

INDEX

1. INTRODUCTION TO ARGENTINA	2
2. CURRENT MARKET CONDITIONS	6
2.1 Investment Recovers	6
2.2 Consumer Confidence	7
2.3 The Banking System	7
2.4 Inflation	8
2.5 Foreign Trade	9
2.6 Monetary & Fiscal Policy	9
2.7 Perspectives and Challenges	10
2.8 Expectations	11
2.9 Why invest in Argentina?	11
3. THE REAL ESTATE PURCHASE PROCESS IN ARGENTINA	12
3.1 ARGENTINA REAL ESTATE PRICING BEHAVIOUR 1981-2003	14
4. IMMIGRATION	15
5. GENERAL INFORMATION	15
5.1 Schools and Colleges	15
5.2 Medical Information	16
5.3 Transportation	17
5.3.1 Taxis and taxi-limousines services (remise)	17
5.3.2 Public Transport	17
5.3.3 Charters	17
5.3.4 Airports	17
5.3.5 Driving	17
5.4 Communications	18
5.5 Legal Information	18
6. SHORT-TERM ACCOMODATION	19
7. PRECAUTIONS / SECURITY	19
7.1 Personal	19
7.2 Residential	19
7.3 Private Cars	19
7.4 Public Places	20
7.5 Taxis	20
7.6 Useful Numbers	20
8. LEISURE ACTIVITIES AND TOURISM	20
8.1 Clubs and Sports	21
8.2 Concerts, opera, ballet, theater and movies	21
8.3 Touring Argentina	21
8.4 Entertainment	22
9. QUERIES ON TAXATION AND LEGAL MATTERS FOR FOREIGN INVESTORS	23

1 INTRODUCTION TO ARGENTINA

1.1 Location, area and frontiers

Located in the south eastern tip of South America, and thus, in the southern hemisphere, Argentina has an area of almost 3.8 million square kilometers, 2.8 on the continent of which approximately 54% are plains (grasslands and savannahs), 23% plateaus, and another 23% mountains - the remainder being in the Antarctic. It is 3,800 Km. long and is located between latitude 22° and 55°. Its border with Uruguay, Brazil, Paraguay, Bolivia and Chile has a perimeter of 9,376 Km, while the territory bordered by the Atlantic Ocean is 4,725 Km long.

1.2 Geography

Argentina's main characteristic is the enormous contrast between the immense eastern plains and the impressive Andes mountain range to the west. This is the frontier with Chile and boasts the highest peak in the Western hemisphere: the Aconcagua at 6,959 m. From Jujuy to Tierra del Fuego, the Andes present marvelous contrasts: the Northwest colorful plateaus, the extensive lake region, the forests and glaciers in the Southwest Patagonia.

To the north, Chaco is a forested area linked to rivers Bermejo, Salado and Pilcomayo.

In the north east, between the Paraná and Uruguay rivers, known as the Argentine Mesopotamia area (provinces of Entre Ríos, Corrientes and Misiones), land formations are mainly low hills, where pools and marshlands evidence the ancient courses of these great rivers. In some places within the subtropical rain forest, there are fissures, which provide such spectacular phenomena as the Iguazú Falls. The Pampas, in the center of Argentina, are the largest and best-known farmland plains. Agricultural and livestock activities are performed in this area, which includes the province of Buenos Aires, the northeast of La Pampa, the south of Córdoba and south of Santa Fe province. To the south, the plains give way to small hills in Tandil and de la Ventana, and to the west, to the Córdoba hills. Towards the south, from the Andes to the Atlantic Ocean, the sterile and stony plateaus of Patagonia appear, swept by the wind during most of the year. The Atlantic coast, lined with high cliffs, forms massive indentations like the Peninsula Valdés, with its spectacular and unique colonies of sea animals.

1.3 Climate

The country's territory offers a wide variety of climates: subtropical in the North, sub-Antarctic in the southern Patagonia, and mild and humid in the Pampas plains. Media temperature for Buenos Aires City, from November to March is 73° F (23°C) and 54° F (12° C) from June to September; and in the South, Bariloche for example, it is 55° F (13°C) from November to March and 36° F (2.5°C) from June to September.

1.4 Population

Argentina's current population is 38 million inhabitants, almost half of which live in the city and the province of Buenos Aires.

Population density calculated on a national basis is 13.5 inhabitants per square kilometer. 95% of the population is white and mostly descendants of Italians and Spaniards. As a result of the massive European immigration, the natives slowly diminished, representing now only 4.5% of the population. The pure indigenous population - Mapuches, Collas, Tobas, Matacos and Chiriguano - amounts to 0.5%.

