

**CONFIDENTIAL
FOR SETTLEMENT PURPOSES ONLY**

The terms set out in this Indicative Term Sheet are preliminary and indicative only and are not intended to describe or include all of the terms and conditions of the restructuring plan and related transactions referred herein or to set forth the definitive contractual language of any provisions summarized below and are for the purpose of promoting discussion of the structure and other terms applicable of the restructuring of the Company's liabilities. This Indicative Term Sheet is neither an expressed nor an implied commitment to provide any financing or to provide or purchase any loans, securities or assets in connection with the transactions contemplated hereby or to do or take, or to refrain from taking, any action. Nothing in this Indicative Term Sheet shall oblige the Company or any of its creditors to restructure any of the Company's debt or constitute an admission or representation of any fact or circumstance or an admission of any liability or waiver of any right or claim, and nothing contained herein may be used or offered into evidence in any legal, administrative or other proceeding. This Indicative Term Sheet is not an offer with respect to any securities or a solicitation of consent with respect to any concurso plan. The consummation of the transactions described herein will have to comply with the provisions of the Mexican Ley de Concursos Mercantiles, including the use of the pre-pack provisions therein (concurso mercantil con plan de reestructura previo) and approval by the relevant court. The rights of all parties are subject to the agreement and execution of definitive documentation in all respects. Unless and until the execution of definitive documentation, the parties shall retain their respective rights and any negotiation of and/or agreement to this Term Sheet shall not be deemed a waiver of any rights of any party. If executed, the terms of such definitive documentation shall control.

RESTRUCTURING OF CORPORACIÓN GEO, S.A.B. DE C.V.

INDICATIVE TERM SHEET

OVERVIEW	<p>Pre-packaged restructuring plan (the “Plan”) implemented through a <i>concurso mercantil</i> proceeding filed by Corporación GEO, S.A.B. de C.V. (the “Company”) and such other of its subsidiaries, to the extent necessary, as determined by the parties to the plan support agreements, as described further below (“PSAs”), which Plan shall incorporate the following elements:</p> <ul style="list-style-type: none">▪ Treatment of Unsecured Creditors: All unsecured creditors, including any under-secured secured creditors, banks, suppliers and other unsecured financial creditors (“Unsecured Creditors”) shall have the following options:<ul style="list-style-type: none">A. <u>Capitalize</u> their claims so that the existing equity of the Company is allocated on a pre-New Equity basis as follows: (i) 88% to Unsecured Creditors, (ii) 8% to existing shareholders, and (iii) 4% to existing management, subject to the exercise of pre-emptive rights available under Mexican law to the then existing shareholders; and/orB. <u>Convert</u> their claims into a note option, subject to the terms and conditions described herein.▪ Secured Bank Debt: to be restructured on terms acceptable to the banks with secured loans (“Secured Loan Banks”), <u>provided</u> that the Company shall disclose such terms to the other parties to the PSAs, it being understood that the Backstop Bondholders and any other party signing a PSA, are under no obligation to support any such restructuring.▪ New Equity: Contribution of new money through a combination of a rights offering and a private placement in the aggregate amount of up to Ps. 4.75 billion of new equity capital (the “New Equity”), subject to the exercise of pre-emptive rights available under
-----------------	--

Mexican law to the then existing shareholders, which New Equity shall represent a percentage of the total equity, on a fully diluted basis, of the entity emerging from *concurso* (the “**Reorganized Company**”) as determined by certain holders or managers for holders, as the case may be (the “**Backstop Bondholders**”), of Bonds (as defined below) that sign the LOI (as defined below), provided that (a) each of the Backstop Bondholders shall have the right to terminate its PSA if a Firm Backstop Commitment is not accepted by the Company, (b) each of the Banks shall have the right to terminate its PSAs if the Company accepts a Firm Backstop Commitment that is not approved by such Bank and (c) the Company shall have the right not to accept a Firm Backstop Commitment.

- **Backstop Commitment:** Up to Ps. 4.75 billion of the New Equity (the “**Backstop New Equity**”) raised in the Rights Offering may be backstopped by certain holders or managers for holders, as the case may be, of those certain 8.875% Senior Guaranteed Notes Due September 25, 2014, 9.25% Senior Guaranteed Notes Due June 30, 2020, and 8.875% Senior Guaranteed Notes Due March 27, 2022 issued by the Company (collectively, the “**Bonds**”), subject to the terms and conditions set forth further below and in the LOI (as defined below) that shall be executed and delivered at the time of the Backstop Bondholders’ execution of PSAs.
- **Liquidity and Factoring Transactions.** The following transactions were consummated to obtain liquidity for the Company’s operations, preserve the possibility of future bridge loan funding and address certain defaults under certain factoring facilities: (A) the Mexican commercial banks set forth in Annex A hereto (the “**Liquidity and Factoring Banks**”) agreed to transfer to the Company (i) their rights derived from certain factoring transactions and (ii) Ps.489,490,566 in cash to fund ongoing operations of the Company. In return, the Liquidity and Factoring Banks received through a trust land, “as is, where is”, with an aggregate book value as of August 31, 2013 of Ps.3,854,256,422.58 (the “**Trust Land**”); (B) Mr. Luis Orvañanos Lascurain (the “**Shareholder**”) purchased certain unencumbered land, “as is, where is” from the Company for a purchase price of Ps.130,000,000 that reflects the book value of the land as of August 31, 2013 (the “**Shareholder Land**”). The Company used the proceeds of such transactions to fund its ongoing operations.
- **Land Repurchase Transactions:** After consummation of certain liquidity and factoring transactions, but prior to the date that the Company files a petition for *concurso mercantil* together with a pre-packaged *concurso* plan (the “**Filing Date**”) the Liquidity and Factoring Banks, the Backstop Bondholders, Mr. Luis Orvañanos and the Company and its subsidiaries and affiliates shall enter into the land repurchase transactions described below to ensure that the Reorganized Company regains either directly or indirectly through its wholly owned subsidiaries or a trust 100% ownership interest of the Trust Land and the Shareholder Land.
- **Resumption of Bridge Loans:** The resumption of the bridge loans and revolving secured loans set forth on Annex A hereto (the “**Bank Facilities**”) by the relevant bank creditors (“**Bridge Loan Banks**”, together with the Secured Loan Banks and the Liquidity and Factoring Banks, the “**Banks**”) shall be subject to (i) the existing contractual requirements of such bridge loans and credit committee approvals of the Bridge Loan Banks, (ii) the delivery by the Company of reasonably acceptable short-term cash flows to the Bridge Loan Banks, (iii) execution of PSAs by at least 50% of the holders of Eligible Debt (as defined in the PSAs) and (iv) the appropriate approvals according to the *Ley de Concursos Mercantiles* shall have been obtained by the Company and its subsidiaries to permit them to pay during *Concurso Mercantil* the

