



PRESS RELEASE

FOR IMMEDIATE RELEASE

December 1, 2020

The Province of Río Negro Announces Commencement of Consent Solicitation

City of Viedma, Río Negro, Argentina: The Province of Río Negro (the “Province”) today announced that it is soliciting consents (the “Consents”) from the Eligible Holders (as defined herein) of its U.S.\$300,000,000 7.75% Notes due 2025 (the “Notes”) (ISIN Nos. US744086AA73 and USP7920RCL70/CUSIP Nos. 744086 AA7 and P7920R CL7) to amend the terms and conditions of the Notes (the “Consent Solicitation”). If the Province receives valid Consents from Eligible Holders of more than 75% in aggregate principal amount of the outstanding Notes (the “Requisite Consents”), the Notes will be amended by the Province on the terms and subject to the conditions set forth in the Consent Solicitation Statement dated December 1, 2020 (the “Consent Solicitation Statement”).

The Province has received support for the Consent Solicitation from an ad hoc group of Eligible Holders of Notes comprised of institutional investors led by VR Advisory Services Ltd (the “Ad Hoc Committee”), which have agreed to consent to the Proposed Amendments (as defined below) with respect to the Notes. The Ad Hoc Committee has stated that Eligible Holders that have confirmed their support to date hold more than 50% of the currently outstanding principal amount of the Notes.

The implementation of the Proposed Amendments would provide the Province with the relief required to address the revenue constraints attributable primarily to the impact that the COVID-19 pandemic has had on fiscal revenues and provincial main economic activities since the earlier months of 2020, as well as allow the Province to dedicate incremental resources to alleviate the hardships imposed by the COVID-19 pandemic on the Province’s population.

The Consent Solicitation will expire at 5:00 p.m. (New York time) on December 17, 2020 (such time and date, as the same may be extended or earlier terminated by the Province, the “Expiration Time”). In order to be eligible to receive the Consent Consideration (as defined below), Eligible Holders must deliver their Consent at or prior to 5:00 p.m. (New York time) on December 14, 2020 (such time and date, as the same may be extended, the “Early Consent Time”). If the Requisite Consents are obtained by the Expiration Time, we expect that a supplemental indenture giving effect to the Proposed Amendments to the Notes (the “Supplemental Indenture”) will be signed on, or as soon as practicable after, the Expiration Time and will become effective on December 23, 2020 or thereafter (such date, the “Settlement Date”).

**Summary of the Consent Solicitation**

Pursuant to the Consent Solicitation, by tendering their Consents, Eligible Holders will authorize and instruct the trustee for the Notes (the “Trustee”) to modify any outstanding Notes and the related indenture. If adopted, the Proposed Amendments will amend the terms of the indenture and the Notes to give effect to the following modifications and irrevocable waivers:

- (i) postpone the maturity date of the Notes to March 10, 2028;

- (ii) irrevocably waive the right to receive 100% of the interest accrued and unpaid under the Notes from December 7, 2019 to, but excluding, the Settlement Date;
- (iii) irrevocably waive the right to receive interest on the scheduled June 7, 2020 and December 7, 2020 interest payment dates;
- (iv) irrevocably waive any default or event of default in connection with the Province's failure to pay interest under the Notes due on June 7, 2020 and December 7, 2020, and any interest, late interest or additional interest, expenses or costs arising from or in connection with such default or event of default;
- (v) change the semi-annual interest payment dates for the Notes to March 10 and September 10 of each year up to the maturity date, and change the related record dates for the Notes to March 9 and September 9 of each year, respectively;
- (vi) change the first interest payment date under the Notes (after giving effect to the Proposed Amendments) to September 10, 2021;
- (vii) reduce the applicable interest rate as follows:
  - (a) for the period beginning from and including the Settlement Date to but excluding September 10, 2021, to 2.750% per annum, payable in cash;
  - (b) for the period beginning from and including September 10, 2021 to but excluding September 10, 2022, 4.875% per annum payable in cash;
  - (c) for the period beginning from and including September 10, 2022 to but excluding September 10, 2023, 6.625% per annum payable in cash; and
  - (d) for the period beginning from and including September 10, 2023 to the maturity date, 6.875% per annum payable in cash;
- (viii) defer the initial principal payment date and modify the amortization schedule to nine semiannual payments, to be calculated as follows: the aggregate amount of each principal payment on the Notes shall equal the principal amount outstanding as of any principal payment date, divided by the number of remaining principal installments from and including such principal payment date to and including the maturity date. The first principal installment will be due on March 10, 2024;
- (ix) irrevocably waive any requirements to publish notices to the holders in leading newspapers pursuant to Paragraph 12 of the Notes in connection with the Consent Solicitation and the execution of the Supplemental Indenture, and it will amend the Notes to permanently eliminate such requirements with respect to the Notes;
- (x) amend the Notes to reduce the minimum denominations of the Notes to U.S.\$1,000 and integral multiples of U.S.\$1.00 in excess thereof; and
- (xi) replace all references to "7.75% Notes due 2025" with "Step-Up Notes due 2028."