1.5 Language

Spanish is the official language of the Argentine Republic. In Buenos Aires, some "lunfardo" expressions - city slang - are used. Storekeepers and businesspeople operating in Buenos Aires and main tourist centers often understand English. English language is usually mandatory in private educational institutions.

1.6 Religion

There is complete religious freedom in Argentina, although the official religion is Roman Catholic. Other religions practiced in the country are Protestant (in its various forms Anglican, Episcopal, Presbyterian, Baptist, Methodist,) Jewish, Moslem, Greek Orthodox, Russian Orthodox and others.

1.7 Currency

The official Argentine currency is the Peso. There are bills of 2, 5, 10, 20, 50, and 100 pesos, and coins of 1 peso and 5, 10, 25 and 50 cents. The 1 cent coin is not used at all currently. The Argentina Peso floats freely, and at this point (June 6th, 2005) the exchange rate stands at 1 US\$ = 2.87/2.91 \$AP (Buy/Sell as seen by exchange house). The exchange rate has had relatively little volatility over the past seven months, varying slightly between 2.87 and 3 (sell exchange rate).

1.8 Constitution and Government

Argentina consists of 23 provinces plus an autonomous district, the City of Buenos Aires. The Argentine Constitution establishes a Republic under a representative and federal system, and three separate branches of government: executive, legislative and judicial.

The executive branch is exercised by the President and Vice-president of the Nation, elected for a 4-year term, and who may be reelected for a single consecutive term. The legislative branch is bicameral: the Senate (composed of three senators from each province and from the City of Buenos Aires) and the House of Representatives (representatives elected directly and in proportion to each district's population). The judicial branch is vested in the Supreme Court and lower courts of justice.

Each province has adopted its own Constitution in accordance with the National Constitution, to rule its administration. The current National Constitution dates from 1853. Nevertheless, it was amended in 1860, 1898, 1957 and 1994.

1.9 Two historic dates

May 25 : The first "Gobierno Patrio" or National Government Assembly was constituted in 1810.

July 9 : Proclamation of Independence by the "Provincias Unidas del Río de la Plata" in 1816.

1.10 National emblems

The Argentine flag has three horizontal stripes: the one in the middle is white and bears the golden sun, and the two outside stripes are light blue. The national flower is the ceibo. The national stone is the manganese spar (rodocrosita) or "Inca Rose".

1.11 Capital

The federal capital is the City of Buenos Aires, located on the River Plate, surrounded by the province of Buenos Aires. It's population is 3 million and the population of the Greater Metropolitan area is 12 million.

1.12 Telephone

Pay phones work with cards which may be purchased in kiosks and telephone companies' offices, or with legal tender coins. There are also stores with pay phones (open 24 hours a day) where you can pay in cash. Calling to Argentina from abroad, dial the country code (54) and then the area code of the area you want to call. Buenos Aires area code is 11. For domestic long distance calls, dial 0 before the area code. For international calls, dial 00 before the country code and city code. When dialing to a mobile/cellular phone, 15 precedes the actual mobile number. Long distance phone rates generally are reduced from 10.00 p.m. to 8.00 a.m.

1.13 Time Zone

Argentina has only one time zone, and it is three hours behind GMT.

1.14 Documents and formalities

Foreigners require a valid passport with or without visa depending on your nationality. For up to date information inquire at the closest Embassy or Consulate.

Visitors coming from countries not bordering Argentina are exempt from all taxes on traveling articles and new articles up to US\$ 300 and, an additional US\$ 300 if purchased at duty free shops within the national territory.

No vaccination certificate is required to enter the country.

1.15 VAT return

In Argentina, Value Added Tax (VAT), referred to as "IVA" ("Impuesto al Valor Agregado"), is applicable to every sale in lieu of a Sales Tax. Overall, the VAT level of product sales and services is set nationally at 21%. A few activities, some in entertainment, carry only half that amount. Generally speaking, shop prices shown to public include VAT and the tax amount is not discriminated on the shop sales ticket.

At the airport you may obtain a VAT reimbursement corresponding to purchases made within the country for an amount over \$70 per invoice but only from shops operating with the "Global Refund" system.

1.16 Payment methods

Although US Dollars are generally taken everywhere, foreign currencies can be exchanged in banks and authorized bureaus. American Express, VISA, Diners and

Master Card are widely accepted. There may be difficulties in changing Traveler's Checks outside Buenos Aires or international hotels.

1.17 Opening hours

Banks and Exchange Bureaus: Mondays to Fridays from 10.00 a.m. to 3.00 p.m.

