

**FINANCING
OF PRIVATE INVESTMENT
PROJECTS**

**MENDOZA
JANUARY 2014**

MENDOZA FUND FOR TRANSFORMATION AND GROWTH

The leading public entity providing financial assistance within the province, the Mendoza Fund for Transformation and Growth promotes sustainable development and seeks to boost the transformation of the productive sector in Mendoza. It provides financial aid to the various (both traditional and non-traditional) sectors of the economy, directly or by means of alliances with other public or private bodies.

FINANCIAL CREDIT LINES

1. CREDIT LINE FOR INVESTMENT IN PESOS

PURPOSE

Investment in Argentine pesos for new companies or companies established within the last 3 years, for the purchase of capital goods (excluding real property, motor vehicles, anti-hail net or irrigation equipment).

AMOUNTS AND TERMS

ARS 2,000,000 maximum. 5-year loans. Grace period: to be agreed.

2. CREDIT LINE FOR COMPANIES IN OPERATION

PURPOSE

Investment in fixed assets (capital goods) for companies which are currently -and have been- in operation for more than 3 years, and which perform agro-industrial or industrial activities or provide services, among other business activities. Real estate, motor vehicles, anti-hail net and irrigation equipment are excluded.

AMOUNTS AND TERMS

ARS 2,000,000 maximum. Loan term: up to 4 years. Grace period: 1 year.

3. CREDIT LINE FOR UP TO ARS 350,000

PURPOSE

Financing in the form of physical assets for livestock breeding, agricultural, agro-industrial, industrial, mining, commercial activities, and services.

AMOUNTS AND TERMS

ARS 350,000 maximum. Loan term: up to 3 years. Grace period: 1 year.

4. CREDIT LINE FOR INVESTMENT IN AGRICULTURAL MACHINERY

PURPOSE

Financing of agricultural machinery and new equipment with the aim of modernizing and increasing the use of technology in the sector's activities.

AMOUNTS AND TERMS

ARS 350,000 maximum. Loan term: up to 5 years. Grace period: up to 1 year.

5. CREDIT LINE FOR INCREMENTAL WORKING CAPITAL

PURPOSE

Financing of working capital for micro, small and medium-sized companies involved in industrial or agricultural (tillage) ventures and/or the provision of services, among other activities. The following are excluded: wages and contributions (except in relation with tillage work in agricultural ventures and tourism), rents, services and fees, VAT and fuel for transport services companies.

AMOUNTS AND TERMS

ARS 500,000 maximum. Grace period and amortization: up to 15 months.

6. CREDIT LINE FOR LOCALLY MANUFACTURED SUPPLIES

PURPOSE

Destined to financing the purchase by industrial companies and service providers of supplies manufactured in Mendoza.

AMOUNTS AND TERMS

ARS 300,000 maximum. Grace period and amortization: up to 10 months.

7. CREDIT LINE FOR INVESTMENT IN ANTI-HAIL NET AND IRRIGATION EQUIPMENT

PURPOSE

This line of credit finances the installation of anti-hail mesh for privately-owned vine, fruit and vegetable growing projects and/or nurseries, as well as the implementation of pressurized irrigation systems or the construction of complementary works.

AMOUNTS AND TERMS

ARS 300,000 maximum. Loans of up to 5 years (including grace period). Grace period: variable according to the age of the crop.

8. INVESTMENT IN INDUSTRIAL MACHINERY

PURPOSE

Investment in the purchase of machinery for the industry and related services.

AMOUNTS AND TERMS

ARS 300,000 maximum. Loans of up to 5 years (can be extended to 6 or 7 years). Grace period: not applicable.

9. INVESTMENT IN IT DEVELOPMENT

PURPOSE

Investment in hardware, purchase of software licenses, software development and start up -including adjustment of hardware and software configurations-, and training of human resources (users of the product).

AMOUNTS AND TERMS

Maximum for purchases: ARS 225,000. Maximum for developers: ARS 300,000. Loan term: up to 5 years. Grace period: up to 18 months.

10. INVESTMENT IN TECHNOLOGICAL INNOVATION

PURPOSE

Investments required to implement technological innovation projects oriented towards new or improved products and/or production processes which can be applied or incorporated to production and to the markets.

AMOUNTS AND TERMS

ARS 800,000 maximum. Loan term: up to 5 years. Grace period: up to 1 year. The Institute for Industrial, Technological and Services Development (IDITS) may offer an interest rate rebate.

11. INVESTMENT IN LIVESTOCK BREEDING

PURPOSE

Destined to cattle breeders involved in ongoing ventures to assist their financial requirements during the breeding, rebreeding and/or fattening cycles.

AMOUNTS AND TERMS

Loans of up to 3 years. Grace period: up to 3 years.