	<p>relevant bridge loans extended both before and after the filing of the <i>Concurso Mercantil</i>, <u>provided</u> that in the event that any Bridge Loan Bank terminates its PSAs as a result of the Company’s acceptance of a Firm Backstop Commitment that is not accepted by such Bank, each of the Bridge Loan Banks shall have the right to not resume (and/or to suspend, as applicable) the funding of the bridge loans described in this paragraph, and each Backstop Bondholder and each Bank shall have the right to terminate its PSA.</p> <ul style="list-style-type: none"> ▪ Plan Support Agreements: Entered into on or before the Filing Date by the Company, the Orvañanos family and a sufficient number of creditors that permit the Company and such other of its subsidiaries, to the extent necessary, to file pre-packaged <i>concurso mercantil</i> proceedings. ▪ Chapter 15 Filing: To be discussed¹ with the <i>ad hoc</i> committee of holders or managers for holders, as the case may be, of the Backstop Bondholders (the “Ad-hoc Bondholder Committee”) and the <i>ad hoc</i> committee of Banks (the “Ad-hoc Bank Committee”) and, together with the Ad-hoc Bondholder Committee, the “Ad-hoc Committees”).
<p>RIGHTS OFFERING</p>	<p>Subscription rights for New Equity.</p> <ul style="list-style-type: none"> ▪ Valuation of New Equity for the Reorganized Company to be determined by the Backstop Bondholders in connection with execution of the Firm Backstop Commitment; <u>provided</u> that (a) each of the Backstop Bondholders shall have the right to terminate its PSA if a Firm Backstop Commitment is not accepted by the Company, (b) the Banks have the right to terminate their PSAs if the Company accepts a Firm Backstop Commitment that is not approved by them and (c) the Company shall have the right not to accept a Firm Backstop Commitment. ▪ Eligible Subscribers for New Equity: Available on a pro rata basis to all shareholders of the Reorganized Company after the conversion of Unsecured Debt into equity². ▪ Use of Proceeds: Payments of Plan related expenses, land purchases from land JV partners, working capital, the Land Purchase Agreement (as defined below) the purchase of the Shareholder Land (as defined above), which payments shall be approved and allocated based on a mechanism to be approved by the members of the Ad-hoc Committees. In addition, proceeds shall also be used to make payments required, if any, to bring the bridge loans of HSBC and Banamex into compliance with the contractual collateral ratios of such loans as of the Closing Date (as defined below).
<p>BACKSTOP COMMITMENT</p>	<ul style="list-style-type: none"> ▪ Backstop Bondholders to execute a letter of intent (the “LOI”) setting forth the terms and conditions on which they are willing to consider providing a full backstop of the Backstop New Equity rights offering through a commitment, not subject to diligence-outs but subject to conditions to be agreed upon, to purchase any unsubscribed Backstop New Equity, which commitment may include mutually acceptable indemnities from the Company to the Backstop Bondholders (the “Firm Backstop Commitment”). The Firm Backstop Commitment shall be expressed as a certain amount of cash (the “FBC Cash Component”) representing a certain percentage of the equity of the Reorganized Company, calculated on a fully-diluted basis (the “FBC Equity Percentage”). This

¹ **Note to Draft:** Initial view is that Company wouldn’t file for Chapter 15 unless and until it seemed necessary due to some action in the US.

² **Note to Draft:** Mechanics to be discussed.

Indicative Term Sheet and the LOI shall be incorporated into the Plan in their entirety. The remainder of this “Backstop Commitment” section is for indicative purposes only and is qualified in its entirety by the terms and conditions set forth in the LOI.

- Notwithstanding anything to the contrary herein, with respect to all obligations of the Company under the LOI and under this “Backstop Commitment” heading of this Indicative Term Sheet, the Company and each of its direct and indirect subsidiaries and controlled affiliates, LandCo (as defined below) and, if applicable, Alternative LandCo (as defined below) shall be subject to, and shall be jointly and severally liable for, all such obligations hereunder and thereunder and shall be jointly and severally liable for the payment of the ROFR Liquidated Damages, the Exclusivity Liquidated Damages, the Break-Up Fee, all fee and expense reimbursement provisions, and any applicable indemnity owed to the Backstop Bondholders, subject in each case to the terms and conditions set forth in this Indicative Term Sheet and in any applicable definitive documentation. The Company and each of its current and future direct and indirect subsidiaries and controlled affiliates shall be a party to, and shall duly execute and deliver to the Backstop Bondholders a counterpart signature page to, the LOI. In addition, each of the Company’s current and future direct and indirect subsidiaries and controlled affiliates that are not debtors in a *concurso mercantil* proceeding, LandCo and, if applicable, Alternative LandCo, shall be a party to, and shall duly execute and deliver to the Backstop Bondholders a counterpart signature page to, a liability and assumption agreement (the “**J&S Assumption Agreement**”) confirming its joint and several liability for all obligations hereunder and under the LOI. The payment obligations with respect to the ROFR Liquidated Damages, the Exclusivity Liquidated Damages, the Break-Up Fee, all fee and expense reimbursement provisions and any applicable indemnity owed to the Backstop Bondholders, to the extent that any such payment obligations are due, shall become due and payable upon consummation of any *concurso* plan for the Company.
- Within 5 days of the Company’s delivery to the Backstop Bondholders of the Financial Information (as defined in the PSA), the Backstop Bondholders shall have the right to request from the Company any additional financial information and the Company shall provide such information within 5 days of such request. For the period commencing on the date of the signing of the LOI and the Backstop Bondholders’ PSAs through the date which is 60 days after the date on which the Federal Court (as defined below) issues one or more rulings with respect to the Bank Facilities (as defined in the PSA) (“**Bank Facilities Ruling Date**”), provided that in no event such date shall occur sooner than 75 days from the date of the signing of the LOI, and provided further that the Financial Information shall have been made available (or, with respect to any Backstop Bondholder that, in its sole discretion, expressly declines to accept such information at such time, shall have been offered to be made available) to the Backstop Bondholders on or prior to the Bank Facilities Ruling Date (the “**Exclusivity Period**”), the Backstop Bondholders shall have exclusivity with respect to the backstop of the Backstop New Equity. If at any time prior to the expiration of the Exclusivity Period, the Backstop Bondholders enter into a Firm Backstop Commitment, the Exclusivity Period shall be extended through the earlier of (i) the date the Plan is consummated (the “**Plan Consummation Date**”) and (ii) the termination of such Firm Backstop Commitment by its terms. As used