Business: generally from 9.00 a.m. to 1.00 p.m. and from 2.00 p.m. to 7.00 p.m.

Stores: in the big cities from 9.00 a.m. to 8.00 p.m., although in the outskirts and the provinces they generally close at midday. Saturdays, from 9.00 a.m. to 1.00 p.m.

Cafés, cake shops and pizzerias: open most of the time except between 2.00 and 6.00 a.m. Restaurants: lunch is served as from 12.30 p.m. and dinner as from 8.30 hours. Fast-food menus are served in many restaurants at all times.

1.18 Tips

10% of the amount of the check is usually left in cafeterias and restaurants. Doormen, porters, and ushers in cinemas and theatres are also generally tipped.

1.19 Getting to Argentina

Nearly all airlines flying to Argentina arrive at Ministro Pistarini (Ezeiza) International Airport, which is 35 Km away from the downtown City of Buenos Aires. You can reach the city by Teniente General Ricchieri toll highway (Information: Tel. 4480-9538). Please note that when leaving the country, a US\$ 30.50 tax must be paid. Company Manuel Tienda León (Av. Madero corner San Martín, Tel. 4314-3636) offer a bus service from their Terminal in Buenos Aires to Ezeiza International Airport. These services cost \$25 (Argentine Pesos), and the trip takes approximately 40 minutes. There are also taxis and chauffeur-driven rented cars at a price between \$58 and \$65. Reynolds staff will gladly arrange for private vehicle pick up at the local or international airport. Please contact us at +54 (-11) 4801-9291 (Mrs. Karina Tranier).

1.20 When to Travel

Remember that in the southern hemisphere, seasons are the opposite to those in the northern hemisphere. In general, the best time to visit Patagonia and the Southern Andes is during the Argentine summer months of January and February because of the mild temperatures and long days. Wintertime is recommended for traveling to the North and Northwest as rains are less frequent and tropical temperatures drop a few degrees. Autumn and spring are marvelous in Buenos Aires, Cuyo and the pre-mountain range areas of La Rioja and Catamarca.

By Plane

Due to the country's large size, planes are best to travel long distances, and you can then take overland transportation to get to your final destination. Sometimes, buying Air pass Visit Argentina or Argentina Fly pass in your own country, you may obtain more economical prices for flights within Argentina. But if you need to buy an individual plane ticket, or if prices seem too high, consult an Argentine travel agent, because there have been many times when tickets bought locally were 30 and even up to 50% cheaper. Aerolíneas Argentinas, Lan, and LADE operate domestic flights.

Domestic flights and shuttle flights to Uruguay depart from Jorge Newbery Airport, located within the City of Buenos Aires bordering the Río de la Plata. Airport taxes range from \$ 7.05 to U\$S 20.50. Private commercial flights are readily available and depart from local airports in and around Buenos Aires. Prices are affordable and an excellent way to review farms and larger properties. Please contact us for local providers at info@realestate.com.ar.

2 CURRENT MARKET CONDITIONS

The economy staged a gradual recovery following the crisis that began in mid-1998 and ended with the abandonment of the Convertibility Regime in January 2002: 8 consecutive quarters of growth were recorded as from 2Q 2002, a sequence that had not been witnessed since 1997. The surge in growth is also noteworthy: Variation rates reached 3% in the last months of the series.

The manufacturing industry led the recovery, reaching the 1998 level in March 2004, only 4% below the historical record (June 1998).

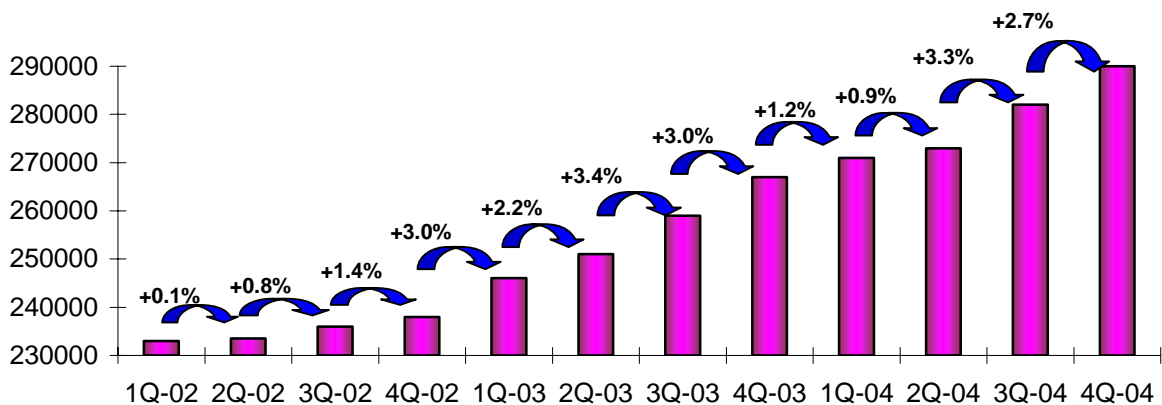
There was renewed growth in construction surpassing 2000 and 2001 levels.