12. INVESTMENT IN RURAL ELECTRIFICATION WORKS

PURPOSE

Financing of investments in single-wire rural electrification works for agriculture and livestock breeding ventures in Mendoza. Applicants are required to be: 1) SMBs 2) Cattle breeders registered in the National Sanitary Register of Agricultural and Livestock Producers (RENSPA) 3) Agricultural producers registered in the current Single Land Register (Registro Único de la Tierra-RUT) of Mendoza.

AMOUNTS AND TERMS

ARS 800,000 maximum. Loan term: up to 4 years. Grace period: up to 1 year.

13. INVESTMENT IN PRIVATE EDUCATION

PURPOSE

Investment projects in privately-managed educational institutions which are regulated by the Mendoza General Board of Education and defined as priority by the Private Education Consulting Board.

AMOUNTS AND TERMS

ARS 800,000 maximum. Flexible maximum term. Flexible grace period.

14. INVESTMENT IN THE TOURIST INDUSTRY

PURPOSE

Financing of investments which contribute, in a measurable way, to the development, expansion and growth of tourism-related industries and companies, and to the diversification, innovation and/or optimization of the quality of the services rendered. Fundable items: purchase of equipment, technological modernization, recycling and remodeling of hotels, construction and remodeling of tourism infrastructure, creation of new services or expansion of existing services, technological modernization of tourism companies and travel agencies, purchase of equipment for adventure tourism, and purchase of equipment for tourism service providers.

AMOUNTS AND TERMS

ARS 400,000 maximum. Maximum for services: ARS 300,000. *One- and two-star hotels*: grace period of up to 1 ½ years. Amortization: up to 3 ½ years. *Other establishments*: grace period of up to 1 year and up to 4 years for amortization. *Transport service providers and operators*: grace period of up to 1 year, and up to 3 years for amortization.

15. INTEREST REBATE ON LOANS GRANTED BY OTHER ENTITIES

One of the interesting benefits offered by the Mendoza Fund for Transformation and Growth is a rebate on the interest rate of loans granted by other entities. An agreement has been entered into between the Fund and the BICE, Credicoop and Nación banks by which the bank is the loan lender and – once approval has been granted – the Fund considers a rebate of up to 6% of the interest rate, depending on the purpose and amount of the loan. This contributes to reduce loan costs with respect to market values.

For more information on this institution, requirements and securities, please visit: www.ftyc.com.ar

BANCO DE LA NACIÓN ARGENTINA (BANK OF THE ARGENTINE NATION)

The BNA, a long-standing public institution in Argentina, constitutes an essential instrument to sustain economic development and lend support to social growth strategies. The four credit lines launched by the BNA – mortgage loans, loans for SMBs, personal loans and export financing loans – are aimed at generating greater economic activity, supporting production, creating new jobs and, thus, giving a boost to local and regional development processes.

1. CREDIT LINES FOR INVESTMENT IN PRODUCTION

PURPOSE

Financing of investment projects destined to the acquisition of new capital goods (exclusively) and/or the construction of facilities necessary for the production of goods and/or services and commercialization of goods. This credit line includes all types of projects by companies of any scale and from any economic sector. Financing for the importation of goods in case there is no local production of similar goods. The following are excluded:

- Financing for the construction of housing units.
- Acquisition of land or companies in operation.
- Financing of working capital.

AMOUNTS AND TERMS

Loans of up to 5 years. No maximum or minimum amounts are established. The loan amount is subject to the type of company applying and type of project submitted.

2. INVESTMENT IN PRODUCTION ACTIVITIES FOR MICRO, SMALL AND MEDIUM-SIZED BUSINESSES

PURPOSE

Financing of projects for the investment in and acquisition of new, never used, or movable goods, registrable or not, in the framework of an investment decision, and destined to the different economic activities related with the sectors producing goods and services.

AMOUNTS AND TERMS

For investment: up to 10 years. For incremental working capital: up to 5 years.

For more information, please visit: www.bna.com.ar

BICE (Bank of Investment and Foreign Trade)

The BICE is a public bank providing medium and long-term credit for projects intended for investment in production and foreign trade. Its only shareholder is the Argentine State.

FINANCIAL CREDIT LINES

1. SMBs AND COOPERATIVES

PURPOSE

Financing of projects for the investment in and acquisition of new, never used, or movable goods, registrable or not, in the framework of an investment decision, and destined to the different economic activities related with the sectors producing goods and services.

AMOUNTS AND TERMS

ARS 250,000 and ARS 500,000 minimum. ARS 20,000,000 maximum. Loan term: up to 10 years. Grace period: up to 2 years.

INVESTMENT IN CAPITAL GOODS OF NATIONAL ORIGIN

PURPOSE

Destined to SMBs and cooperatives for the purchase of capital goods of national origin.