herein, “**Federal Court**” shall have the meaning given to such term in the Liquidity Annex (as defined in the PSA).

- During the Exclusivity Period, the Backstop Bondholders shall have exclusivity with respect to the backstop of the Backstop New Equity and the Company shall not solicit³ or accept any offer for equity commitments from any party that is not a Backstop Bondholder.
- In consideration for providing a Firm Backstop Commitment that is accepted by the Company, the Backstop Bondholders shall be entitled to a backstop fee equal to 15% of the pro forma shares, on a fully diluted basis, of the Reorganized Company through 10-year warrants exercisable in cash or on a cashless basis, subject to further tax analysis, and struck at the New Equity value at Closing (the “**Backstop Warrants**”), provided that:
 - A. In the event that the Backstop Bondholders do not provide a Firm Backstop Commitment within the Exclusivity Period, the Company thereafter shall have the right to solicit offers for equity commitments or encourage any third party to offer any such commitment and in such case the Backstop Bondholders shall not be entitled to any Backstop Warrants.
 - B. In the event that (i) the Backstop Bondholders provide a Firm Backstop Commitment within the Exclusivity Period, (ii) the Company does not accept such Firm Backstop Commitment and (iii) at any time before the consummation of any *concurso* plan of the Company (the “**Closing Date**”), one or more third party investors that were solicited or encouraged by the Company, if at all, only after expiration of the Exclusivity Period (the “**Concurring Investors**”) provide to the Company any commitment to be a sponsor of the Plan or otherwise provide equity funding to the Company (the “**Concurring Commitment**”), the Backstop Bondholders shall have a right of first refusal to provide, in the aggregate, up to 85% of the funding or investment contemplated by such Concurring Commitment (the “**85% ROFR**”), it being understood that each Backstop Bondholder may only exercise the 85% ROFR up to its pro rata share of the Firm Backstop Commitment, provided that if the Backstop Bondholders exercise such right of first refusal, they shall be entitled to a commensurate percentage of the Backstop Warrants and any other consideration payable to the Concurring Investor under the Concurring Commitment and the Concurring Investor shall be entitled to the remainder of the Backstop Warrants and any other consideration payable to the Concurring Investor under the Concurring Commitment; provided further that (a) if none of the Backstop Bondholders exercises the 85% ROFR, the Company shall pay to the Backstop Bondholders cash in an amount (the “**Break-Up Fee**”) equal to US\$15 million if the Firm Backstop Commitment is for at least Ps. 4 billion of new equity capital, and if the Firm Backstop Commitment is for less than Ps. 4 billion of new equity capital, the Break-Up Fee shall be reduced by multiplying such amount by a fraction with the amount of the Firm Backstop Commitment as the numerator and Ps. 4 billion as the denominator; provided, however, that if at least one,

³ **Note to Draft:** For the avoidance of doubt, any reference herein to the Company soliciting investors or breaching exclusivity shall mean any “Prohibited Activities” as defined in the LOI.

but less than all, of the Backstop Bondholders exercises the 85% ROFR and the aggregate amount exercised by all Backstop Bondholders is less than 85% of the Concurring Commitment, the amount of the Break-Up Fee shall be the product of:

1. US\$15 million, subject to adjustment as set forth above if the Firm Backstop Commitment is for less than Ps. 4 billion of new equity capital, *times*
2. 100% *minus* the aggregate commitment percentages under the Firm Backstop Commitment of all Backstop Bondholders who exercise the 85% ROFR

and shall be paid pro rata to the Backstop Bondholders (based on their respective pro rata shares of the Firm Backstop Commitment) who did not exercise the 85% ROFR and (b) in the event of an uncured breach of the Company's obligations with respect to the 85% ROFR or the failure of the Concurring Commitment to fully comply with the requirements set forth in paragraph D below, the Company shall, after receiving written notice of such breach or failure from the Backstop Bondholders, pay to the Backstop Bondholders cash in an amount equal to US\$75 million (the "**ROFR Liquidated Damages**"), which amount, in the case of either (a) or (b) above, shall become due and payable, by wire transfer of immediately available funds, upon consummation of the Plan or any other restructuring plan of the Company that is implemented through a *concurso mercantil* proceeding or otherwise, as liquidated damages (including with respect to the Backstop Bondholders' having refrained from exercising rights or remedies available to them as unsecured creditors and/or under the documents underlying their claims, with respect to any payments, transfers and other actions taken or not taken by the Company or any of its affiliates) and not as a penalty, and the Company shall have no other liability to the Backstop Bondholders with respect to any violation of the Company's obligations in connection with the 85% ROFR; provided further that upon the request of the Backstop Bondholders, the chief operations officer, chief financial officer or other comparable officer who is an employee of the Company shall provide a sworn affidavit confirming that the Company did not solicit the Concurring Investor to make the Concurring Commitment in breach of the Backstop Bondholders' exclusivity.

