestructura & Servicios S.A. and its subsidiaries as of December 31, 2019 and the consolidated comprehensive income and consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards.

## **Emphasis of matter paragraph**

Without modifying our opinion, we would like to draw your attention to Note 3.3.2 to the accompanying consolidated financial statements, in which the conditions prevailing at year end are detailed in relation to the status of the concession contract of Metrovías S.A. and the National Government, concern to the Urquiza Railway, whose term will not exceed March 31, 2020 or until the new operator takes possession, which occurred first, according to the Resolution 360/2019 dated on June 18, 2019, and the Operation and Maintenance Agreement entered into with the Government of the City of Buenos Aires, in relation with the Subway and Premetro, whose Resolution 3360/2019 of Subterráneos de Buenos Aires Sociedad del Estado, dated on December 27, 2019, extends its duration until the winner of the current tender takes effective possession of the service.

Such concession contract as well as the Operation and Maintenance Agreement, constitute the regulatory framework within which that company conducts its business of Metrovías S.A. and affect and determine its economic and financial equation.

## **Report on the compliance with current regulations**

In compliance with current regulations, as regards CLISA - Compañía Latinoamericana de Infraestructura & Servicios S.A., we report that:

- a) the consolidated financial statements of CLISA– Compañía Latinoamericana de Infraestructura & Servicios S.A. have been transcribed to the “Inventory and Balance Sheet” book and, insofar as concerns our field of competence, are in compliance with the provisions of the General Companies Law and pertinent CNV resolutions;
- b) the separate financial statements of CLISA - Compañía Latinoamericana de Infraestructura & Servicios S.A. arise from accounting records kept in all formal respects in conformity with legal regulations, which maintain the security and integrity conditions based on which they were authorized by the National Securities Commission;
- c) we have read the business highlights, on which, insofar as concerns our field of competence, we have no observations to make;
- d) as of December 31, 2019, the debt of CLISA – Compañía Latinoamericana de Infraestructura & Servicios S.A. accrued in favor of the Argentine Integrated Social Security System amounted to Ps. 4,488,744.32, none of which was claimable at that date;

- e) as set forth in Section 21, Subsection b), Chapter III, Section VI, Title II of the National Securities Commission's regulation, we report that total fees for auditing and related services billed to the Company in the year ended December 31, 2019 account for:
- e.1) 100% of the total fees for services billed to the Company for all items during that year;
  - e.2) 11.70 % of the total fees for services for auditing and related services billed to the Company, its parent companies, subsidiaries and related companies during that year;
  - e.3) 11.52% of the total fees for services billed to the Company, its parent companies, subsidiaries and related companies for all items during that year;
- f) we have applied the anti-money laundering and financing of terrorism procedures for Clisa – Compañía Latinoamericana de Infraestructura & Servicios S.A. prescribed by professional standards issued by the Professional Council of Economic Sciences for the Ciudad Autónoma de Buenos Aires.

Ciudad Autónoma de Buenos Aires, March 6, 2020.

PRICE WATERHOUSE & CO.S.R.L.

(Partner)

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C.P.C.E.C.A.B.A. T° 1 F° 17  
Dr. Carlos Martín Barbafina  
Contador Público (UCA)  
C.P.C.E.C.A.B.A. Tomo 175 - Folio 65

**PRINCIPAL EXECUTIVE OFFICES OF**

***The Issuer***

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***Irish Listing Agent***

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SA/NV, Dublin Branch  
Riverside II, Sir John Rogerson's  
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Dublin 2

***Argentine Representative of the  
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and Transfer Agent***

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**INDEPENDENT ACCOUNTANTS TO THE ISSUER**

**Price Waterhouse & Co. S.R.L.**  
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Argentina

*The Information, Exchange and Tabulation Agent for the Exchange Offer and the Solicitation is:*

**D.F. King**

Email: [clisa@dfking.com](mailto:clisa@dfking.com)  
Exchange Offer Website: [www.dfking.com/clisa](http://www.dfking.com/clisa)

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Attention: Andrew Beck

Any questions regarding the terms of this Exchange Offer and the Solicitation should be directed to the Dealer Manager and Solicitation Agent.

*The Dealer Manager and Solicitation Agent for the Exchange Offer and the Solicitation is:*

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289 Greenwich Avenue  
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*The Argentine Dealer Manager and Solicitation Agent for the Exchange Offer and the Solicitation is:*

**Banco CMF S.A.**

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