AMOUNTS AND TERMS

ARS 250,000 and ARS 500,000 minimum. ARS 20,000,000 maximum. Loan term: up to 10 years. Grace period: up to 2 years.

2. FINANCING OF INVESTMENTS

PURPOSE

Intended for productive reconversion and modernization by financing the purchase of goods of national origin and imported goods which do not displace those produced domestically.

AMOUNTS AND TERMS

ARS 250,000 and ARS 500,000 minimum. ARS 40,000,000 maximum. Loan term: up to 15 years. Grace period: up to 2 years.

3. INVESTMENT IN RENEWABLE ENERGIES

PURPOSE

Energy investment projects intended to meet the increasing demand from the productive sector.

AMOUNTS AND TERMS

ARS 250,000 and ARS 500,000 minimum. Maximum per project: USD 10,000,000. Maximum per economic group: USD 20,000,000. Loan term: up to 10 years. Grace period: 6 months minimum and up to 2 years.

4. INVESTMENT IN INNOVATION AND MODERNIZATION OF MSBs - FONTAR

PURPOSE

Investment projects involving technological innovation or modernization.

AMOUNTS AND TERMS

ARS 1,000,000 minimum. USD 1,000,000 maximum. Loan term: up to 9 years. Grace period: up to 2 years.

5. INVESTMENT IN REGIONAL ECONOMIES - BID MENDOZA FINANCING SUBLINE

PURPOSE

Investment projects including the purchase of capital goods as well as working capital and technical assistance, according to the provisions of communications "A" 4992 and

"B" 9704 and its supplements of the BCRA (Central Bank of the Argentine Republic).

AMOUNTS AND TERMS

ARS 250,000 and ARS 500,000 minimum. Maximum per project: USD 500,000. Loan term: up to 15 years. Grace period: up to 2 years.

6. INVESTMENT IN FILM INDUSTRY PROJECTS

PURPOSE

Financing of projects for investment in and acquisition of new capital goods for the digitalization, reconversion, restructuring and modernization of movie theaters in Argentina.

AMOUNTS AND TERMS

ARS 20,000,000 maximum. Loan term: up to 5 years. Grace period: up to 6 months.

For more information, please visit: www.bice.com.ar

BANCO CREDICOOP

Banco Credicoop Cooperativo Limitado is a cooperative bank, owned by its members and democratically operated. It has inherited the tradition and continued the valuable work carried out by cooperative credit unions since the beginning of the 20th century. It offers financial services to its members, attaching special importance to credit assistance for small and medium-sized businesses, cooperatives, social enterprises and individuals.

1. CREDIT LINE FOR PRODUCTIVE INVESTMENT

PURPOSE

- Acquisition of new capital goods and facilities, construction or enlargement of real property for the production of goods and/or services and the commercialization of goods.
- Leasing of new capital goods, of national origin or nationalized, used for the production of goods and/or services and/or the commercialization of goods.

- Working capital for SMBs associated with the financed investment project for an amount of up to 20% of the project amount.

Note: Start up is not included.

AMOUNTS AND TERMS

There is no maximum limit to loan amounts, but the amount shall be consistent with the purpose of the investment and the size of the company. Loan term: up to 3 years. Grace period: 10 months.

2. CREDIT LINE FOR THE ACQUISITION OF PROPERTY

PURPOSE

- Acquisition of any kind of capital goods (machinery, vehicles, etc.) to be used for the company's business activity. Financing will cover up to 80% of the asset's value.
- In the case of buildings, warehouses or offices (used for the business activities), up to 70% of the property's value will be financed.
- For the construction, remodeling, enlargement of the property used for business, offices, warehouses or anything beneficiary companies may need for improvement of the building's conditions, the loan will finance up to 70% of either the property's value or the quotation for the work, whichever should be lower.
- VAT is excluded.

AMOUNTS AND TERMS

There is no maximum limit to loan amounts, but the amount shall be consistent with the purpose of the investment and the size of the company. Loan term: up to 5 years. Grace period: not applicable.

3. CREDIT LINE FOR INVESTMENT AT ZERO RATE

PURPOSE

Individuals or legal entities, clients of companies adhered to interest rebate agreements. This credit loan is offered for the purchase of capital goods, vehicles and/or construction services from those companies adhering to the program.

AMOUNTS AND TERMS

ARS 1,000,000 maximum. Loans of up to 6 months, but other terms may be considered depending on the purpose of the investment.

4. CREDIT LINE FOR INVESTMENT IN THE HOSPITALITY INDUSTRY

PURPOSE

Purchase of serveware, furniture, machinery and equipment for tourism-related companies.