- C. Notwithstanding anything in the foregoing paragraphs A or B, and regardless of whether the Backstop Bondholders provide a Firm Backstop Commitment, if the Company accepts any commitment to be a sponsor of the Plan or otherwise provide equity funding by any one or more third party investors in which: (i) such acceptance is made prior to expiration of the Exclusivity Period, (ii) one or more of such investors was solicited by the Company during the Exclusivity Period, or (iii) such commitment does not fully comply with paragraph D below, subject to the Backstop Bondholders giving the Company written notice of such non-compliance (any of (i), (ii) or (iii), a "**Prohibited Commitment**"), then the Company shall promptly provide the Backstop Bondholders with all information received by the investors providing the Prohibited Commitment (to the extent not already provided to the Backstop Bondholders) and the

Backstop Bondholders shall have a right of first refusal with respect to up to 100% of the funding or investment contemplated by such Prohibited Commitment (as set forth more fully in the LOI, the “**100% ROFR**”); provided further that each Backstop Bondholder that exercises such right of first refusal shall be entitled to (a) its proportionate share (equal to its respective commitment percentage under the Firm Backstop Commitment, if the breach giving rise to the 100% ROFR occurs after the Backstop Bondholders provide a Firm Backstop Commitment to the Company, and otherwise based on such Backstop Bondholder’s respective holdings of the aggregate Bond claims held by all Backstop Bondholders) of the Backstop Warrants and (b) a commensurate percentage (equal to the percentage of the 100% ROFR exercised by such Backstop Bondholder) of any other consideration payable under the Prohibited Commitment to the investors providing the Prohibited Commitment (other than any warrants for up to 15% of pro forma shares of the Reorganized Company). With respect to any Prohibited Commitment, if none of the Backstop Bondholders exercise the 100% ROFR, the Company shall pay to the Backstop Bondholders cash in an amount equal to US\$75 million (the “**Exclusivity Liquidated Damages**”), provided, however, that if at least one, but less than all, of the Backstop Bondholders exercises the 100% ROFR and the aggregate amount exercised by all Backstop Bondholders is less than 100% of the Prohibited Commitment, the amount of the Exclusivity Liquidated Damages shall be the product of:

1. US\$75 million, *times*
2. 100% *minus* (x) the aggregate commitment percentages under the Firm Backstop Commitment of all Backstop Bondholders who exercise the 100% ROFR, if the breach giving rise to the 100% ROFR occurs after the Backstop Bondholders provide a Firm Backstop Commitment to the Company and (y) the aggregate Bond claims held by all Backstop Bondholders who exercise the 100% ROFR, expressed as a percentage of the aggregate Bond claims held by all Backstop Bondholders, if the breach giving rise to the 100% ROFR occurs prior to the Backstop Bondholders’ providing a Firm Backstop Commitment to the Company

and shall be paid pro rata (based on their respective pro rata shares of the Firm Backstop Commitment, or of the aggregate Bond claims held by all Backstop Bondholders, as applicable) to the Backstop Bondholders who did not exercise the 100% ROFR, which amount shall become due and payable upon consummation of the Plan or any other restructuring plan of the Company that is implemented through a *concurso mercantil* proceeding or otherwise, as liquidated damages (including with respect to the Backstop Bondholders’ having refrained from exercising rights or remedies available to them as unsecured creditors and/or under the documents underlying their claims, with respect to any payments, transfers and other actions taken or not taken by the Company or any of its affiliates) and not as a penalty, and the Company shall have no other liability to the Backstop Bondholders with respect to any violation of the exclusivity obligations during the Exclusivity Period.

	<p>D. Any Prohibited Commitment or Concurring Commitment (any of the foregoing, an “Alternative Commitment”) (i) shall provide for at least the same amount of cash as the FBC Cash Component, and the cash component of such Alternative Commitment shall represent an aggregate percentage of the equity of the Reorganized Company, calculated on a fully-diluted basis (which percentage shall, for purposes of the following clauses (x) and (y), be reduced proportionally to reflect the amount by which the cash component of the Alternative Commitment exceeds the FBC Cash Component), that is (x) at least 5% less than the FBC Equity Percentage if the total equity issuable pursuant to such Alternative Commitment constitutes less than 50% of the total outstanding equity of the Reorganized Company on a fully diluted basis and (y) at least 7.5% less than the FBC Equity Percentage if the total equity issuable pursuant to such Alternative Commitment constitutes 50% or more of the total outstanding equity of the Reorganized Company on a fully diluted basis and (ii) shall not be subject to conditions that, taken as a whole, are any less favorable to the Company, in any material respect, than the conditions set forth in the Firm Backstop Commitment. The Company shall not, without the Backstop Bondholders' prior written consent, enter into any agreement or understanding with respect to any proposed Alternative Commitment if the Backstop Bondholders would, if they elected to exercise their right of first refusal with respect to such Alternative Commitment, be prohibited under Mexican law or U.S. law from participating in and holding such investment.</p> <p>E. With respect to any Alternative Commitment in which all or any portion of the funding or investment to be provided is in a form other than cash, each Backstop Bondholder that exercises its right of first refusal with respect to such Alternative Commitment may provide, in its sole discretion, in lieu of its proportionate share of the non-cash assets to be provided pursuant to the funding or investment under such Alternative Commitment, cash in an amount equal to the fair market value of such Backstop Bondholder’s proportionate share of such non-cash assets, <u>provided</u> that the aggregate economics of the Backstop Bondholders’ proposal shall be equivalent to those of the Alternative Commitment, it being agreed that this requirement shall be satisfied by the Backstop Bondholders providing cash in an amount equal to the fair market value of all non-cash consideration in an Alternative Commitment.</p> <ul style="list-style-type: none"> ▪ The Backstop Bondholders shall have the sole and exclusive right to determine whether additional parties shall be permitted to participate in the Firm Backstop Commitment and may assign their rights to participate in the Backstop and receive the Backstop Warrants, subject to the terms of the PSAs. The right to receive the Backstop Warrants shall be allocated pro rata based upon the actual amounts committed pursuant to a Firm Backstop Commitment; <u>provided</u> that each Backstop Bondholder shall be guaranteed the opportunity to commit not less than its pro rata share of its unsecured claims as compared to the total unsecured claims held by the Backstop Bondholders at the time of such commitments.
<p>MANAGEMENT INCENTIVE PLAN</p>	<ul style="list-style-type: none"> ▪ Pre-New Equity: existing management to receive 4% of shares on a pre-New Equity basis, subject to dilution from exercise of preemptive rights, New Equity issuance and any other issuance of shares described in this Indicative Term Sheet, including in