2.1 Investment Recovers

There has also been a gradual recovery in investments as of 4Q 2002: following eight consecutive negative quarters, renewed growth in investment represented a significant contribution to GDP.

Seasonally Adjusted Gross Domestic Product At 1993 – In millions of pesos

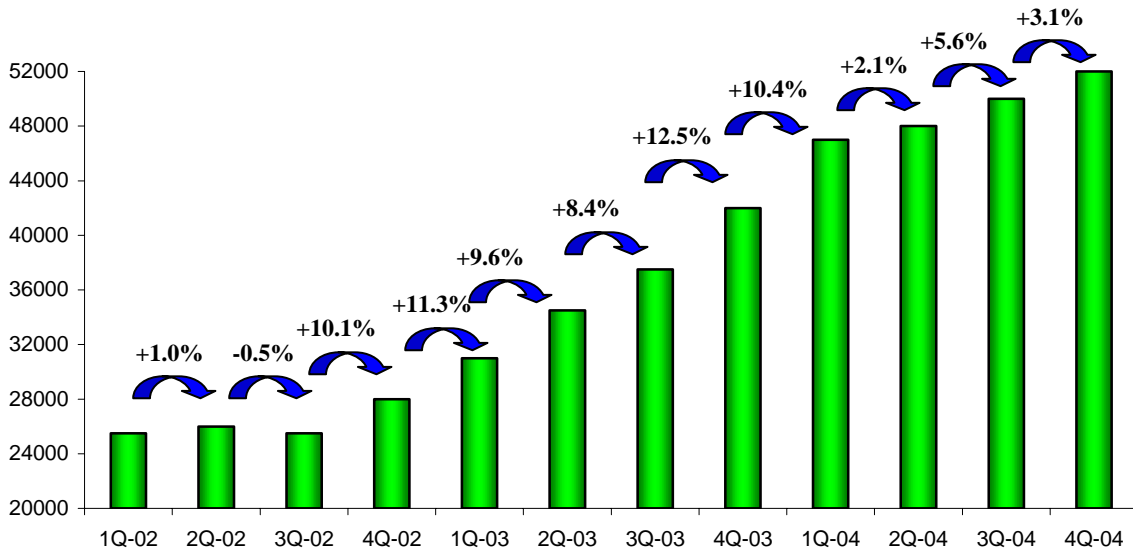
Recovery started in the second quarter of 2002, and there have been eleven consecutive quarters of growth for the first time since 1997.



Seasonally Adjusted Gross Domestic Investment At 1993 – In millions of pesos

Investment strongly recovered since the last quarter of 2002 after nine consecutive

negative quarters.

