



Statement of Majority Members of Buenos Aires Ad Hoc Bondholder Group

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UNITED STATES, August 17, 2021 /EINPresswire.com/ -- The Province of Buenos Aires (the "Province") formally launched a revised exchange offer on August 6, 2021. Regrettably, the Province rejected all input from the Ad Hoc Group (the "AHG") who represents the broad interests of the Province's bondholders. The AHG members whose input was disregarded by the Province hold in excess of \$1.2 billion principal amount of the Province's outstanding bonds and include a range of real money and other asset management firms with longstanding investments in the Province and in Argentina, generally.

Instead, the Province chose to negotiate with a single, minority bondholder. The resulting deal structure reflects the views of this bondholder and is evidently suited to its particular portfolio positioning and acquisition history.

The AHG believes that the process by which the Province negotiated the revised offer is deeply flawed and does not represent a good-faith negotiation. Further, the extensive use of deeply coercive elements in the deal structure represents an abuse of the role of collective action clauses. Rather than binding all holders to the same broadly-supported deal, the transaction instead chooses to punish non-consenting holders with a materially worse recovery relative to consenting holders. This is antithetical to the purpose of collective action clauses and allows a minority to impose its will on the majority. By resorting to these tactics, the Province only further underscores the lack of broad creditor sign-off for its proposed transaction, which could have only come via agreement with the AHG.

Regardless of the ultimate outcome of the offer, the Province's deeply cynical approach to restructuring, which has included 21 failed exchange offers thus far, will cast a long shadow over its reputation in the international credit markets. The contrast between the Province's approach and the good-faith negotiations that have led to widely-supported debt restructurings in nine other provinces in Argentina is abundantly clear.

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