	<p>connection with the Land Transactions and the issuance of warrants (together, the “Aggregate Dilution”).</p> <ul style="list-style-type: none"> ▪ Management Warrant: existing management to receive 3% of post-New Equity shares of the Reorganized Company through 5-year warrants exercisable in cash or on a cashless basis and struck at a 25% premium to the New Equity value at Closing.
<p>EXISTING SHAREHOLDERS</p>	<ul style="list-style-type: none"> ▪ Pre-New Equity: existing shareholders to receive 8% of shares on a pre-New Equity basis, subject to the Aggregate Dilution. ▪ New Equity Issuance: existing shareholders shall have the right to participate in the New Equity Issuance on the terms set forth above.
<p>LAND TRANSACTIONS</p>	<ul style="list-style-type: none"> ▪ Prior to the Filing Date, the Company and its subsidiaries, Mr. Luis Orvañanos and the Liquidity and Factoring Banks shall close not less than 80% of the liquidity and factoring transactions referred to above and fund operations in accordance with the terms agreed therein, whereby (i) the Liquidity and Factoring Banks shall create a Mexican trust (the “Land Trust”) into which the Company’s subsidiaries shall transfer some or all of the Trust Land in exchange for an agreed combination of Mexican pesos and Factoring Facility Claims from the Liquidity and Factoring Banks, and (iii) the Shareholder Land is purchased directly by Mr. Luis Orvañanos. ▪ Prior to the Filing Date, (i) the Liquidity and Factoring Banks and LandCo shall enter into a Mexican law agreement in Spanish pursuant to which the Liquidity and Factoring Banks shall agree to sell to an SPV owned by the Backstop Bondholders (“LandCo”) 100% of the beneficiary rights (<i>derechos fideicomisarios</i>) in the Land Trust (the “Land Purchase Agreement”) and (ii) the Backstop Bondholders and the Company shall enter into an agreement pursuant to which the Backstop Bondholders shall agree to sell to the Company all of the equity of LandCo (the “LandCo Sale Agreement”), in each case, on the terms and subject to the conditions set forth below: <ul style="list-style-type: none"> The Land Purchase Agreement shall provide the following terms: <ul style="list-style-type: none"> ○ Purchase price equal to 69% of the book value, as certified by Deloitte on October 23, 2013, of the land anticipated to be purchased by the Land Trust, payable through a combination of 50% in cash in Mexican Ps. and 50% in newly issued shares of the Reorganized Company, which price shall automatically be reduced, prior to the closing under the Land Purchase Agreement, by the difference of Mexican Ps.489,490,566 less the cash actually paid to the Company by the Liquidity and Factoring Banks in return for land that was actually purchased by the Land Trust (the “Land Purchase Price”); <u>provided</u> that, subject to consummation of the Plan, simultaneously with the closing of the Land Purchase Agreement, the Liquidity and Factoring Banks shall (i) transfer to the Land Trust or the Reorganized Company any Factoring Facility Claims not previously transferred to the Company or one of its subsidiaries or fully extinguished in their <i>concurso mercantil</i> proceedings and (ii) remit to the Reorganized Company any cash or other consideration received as a distribution or recovery under the Plan on account of any Factoring Facility Claims extinguished in such <i>concurso mercantil</i> proceedings. ○ In addition, upon closing of the LandCo Sale Agreement, the

	<p>Liquidity and Factoring Banks shall be reimbursed by LandCo for the reasonable and documented out of pocket costs of maintaining the Trust Land that is actually transferred to the Land Trust, from the date ownership of the Land Trust was acquired to the date of the closing of the Land Purchase Agreement (the “Land Trust Costs”).</p> <ul style="list-style-type: none">○ The Land Purchase Agreement shall close as soon as possible after, but in no event later than 10 days after, the Closing Date, upon the election to close the Land Purchase Agreement by either the Liquidity and Factoring Banks, or LandCo on behalf of the Backstop Bondholders.○ At the closing of the Land Purchase Agreement, (i) subject to the simultaneous closing of the LandCo Sale Agreement and receipt of the Land Purchase Price and the Land Trust Costs from the Reorganized Company, LandCo will deliver the Land Purchase Price and the Land Trust Costs to the Liquidity and Factoring Banks and (ii) the Liquidity and Factoring Banks will deliver to LandCo 100% of the beneficiary rights (<i>derechos fideicomisarios</i>) in the Land Trust.○ If the Land Purchase Agreement closes after December 31, 2014, the Land Purchase Price shall begin to accrete on and from December 31, 2014 at a 5% annualized rate.○ The rights and obligations under the Land Purchase Agreement shall not be assignable by any party, except (i) as provided below with respect to an Alternative Investor or (ii) an assignment by a Liquidity and Factoring Bank to an affiliate to which it transfers its beneficial interests in the Land Trust, subject to such transferee’s assumption, in writing, of all of the Liquidity and Factoring Bank’s obligations under the Land Purchase Agreement.○ The Land Purchase Agreement shall be subject to the following terms and conditions:<ul style="list-style-type: none">A. Subject to clauses (B) and (C) below, if the Backstop Bondholders provide a Firm Backstop Commitment that is accepted by the Company, the Land Purchase Agreement shall not terminate until the earlier of (i) 20 days after the end of the <i>concurso process</i> and (ii) September 30, 2015 and during such period the Liquidity and Factoring Banks shall not (and shall instruct the trustee of the Land Trust not to), directly or indirectly sell, transfer, convey, pledge, subject to a lien, or otherwise encumber or dispose of any of the assets of the Land Trust or any of the beneficiary rights (<i>derechos fideicomisarios</i>) in the Land Trust, or directly or indirectly issue any beneficiary rights (<i>derechos fideicomisarios</i>) in the Land Trust.B. In the event that: (i) the Backstop Bondholders fail to provide a Firm Backstop Commitment prior to the termination of the Exclusivity Period or (ii) the Company
--	---

accepts an Alternative Commitment or a commitment by any investor to become a plan sponsor or otherwise provide equity funding to the Company (any such investor, an “**Alternative Investor**”) then the Liquidity and Factoring Banks and the Backstop Bondholders shall cause the assignment of the rights and obligations of LandCo under the Land Purchase Agreement to a new entity to be created and controlled by the Alternative Investor (such entity, “**Alternative LandCo**”). Alternative LandCo shall assume, in writing, all of LandCo’s obligations under the J&S Assumption Agreement.