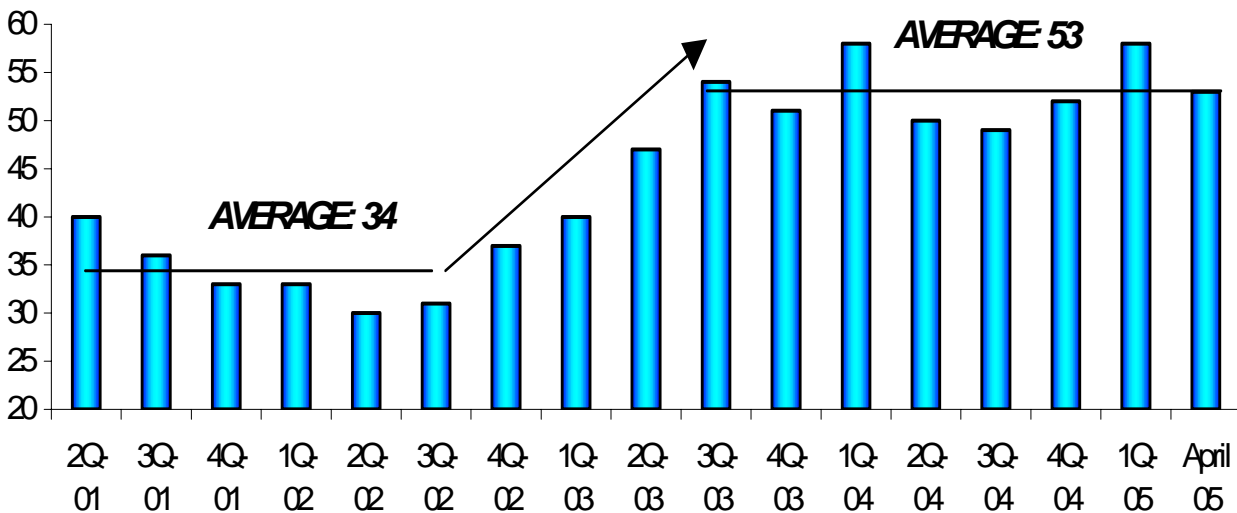


2.1 Consumer Confidence

Consumers confidence levels have risen consistently since the lows of Q2 2002 reaching a high on Q1 2004.

Consumer Confidence Index Balance between positive and negative answers

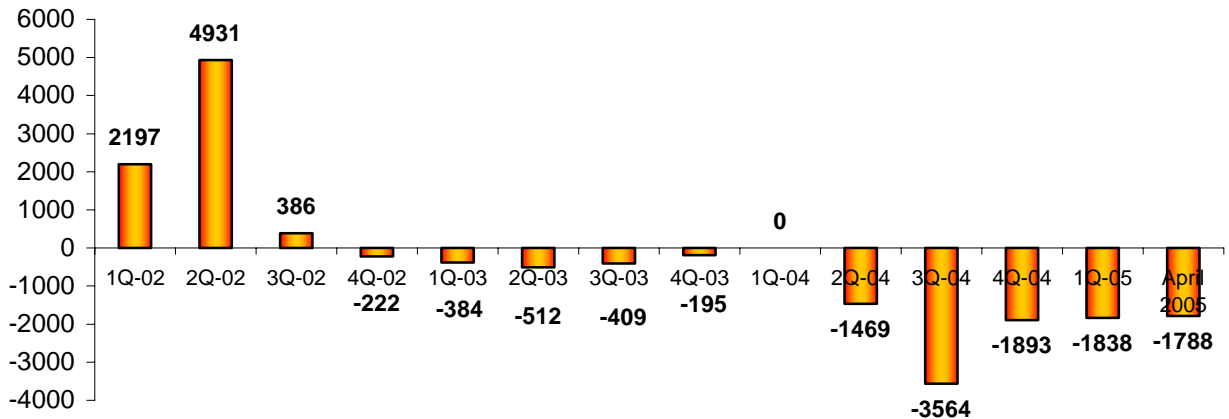
As of fourth 2002 consumer optimism has notably increased



2.3 The Banking System

Since September 2002 financial institutions have not requested Argentine Central Bank assistance. Since April 2004 they lend to the Central Bank via repos.

