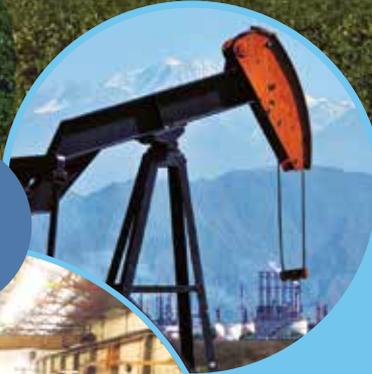


Mendoza INVEST

Investment Promotion Agency
Government of Mendoza



GENERAL LEGAL FRAMEWORK

MENDOZA
JANUARY 2014

NATIONAL FOREIGN INVESTMENT ACT (*Ley Nacional de Inversiones Extranjeras*)

The National Foreign Investment Act No. 21382 defines the legal framework governing foreign investment in the entire territory of the Argentine Republic. This legislation establishes the forms in which foreign investors may invest capitals in Argentina intended for the performance of economic activities (industry, mining, agriculture and livestock raising, commerce or finance, services, or other activities related to the production or exchange of goods and services) or for the expansion or consolidation of existing activities, with no need of prior approval. The act states that foreign investors will have the same rights and obligations as those established by the Argentine Constitution and laws for domestic investors, and, for the purpose of giving a frame to foreign investment, it provides the following definitions:

Foreign capital investment: any contribution of capital owned by foreign investors applied to economic activities taking place within the country and/or the acquisition by foreign investors of ownership interests in the capital of an existing domestic company.

Foreign investor: any individual or legal entity domiciled outside the national territory holding a foreign capital investment, and domestic companies of foreign capital investing in other domestic companies.

Domestic company of foreign capital: any company domiciled in Argentina in which individuals or legal entities domiciled abroad hold, whether directly or indirectly, more than 49% of its capital, or have, directly or indirectly, the number of votes necessary to prevail in the shareholders' or members' meetings.

Domestic company of domestic capital: Any company domiciled in Argentina in which individuals or legal entities also domiciled in Argentina hold, whether directly or indirectly, at least 51% of its capital or have, directly or indirectly, the number of votes necessary to prevail in the shareholders' or members' meetings.

Act No. 21382 grants foreign investors the right to:

1. Transfer abroad any liquid or realized profits derived from their investments, as well as to repatriate their investment.
2. Adopt any of the legal forms of business association foreseen by Argentine legislation.
3. Access domestic credit facilities with the same rights and under the same conditions as domestic companies of domestic capital.

The act further specifies that foreign investments can be made in:

1. Freely convertible foreign currency.
2. Capital goods, spare parts and accessories.
3. Profits or capital in domestic currency belonging to foreign investors provided they meet all the legal requirements to be transferred abroad.
4. Capitalization of foreign loans in freely convertible foreign currency.
5. Intangible assets, pursuant to the specific legislation.
6. Other types of contributions provided for under special or promotional regimes.

The act also establishes how temporary contributions and the relationship between controlling and controlled companies are to be handled. Temporary contributions of foreign capital made pursuant to leases or contracts for the provision of goods, works, services or other activities fall outside the scope of this law. They will be governed by the terms of the respective contracts in accordance with the statutory provisions applicable to them. Nevertheless, the investors making such contribution may opt to make their investment within the scope of this law.

In regard to the relationship between controlling and controlled companies, any agreements entered into between a domestic company of foreign capital and its controlling company -- direct or indirect -- or subsidiary will be considered, for all purposes, agreements entered into between independent parties when their terms and conditions are in accordance with common market practices among independent entities.