C. In the event that the *concurso mercantil* proceeding is converted into a liquidation proceeding, the Land Purchase Agreement shall terminate.

The LandCo Sale Agreement shall provide the following terms:

- The Backstop Bondholders shall create LandCo and shall, upon closing of the LandCo Sale Agreement, be reimbursed by the Company for the reasonable and documented out of pocket costs incurred in connection with forming LandCo and in consummating the transactions contemplated by the Land Purchase Agreement and the LandCo Sale Agreement and indemnified by the Company and LandCo pursuant to the terms of the J&S Assumption Agreement (the “**LandCo Costs**”).
- The closing of the LandCo Sale Agreement shall occur following the Closing Date, simultaneously with the closing of the Land Purchase Agreement. At such closing, (i) the Backstop Bondholders shall sell to the Reorganized Company, in exchange for a Ps.300 cash payment and subject to receipt of the LandCo Costs from the Reorganized Company, all of the equity of LandCo and (ii) the Reorganized Company shall deliver (A) the Land Purchase Price and the Land Trust Costs to LandCo and (B) cash in an amount equal to Ps.300 plus the LandCo Costs to the Backstop Bondholders.
- The Backstop Bondholders’ obligations under the LandCo Sale Agreement shall be secured by a pledge over the equity of LandCo.
- The rights and obligations under the LandCo Sale Agreement shall not be assignable by any party, except an assignment by a Backstop Bondholder as part of a transfer of its equity interests in LandCo, subject to such transferee’s assumption, in writing, of all of the Backstop Bondholder’s obligations under the LandCo Sale Agreement and, except with respect to any assignment by a Backstop Bondholder to any of its affiliates or related funds, the Firm Backstop Commitment.
- The LandCo Sale Agreement shall be structured in a manner to ensure that either the Backstop Bondholders or the Reorganized Company may cause it to close at any time after (i) the Closing Date and (ii) the conditions precedent to the closing of the Land

	<p>Purchase Agreement shall have occurred.</p> <ul style="list-style-type: none"> ○ In the event that the Liquidity and Factoring Banks and the Backstop Bondholders assign to Alternative LandCo the rights and obligations of LandCo under the Land Purchase Agreement, the LandCo Sale Agreement shall terminate and the Company and the Alternative Investor shall enter into a sale agreement (the “Alternative LandCo Sale Agreement”) with respect to the equity of Alternative LandCo on the same terms and conditions as the LandCo Sale Agreement. <p>The specific mechanics of the transactions contemplated by the Land Purchase Agreement and the LandCo Sale Agreement shall be determined and shall be reasonably acceptable to the Company, the Backstop Bondholders and the Liquidity and Factoring Banks, after review of tax, legal and other matters relevant to such transactions, and such agreements and transactions are also subject, in all respects, to further review by the Backstop Bondholders and their advisors regarding the potential tax impact on the Backstop Bondholders, and the Backstop Bondholders being reasonably satisfied that such agreements and transactions will not result in any tax liabilities or obligations to the Backstop Bondholders (or receiving an indemnity from the Company and each of its direct and indirect subsidiaries and controlled affiliates and LandCo that indemnifies the Backstop Bondholders for 100% of any tax liabilities and obligations related to the Land Purchase Agreement, the LandCo Sale Agreement and the Shareholder Land Agreement (as defined below) and is otherwise reasonably acceptable to the Backstop Bondholders). If the review by the parties of the tax, legal and other matters relevant to such transactions evidences that such transactions, as described in this Indicative Term Sheet, would create the risk of material tax liabilities or obligations for any party involved, the Company, the Backstop Bondholders and the Liquidity and Factoring Banks will agree to evaluate and consider different structures that accomplish the same objectives while mitigating such material tax liabilities or obligations, provided that any such different structure must be reasonably acceptable to the Backstop Bondholders who, in any event, shall remain entitled to the indemnity described in the immediately preceding sentence.</p> <ul style="list-style-type: none"> ▪ The Company, LandCo and Mr. Luis Orvañanos shall enter into an agreement (the “Shareholder Land Agreement”) providing that, 10 days after the Closing Date: <ul style="list-style-type: none"> ○ The Reorganized Company shall purchase from Mr. Luis Orvañanos the Shareholder Land at a purchase price equal to 100% of the purchase price previously paid by Mr. Luis Orvañanos for such land and payable through a combination of 1/3rd cash in Mexican Ps. and 2/3rd in newly issued shares of the Reorganized Company at the New Equity plan value. ○ After the Closing Date, Mr. Luis Orvañanos has a put right to require the Reorganized Company and the Reorganized Company and LandCo shall have a call right to purchase the Shareholder Land on the terms set forth in the preceding bullet.
<p>RECOVERY OF DIFFERENT STAKEHOLDERS UNDER THE</p>	<ul style="list-style-type: none"> ▪ Priority Claims To include unpaid wages, severance payments and withholding taxes, to be addressed in accordance with Mexican <i>concurso</i> law.