The changes sought to be effected by the Proposed Amendments will not alter the Province's obligation to pay the principal of or interest on the Notes when due, except to the limited extent described

above. However, the terms and conditions of the Consent Solicitation do not limit the Province's discretion to propose similar or additional amendments with respect to the Notes at a future date.

### **Consent Consideration**

Eligible Holders who validly deliver a Consent to amend their Notes at or prior to the Early Consent Time will be entitled to receive an aggregate amount equal to 100% of the interest accrued and unpaid under the Notes for which such Consent was delivered and accepted (prior to giving effect to the Proposed Amendments), from (i) December 7, 2019 to but excluding December 7, 2020 (the "Past Coupon Periods"), and (ii) December 7, 2020 to but excluding the Settlement Date (the "Current Coupon Period"), which is collectively referred to as the "Consent Consideration". Subject to the deduction of certain expenses described below (with Eligible Holders that deliver their Consents being deemed to consent to such deduction), the Consent Consideration will be paid to such Eligible Holders as follows:

- U.S.\$3,000,000 of the Consent Consideration will be paid in cash on a pro rata basis in accordance with their respective holdings of Notes as to which Consents have been validly delivered and accepted (the "Cash Consent Consideration"); the Cash Consent Consideration is payable in respect of the Past Coupon Periods only (measured on the aggregate principal amount of Notes for which a Consent was delivered and accepted); and
- the balance of the Consent Consideration (after subtracting the Cash Consent Consideration) will be paid by the issuance and delivery of additional Notes (as amended by the Supplemental Indenture), which will be subject to the rounding convention as set forth in "The Consent Solicitation—Consent Consideration" in the Consent Solicitation Statement, through adding such additional Notes to the principal amount of the Notes as to which Consents have been validly delivered and accepted (the "Aggregated PIK"); the Aggregated PIK is payable in respect of both the Past Coupon Periods and the Current Coupon Period (measured on the aggregate principal amount of Notes for which a Consent was delivered and accepted).

In the event that support of the Ad Hoc Committee is timely confirmed by the publication of a press release expressing the unconditional support to the commercial terms of the Proposed Amendments and the Consents with respect to the Notes held by the members of such Ad Hoc Committee are timely delivered, Eligible Holders are deemed, by delivering their Consent, to instruct the Province to deduct from the aggregate Cash Consent Consideration an amount of up to U.S.\$200,000 on account of costs and expenses of the Ad Hoc Committee (the "Ad Hoc Committee Expenses") in connection with the Consent Solicitation on the Settlement Date. For the avoidance of doubt, the Ad Hoc Committee Expenses, if payable, will be deducted on a pro rata basis from the Cash Consent Consideration payable to all holders who deliver their Consent at or prior to the Early Consent Time pursuant to the Consent Solicitation Statement.

The Consent Consideration will be paid only to Eligible Holders of the Notes whose validly delivered Consent at or prior to the Early Consent Time is accepted pursuant to the Consent Solicitation Statement but only if the Supplemental Indenture is executed. The Province reserves the right in its sole discretion to reject any and all Consents with respect to the Notes, including if any condition under the Consent Solicitation is not satisfied.