AMOUNTS AND TERMS

Loans of up to 9 months.

5. CREDIT LINE FOR INVESTMENT IN QUALITY SYSTEMS

PURPOSE

Consultancy, advisory services, training, auditing work, and ISO 900 to ISO 14000 certification issuing costs.

AMOUNTS AND TERMS

There is no maximum limit to loan amounts, but the amount shall be consistent with the purpose of the investment and the size of the company. Loans of up to 24 months.

For more information, please visit:

www.bancocredicoop.coop

OTHER ENTITIES

The Argentine financial system is made up by a universe of 80 entities: 64 commercial and investment banks and 16 non-banking financial entities. The Central Bank of the Argentine Republic (BCRA) and the Superintendence of Financial Entities are the public bodies in charge of maintaining the system working properly and transparently.

Other banks within the country also offer credit for private investment projects in line with current regulations. Within

the province of Mendoza: *Banco Galicia, Banco San Juan, Banco Hipotecario (Mortgage Bank of Argentina), Banco Patagonia, Banco Santander Río, Banco Supervielle, Citibank, HSBC, ICBC, Banco Itaú, Macro*. Other institutions which do not have branches in Mendoza but provide financial assistance are: *Banco Comafi, Banco de Corrientes, Banco Formosa, Banco Ciudad, Banco de la Pampa, Banco Provincia, Bancor, Banco Santa Cruz, BSE, BST Banco de Servicios y Transacciones, Banco de Chubut, Bind, Banco Meridian, Banco Municipal, Banco Tierra del Fuego, BPN, Banco Roela, Nuevo Banco de Entre Ríos, Banco de Santa Fe, Nuevo Banco del Chaco*.

GUARANTEES

MUTUAL GUARANTEE COMPANIES (MGCs)

In order to obtain a line of credit in any traditional or non-traditional financial institution, the applicant must meet guarantee conditions to the satisfaction of the lender. Several types of guarantees may be offered, including mortgages, pledges, warrants, and sureties issued by a different financial institution, among the most common. New guarantee schemes in financing have been introduced, among which the Mutual Guarantee Companies deserve special mention.

- Guarantees issued by a MGC are very attractive to financial institutions and other kinds of credit providers within the financial system.
- Before issuing guarantees, MGCs conduct a risk analysis of the project to be financed. In turn, the potential beneficiary needs to offer a counter guarantee to the MGC, and become a member of the MGC.
- After the MGC has analyzed the risk of the investment project and the guarantee offered by the applicant, the latter has to complete the membership process. Only then will the MGC decide to issue or not a guarantee to the financial institution providing the loan.

1. CUYO AVAL

Cuyo Aval is a business association whose purpose is to guarantee credit operations in favor of Mendocinian SMBs, in order to increase their possibilities to access loans in more favorable conditions in regard to loan terms, interest rates and purposes of the funds. This is achieved by issuing financial guarantees to be submitted before banks, the Mendoza Fund for Transformation and Growth, the capital market, and other institutions.

Cuyo Aval may guarantee:

Investment projects. Incremental working capital related to investment projects. Pre-financing and financing of imports and exports. New ventures.

For more information, please visit: www.cuyoaval.com.ar

sector), Afianzar S.R.G (dairy industry, agriculture and livestock breeding sector), Agroaval (agriculture and livestock breeding sector), Americana de Avals S.R.G, Aval Federal, Aval Rural (agriculture and livestock breeding sector) agriculture and livestock breeding sector), Avaluar S.R.G (metalworking sector), Campo Aval S.R.G (agriculture and livestock breeding and other sectors), Cardinal S.G.R, Confederar Nea, Compañía General de Avals S.G.R, Confiables S.G.R, Don Mario S.G.R, Fidus S.G.R (construction sector), Fondo de Garantía de la Provincia de Buenos Aires S.R.G., Garantía de Valores S.R.G., Intergarantías S.R.G, Los Grobo S.R.G (agriculture and livestock breeding sector), Vinculos S.R.G. (poultry industry sector).

2. GARANTIZAR

This MGC is a pioneer in the Argentine guarantee system. It was the first MGC to operate all over the country. With 15 branches in the main Argentine cities, and it is a market leader in number of associate members and guarantees issued.

Garantizar may guarantee

Investment projects. Working capital. Deferred payment checks. Commercial credit.

For more information, please visit: www.garantizar.com.ar

OTHER MUTUAL GUARANTEE COMPANIES

Other Mutual Guarantee Companies (in Spanish: SGRs) in Argentina also provide guarantees. The following are MGCs authorized by the Central Bank of the Argentine Republic:

Acindar Pymes S.G.R., Affidavit S.G.R. (transport services

Investment Promotion Agency Government of Mendoza

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www.mendozainvest.com