PLAN	<ul style="list-style-type: none"> <li style="margin-bottom: 10px;">▪ Tax Claims Treatment to be discussed and resolved as part of the <i>concurso</i> proceeding. <li style="margin-bottom: 10px;">▪ Certain IETU/Other Taxes Estimated cash tax liabilities up to aggregate Ps. 750 million, payable in installments⁴ subject to agreements with the Mexican government. <li style="margin-bottom: 10px;">▪ Secured Bank Debt Existing secured bank debt, including secured bridge loans, to be restructured on terms to be agreed by the Secured Loan Banks and Bridge Loan Banks, <u>provided</u> that the Company shall disclose such terms to the other PSAs parties, it being understood that the Backstop Bondholders and any other party signing a PSA are under no obligation to support any such restructuring. <li style="margin-bottom: 10px;">▪ GeoMaq Notes Renegotiated on terms acceptable to the Company, the GeoMaq noteholders and the Ad-hoc Committees. <li style="margin-bottom: 10px;">▪ Unsecured Debt⁵ Right to elect one of the following options: <ul style="list-style-type: none"> – “Equity Option”: claims converted into 88% of equity of the existing Company on a pre-New Equity basis, subject to the Aggregate Dilution; and/or – “Note Option ”: claims exchanged at a conversion ratio to be determined into a tranche of not less than Ps. 1.75 billion of Mexican law notes that entitles electing Unsecured Creditors to (i) an upfront cash payment in Mexican Pesos equal to [10]% of their exchanged claims <u>and</u> (ii) for the remainder of their claims, a 7 year bullet, 1% interest note denominated and payable in Mexican Pesos, with such other terms and conditions to be negotiated, but anticipated to be similar to Mexican long term <i>certificados bursatiles</i>. <p style="margin-left: 20px;">In the event that the Note Option is oversubscribed, the oversubscribed portion shall be allocated <i>pro rata</i> to the Equity Option.</p> <p style="margin-left: 20px;">Those Unsecured Creditors that elect the Equity Option, or otherwise participate in the Equity Option due to oversubscription of the Note Option, shall also have the right to participate in the Rights Offering.</p> <li style="margin-bottom: 10px;">▪ Bursatilización CBs Treated as Unsecured Creditors with right to convert their claim into the Equity Option or the Note Option.
-------------	---

⁴ **Note to Draft:** Expectation is that such installments shall be payable in no less than 18 months.

⁵ **Note to Draft:** Unsecured Debt includes: (i) Unsecured Senior HY Bonds, (ii) *Certificados Bursatiles*, (iii) Chilean Bond, (iv) Unsecured Bank Debt, (v) *Cadenas Productivas* Supplier Factoring, (vi) Derivative Termination Claims, (vii) GeoMaq notes to the extent under-secured, (viii) other under-secured financial debt, and (ix) vendors and suppliers.

	<ul style="list-style-type: none"> ▪ Land JV Partners Renegotiated on terms acceptable to Ad-hoc Committees and the Company to the extent within their control. ▪ Financial Leases Renegotiated on terms acceptable to Ad-hoc Committees and the Company. ▪ Vendor Debt Suppliers are treated as Unsecured Creditors, to the extent that they hold Unsecured Debt.
<p>GOVERNANCE; LISTINGS</p>	<ul style="list-style-type: none"> ▪ Board of Directors: the Board of Directors of the Reorganized Company shall have an initial Board comprised of a number of members to be agreed, allocated as follows: <ul style="list-style-type: none"> - A number of members to be agreed (representing the majority of the board) shall be appointed by the Reorganized Company's shareholders. - A number of members to be agreed shall be independent members. - At least 1 member representing the Orvañanos family, which shall be satisfied if Luis Orvañanos is the non-executive chairman of the board. - Mr. Luis Orvañanos to serve as non-executive chairman of the board for the first 3 years after the Closing Date. <p>Mr. Luis Orvañanos shall have a consultation right on the appointment of the Reorganized Company's CEO.</p> ▪ Management: to be appointed by the Board of the Reorganized Company but to be agreed by the Ad-hoc Committees, in consultation with the Company, prior to the voting on the Plan. ▪ Mexican Listing: shares of the Reorganized Company shall resume compliance and trading on the <i>Bolsa Mexicana de Valores</i> as soon as possible after the Closing Date. ▪ US Supplemental Listing: Reorganized Company to evaluate a supplemental listing of its shares in the US before 365 days of the Closing Date, <u>provided</u> that the decision shall be subject to a determination by the Board of the Reorganized Company. ▪ Other: other corporate governance provisions typical for Mexican independent public companies.
<p>OTHER TERMS</p>	<ul style="list-style-type: none"> ▪ Mechanics for implementation of the Plan shall include shareholders' resolutions in accordance with Mexican corporate law and the Company's existing bylaws to provide for the capital increase necessary to accommodate: (i) capitalization of Unsecured Debt, (ii) issuance of New Equity, (iii) issuance of new shares required in connection with the Land Purchase Agreements and (iv) issuance of new shares in connection with the Backstop Warrants and the management warrants. Such capital increase shall be subject to applicable Mexican corporate law and the Company's bylaws provisions on shareholders' preemptive rights. ▪ Plan Support Agreements: as a condition precedent to the completion of the restructuring, the Company shall have received and entered into executed customary PSAs for a Mexican prepack <i>concurso</i> from: <ul style="list-style-type: none"> A. Members of the Orvañanos family owning shares of the Company; B. The Banks; C. Participating creditors (including Backstop Bondholders) holding a sufficient amount of claims to permit the Company to file a pre-pack; and

D. The Company.

PSAs with Backstop Bondholders to include (i) “no shop” protection on terms to be agreed with respect to any other equity / junior debt financing in connection with the restructuring and (ii) requirement that the Bonds held by Backstop Bondholders be bound by the terms of their PSAs even if such bonds are subsequently traded (provided that the assignability of the obligations under any Firm Backstop Commitment shall be subject to the terms and conditions of the Firm Backstop Commitments).