**BCRA'S ASSISTANCE TO FINANCIAL SYSTEM
Acumulated in the period**

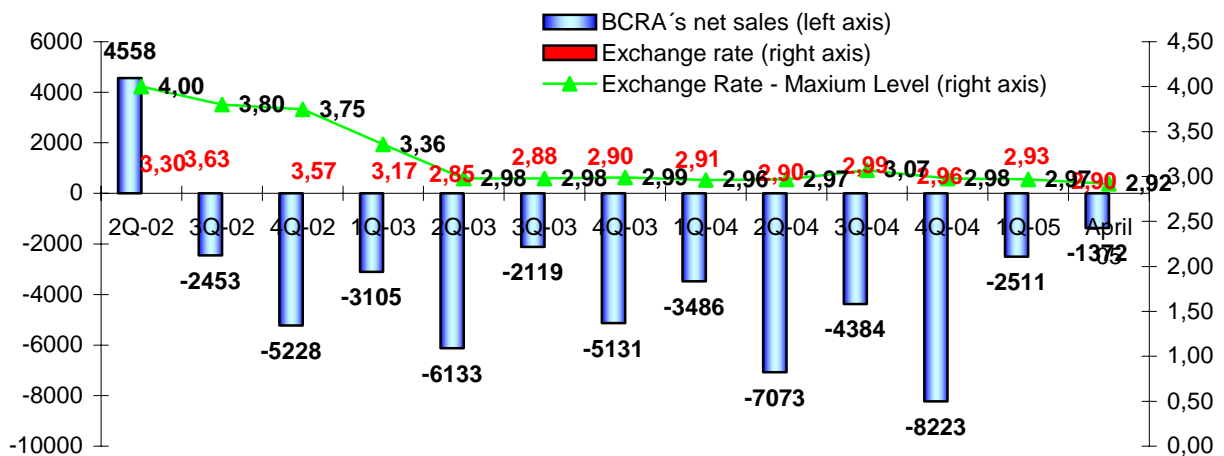


2.4 Inflation

Following devaluation, consistent monetary and fiscal policy has led to price stability. 2002 inflation marked a break with the price stability of the previous decade and was the result of abandoning the Convertibility Regime, introduced in April 1991, establishing exchange rate parity at \$ 1= US\$ 1. Nevertheless, a single-digit inflation rate was once again achieved in 2003. Inflation in 2004 was: 6.1% and the estimates of 2005 inflation are higher, around 10%. This is a warning sign for the government.

Exchange Rates 2002 – 2005

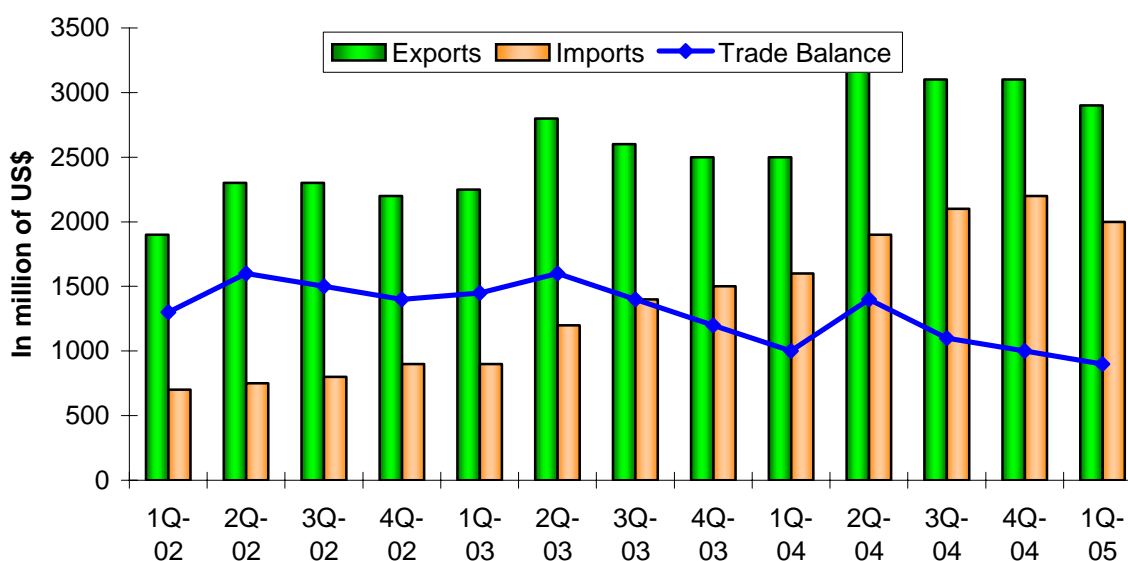
Growth recovery and fiscal improvement helped to strengthen the demand for pesos and stabilize the foreign exchange market. As of August 2005 there is heavy demand for local currency and the peso has reached its strongest point in the last 15 months. On August 2nd, 2005, the dollar closed at \$2.87 per dollar. Albeit heavy buying of US dollars by the Argentine Central Bank, the currency continues to strengthen. Although properties are quoted in US dollars, construction prices are quoted in local currency. Consequently, real estate will, as commodities and services, raise in US dollar terms.



2.5 Foreign Trade

A robust trade surplus was maintained in 2003 despite the recovery of economic activity and a slight appreciation of the peso in real terms. Export performance is highly favorable and the upward trend is expected to continue, imports have recovered strongly following the drop in 2002. The Current Account Balance has turned positive following ten years of deficits. The trade surplus and the reduction in have significantly boosted reserves.