Eligible Holders who do not submit valid Consents or whose valid Consents are not accepted by the Province will have their Notes modified pursuant to the Consent Solicitation if the Province receives

the Requisite Consents to the Proposed Amendments. In this event, the economic terms of such holder's modified Notes will differ significantly from the economic terms applicable to its Notes prior to the effectiveness of the Proposed Amendments.

Clearing Systems may have their own earlier deadline for participation in the Consent Solicitation, and beneficial owners should be aware that their broker, dealer, commercial bank, trust company or other nominee may also establish their own earlier deadline for participation in the Consent Solicitation. Consequently, Eligible Holders are responsible for informing themselves of these deadlines and for arranging the due and timely delivery of Consents.

The Province has engaged BofA Securities, Inc. and UBS Securities LLC to act as consent solicitation agents. Morrow Sodali is acting as tabulation agent and information agent. Any questions or requests for assistance regarding the Consent Solicitation may be directed to BofA Securities at +646 855 8988 (Collect) or +1 888 292 0070 (Toll-free), or to UBS Securities LLC at +1 203 719 8111 (Collect) or +1 212 821 6008 (Alternative).

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Eligible Holders, or custodians for such holders, of the Notes may obtain a copy of the Consent Solicitation Statement by download, following registration, via: <https://bonds.morrowsodali.com/rionegro>. Eligible Holders, or custodians for such holders, with questions relating to consent procedures may contact Morrow Sodali at its email address [rionegro@investor.morrowsodali.com](mailto:rionegro@investor.morrowsodali.com).

### **Important Notice**

This announcement is not an offer of securities for sale in the United States, and the Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or any state securities law. The Consents may not be solicited in the United States or from any U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. This announcement does not constitute an offer of the Notes for sale, or the solicitation of an offer to buy any securities, in any state or other jurisdiction in which any offer, solicitation or sale would be unlawful. Any person considering making an investment decision relating to any securities must inform itself independently based solely on an offering memorandum to be provided to eligible investors in the future in connection with any such securities before taking any such investment decision.

This announcement is directed only to beneficial owners of the Notes (1) that are "qualified institutional buyers" as defined in Rule 144A under the Securities Act ("QIBs") and (2) other than "U.S. persons" (as defined in Rule 902 under the Securities Act), in offshore transactions in compliance with Regulation S under the Securities Act. Only holders of Notes who have certified that they are within one of the categories described in the immediately preceding sentence via the website operated by the information and tabulation agent for the Consent Solicitation (<https://bonds.morrowsodali.com/rionegro>) are authorized to receive and review the Consent Solicitation Statement and to participate in the Consent Solicitation (each, an "Eligible Holder").

The distribution of materials relating to the Consent Solicitation may be restricted by law in certain jurisdictions. The Consent Solicitation is void in all jurisdictions where it is prohibited. If materials relating to the Consent Solicitation come into your possession, you are required by the Province to inform yourself of and to observe all of these restrictions. The materials relating to the Consent

Solicitation, including this communication, do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the Consent Solicitation be made by a licensed broker or dealer and a dealer manager or any affiliate of a dealer manager is a licensed broker or dealer in that jurisdiction, the Consent Solicitation shall be deemed to be made by the dealer manager or such affiliate on behalf of the Province in that jurisdiction.

For the purposes of section 21 of the Financial Services and Markets Act 2000, to the extent that the Consent Solicitation Statement constitutes an invitation or inducement to engage in investment activity, this communication falls within Article 34 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “Financial Promotion Order”), being a non-real time communication communicated by and relating only to controlled investments issued, by the Province of Río Negro.

Other than with respect to distributions by the Province of Río Negro, this announcement is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) Financial Promotion Order, (ii) are persons falling within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations etc.”) of the Financial Promotion Order, (iii) are outside the United Kingdom, 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 announcement 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 announcement relates is available only to relevant persons and will be engaged in only with relevant persons.

### **Forward-Looking Statements**

All statements in this press release, other than statements of historical fact, are forward-looking statements. These statements are based on expectations and assumptions on the date of this press release and are subject to numerous risks and uncertainties which could cause actual results to differ materially from those described in the forward-looking statements. Risks and uncertainties include, but are not limited to, market conditions, and factors over which the Province has no control. The Province assumes no obligation to update these forward-looking statements, and does not intend to do so, unless otherwise required by law.