- **Intercompany Claims:** The Company and its subsidiaries shall agree to (i) treat intercompany claims in accordance with the terms and conditions set forth in that certain voting trust agreement executed by the Company at the request of the Mexican Ministry of Finance (the "**Voting Trust**"), and (ii) to transfer into the Voting Trust each and all of the intercompany claims held, or to be held, by the Company and/or any of its direct and indirect subsidiaries and affiliates, including but not limited to any outstanding intercompany claims that such entities may hold due to their acquisition of the Factoring Facility Claims. Therefore, the Company, Mr. Luis Orvañanos, and all other members of the Orvañanos family owning shares of the Company agree to take appropriate measures to ensure that the intercompany claims held, or to be held, by the Company or any of its direct and indirect subsidiaries and affiliates, consistent with such voting trust agreement, shall be voted to accept or otherwise support a *convenio concursal* for the Company and each of its debtor subsidiaries that is accepted by the majority of the recognized creditors of the Company or debtor subsidiary, as the case may be, excluding in the calculation of such majority the amount of recognized intercompany claims against such Company or debtor subsidiary, but including in such calculation the recognized claims held or managed by the members of the Ad-hoc Committees. In addition, the treatment of intercompany claims, including any outstanding intercompany claims that the Company and/or any of its direct and indirect subsidiaries and affiliates may hold due to their acquisition of the Factoring Facility Claims, shall be agreed to by the Ad-hoc Committees, in consultation with the Company, prior to the voting on the Plan.
- **Mutual Releases:** So long as the PSAs have not been terminated, the Plan shall include (i) a release and waiver by all creditors with respect all civil and criminal claims against the Company, its shareholders, directors and managers in connection with any alleged actions or omissions occurred prior to the Closing Date and (ii) a release and waiver by each of the Company, its shareholders, directors and managers with respect to all civil and criminal claims, if any, against all participating creditors in connection with any alleged actions or omissions in connection with the Eligible Debt (as defined in the PSA) occurred prior to the Closing Date, provided that the Plan shall exclude the release of any applicable obligations of the Company, and/or any of its direct and indirect subsidiaries and affiliates, or the creditors under the PSAs, LOI, the J&S Assumption Agreement, the Land Purchase Agreement, LandCo Sale Agreement, Shareholder Land Agreement, a Firm Backstop Commitment (to the extent accepted by the Company) and the engagement letters of the Ad-hoc Committees Advisors (as defined below), in each case to the fullest extent permitted under applicable law. Notwithstanding anything to the contrary herein, in no event shall the Plan release or have any effect whatsoever on the J&S Assumption Agreement or any of the liabilities or obligations of any party thereunder.
 - **Fees and Expenses:** the Company shall pay the fees and expenses of each of the financial and legal advisors engaged by the Ad-hoc Committees and the financial and legal advisors engaged by the Company, in each case in accordance with the

	<p>following principles:</p> <p>(a) On or before the date that is fifteen (15) Business Days after the Federal Court shall have declared the Company and the filing subsidiaries in <i>concurso</i> by means of a resolution (the “Declaration Date”), the Company shall have paid in full, in immediately available funds, all documented fees and expenses incurred by each of the financial and legal advisors engaged by the Ad-hoc Committees and the financial and legal advisors engaged by the Company through the Filing Date.</p> <p>(b) At all times starting from the date that is fifteen (15) Business Days after the Declaration Date through the Plan Consummation Date, the Company shall pay as and when due in immediately available funds all reasonable and documented fees and expenses incurred by each of the financial and legal advisors engaged by the Ad-hoc Committees and the financial and legal advisors engaged by the Company on "net 30" terms and otherwise in accordance with and subject to the Company’s engagement letters with such advisors.</p>
COMMITMENT CONDITIONS	<ul style="list-style-type: none">▪ This Indicative Term Sheet summarizes certain material terms, conditions and other provisions of the transactions referred to herein.▪ This Indicative Term Sheet is for discussion purposes only and is neither an expressed nor implied commitment to provide any financing or to provide or purchase any loans, securities or lands in connection with the transactions contemplated hereby, and does not bind any Bank, any member of the Ad-hoc Bondholder Committee and/or any Backstop Bondholder to any transaction.▪ This Indicative Term Sheet is also subject to the approval of credit committee for each Bank and to the approval of the board of directors of the Company.▪ In consideration of this Indicative Term Sheet being attached to the PSAs, any amendments or modifications to this Indicative Term Sheet shall be in form and substance satisfactory to the Backstop Bondholders and the Banks.

*CONFIDENTIAL
FOR SETTLEMENT PURPOSES ONLY*

Annex A

Project name	Subsidiary	Bank	Type of Loan
LA PROVINCIA	GEO Morelos	BANAMEX	PUENTE
REAL SANTA CLARA	GEO Edificaciones	BANAMEX	PUENTE
HACIENDA LAS FUENTES	Geo Edificaciones	BANAMEX	REVOLVENTE
NUEVOS PASEOS DE SAN JUAN (ETAPA 2)	Geo Hogares Ideales	BANAMEX	REVOLVENTE
PROVENZAL DEL BOSQUE	Geo Edificaciones	BANAMEX	REVOLVENTE
RINCONADA DE LA LAGUNA	Geo Hogares Ideales	BANAMEX	REVOLVENTE
VILLAS DEL CAMPO	Geo Edificaciones	BANAMEX	REVOLVENTE
CAMPESTRE BUGAMBILIAS	GEO Noreste	BANCOMER ¹	PUENTE
RIO DORADO	GEO Noreste	BANCOMER ¹	PUENTE
VALLE DE LOS SAUCES ABIERTA	GEO Hogares Ideales	BANCOMER ¹	PUENTE
ARVENTO II	GEO Jalisco	BANORTE ¹	PUENTE
CAMPANARIO NORESTE	GEO Noreste	BANORTE ¹	PUENTE
CAMPESTRE BUGAMBILIAS	GEO Noreste	BANORTE ¹	PUENTE
IMALA -VALLE DEL AGUA (TWO FACILITIES)	GEO Jalisco	BANORTE ¹	PUENTE
LOS PILARES ("SALINAS VICTORIA")	GEO Noreste	BANORTE ¹	PUENTE
MARINA DIAMANTE 2a. ETAPA	GEO Guerrero	BANORTE ¹	PUENTE
TORRES FLORESTA	GEO Hogares Ideales	BANORTE ¹	PUENTE
DAINZU	Puebla	HSBC	PUENTE
RINCONADA DE LA LAGUNA ETAPA2	GEO Hogares Ideales	HSBC	PUENTE
HACIENDA DEL BOSQUE III (TWO FACILITIES)	GEO Edificaciones	SANTANDER ¹	PUENTE
LA HUASTECA	GEO Noreste	SANTANDER ¹	PUENTE
SENDEROS DEL LAGO	GEO Jalisco	SANTANDER ¹	PUENTE

*CONFIDENTIAL
FOR SETTLEMENT PURPOSES ONLY*

VALLE MARLIN - VALLARTA	GEO Jalisco	SANTANDER ¹	PUENTE
VALLE DE LOS SAUCES	GEO Hogares Ideales	SANTANDER ¹	PUENTE

¹ Denotes Liquidity and Factoring Banks. Inbursa not in list above also a Liquidity and Factoring Bank.