Foreign Trade
Monthly averages (In Millions of US\$)



2.6 Monetary & Fiscal Policy

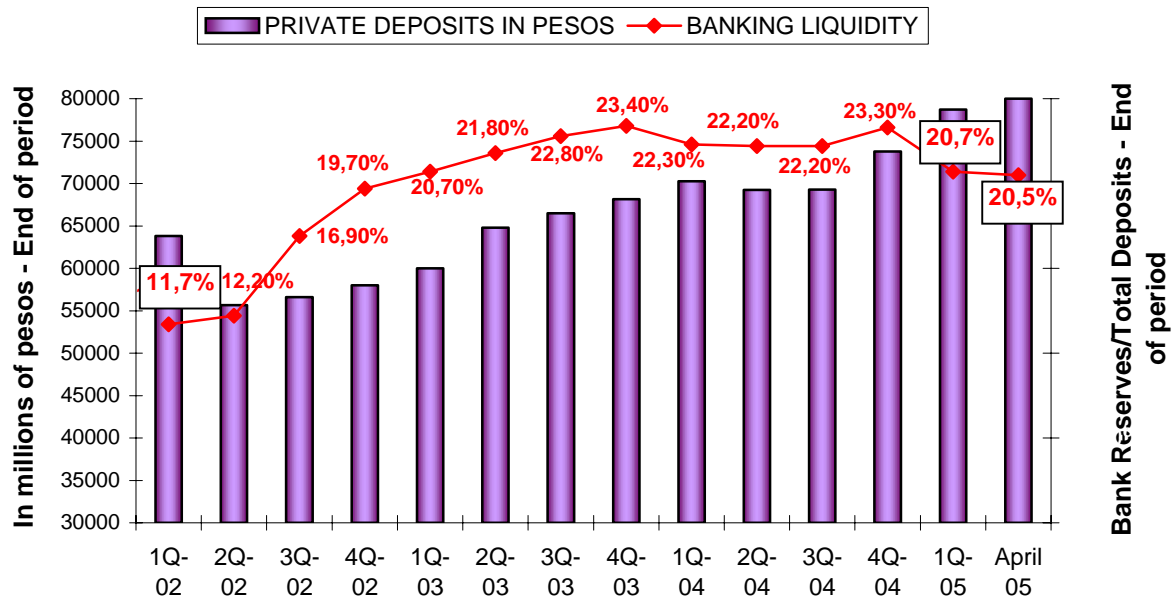
Fiscal accounts have improved substantially since May 2002, as result of stabilized public spending and higher tax revenues.

A favorable monetary trend was established throughout 2003.

The expansion of the broad monetary base and the issue of Central Bank Bills (LEBACs) exemplified the continuity of a prudent and flexible monetary policy that accompanied economic growth at little cost in terms of inflation. The latter part of 2004 and early 2005 has seen the government trying to maintain the current exchange rate, and continues to buy US dollars, thus increasing the local currency base. This, together with some salary increases, have caused inflation to increase slightly, and has become a warning sign.

Private Deposits in Pesos and Bank Liquidiy

The public has once again regained trust and as from July 2002, the trend has remained positive and the banks have recovered liquidity.



2.7 Perspectives and Challenges

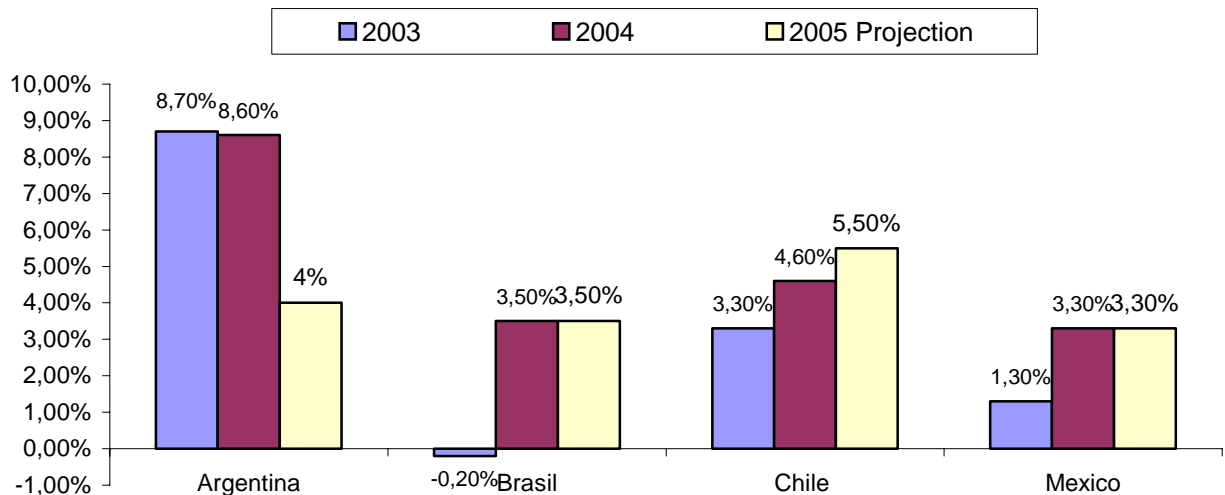
Market expectations consensus: improved Argentine economic performance.

Market Expectations Survey

GDP	2204	8.6%	Industrial Activity	2204	11.0%
(Interannual Variation)	2005	5.5%	(Interannual Variation)	2005	7.5%
Nominal Exchange Rate	End 2004	2.97%	Investment	2004	23.0%
(\$ / US\$)	End 2005	2.80%	(Interannual Variation)	2005	11.5%
Consumer Prices	Dec 2004	6.9%	Trade Balance	2004	13.0
(Interannual Variation)	Dec 2005	6.0%	(US\$ billion)	2005	12.3
Average Salary	2004	10.5%	Current Account Balance	2004	5.1
(Interannual Variation)	2005	8.0%	(US\$ billion)	2005	4.1
Unemployment Rate	2004	13.5%	International Reserves	2004	17.1
(% of Workforce)	2005	12.4%	(US\$ billion)	2005	18.8

Argentina will be amongst the leading countries in Latin America in 2004/ 2005 in terms of growth.

Annual GDP Variation (%)



2.8 Expectations

On the domestic front, Argentina aims to intensify its current economic growth trend by ensuring continuity in the processes already underway:

- Lowering unemployment
- Solving its foreign debt situation
- Boosting investment flows
- Strengthening the financial system
- Fiscal consolidation
- Restructuring the social security system
- Stabilizing prices

On the international front, the main objective is to intensify Argentina's quantitative and qualitative international integration:

- Deepening regional integration schemes and moving forward in the foreign trade negotiations agenda (WTO, FTAA, MERCOSUR, etc.)
- Ensuring the ordered and sustainable restructuring of public and private debt with a view to achieving a solution in accordance with Argentina's payment capacity.

2.9 Why invest in Argentina?

- Highly qualified population
- Availability of natural resources
- Modern diversified industry
- Competitive costs and services

- Competitive exchange rate
- Strong capital gains potential following devaluation in 2002
- Developed infrastructure
- Investment incentives
- A legal framework that does not discriminate against foreign investments
- No capital gains for individuals

3 THE REAL ESTATE PURCHASE PROCESS

There are no restrictions to foreigners in the purchase of real estate in Argentina, which can be acquired as an individual, or in corporate form. The purchase process is a simple one usually lasting between one or two months. The only documentation required by a foreigner is a CDI (tax id), which is obtained from a notary public (Escribano) who, in turn, will require a power of attorney to do so. The steps are as follows

- a) **Offer:** stating price, closing date, name of notary public selected and special conditions. Accompanied by a strong binder which should be returned doubled if the owner backed out of the deal before closing date. It is important to request updated floor plans that reflect actual construction. Failing to this may lead the new buyer to the payment of back taxes otherwise payable by the previous owner.
- b) **Boleto:** It is an intermediary step, usually taking place within the first fifteen days following acceptance of an offer, allowing owners to receive between 30 and 50% of the purchase price and, thus, enabling seller to secure a replacement property for the one to be sold.
- c) **Escritura:** The actual closing date where all parties get together to sign the official transfer of deed. Prior to this situation, the acting notary public must be in possession of the old title deed, have performed the necessary title searches, received a surveyor's report on the property and verified debts, liens, encumbrances, etc. When buyer and seller go straight to "Escritura", 100% of the proceeds are delivered at the time or a transfer to a foreign bank account is set up and verified at a second meeting. It is important to note that the payment required for the escritura is usually in US Dollars. In fact, most owners will only accept US dollar bills and some may accept a transfer to their accounts held abroad, but this latter case is not very common, maybe in 5% of the sales. It is not required that the buyer personally be present to sign the transfer of deed. One may leave a power of attorney to a third party to sign on one's behalf. Current banking legislation has been tightened up following pressure from the US government regarding money laundering. In this regard, local banks will require copies of your previous year tax return in order to receive funds. We strongly encourage buyers to a) acquire properties by voiding the Boleto process and, thus, avoid possible bank retentions and b) Transfer funds to local, Argentine, banks, other than owner's bank account abroad. The latter will justify funds entry upon eventual disposition of the property.

Costs involved:

Notary public fees and costs:

Stamp fee of 2.2% of the sale value applicable to both buyer and seller, only in the suburbs of Buenos Aires, not in the downtown B.A, (Recoleta, etc). The stamp fee % may vary in other provinces.

In **downtown Buenos Aires** the stamp tax is 1,5% for each of buyer and seller, and applies only to properties not declared as 1st. and only personal residence.

Notary costs: Approximately 1% of closing value.

Notary fees: 1% to 2% of the closing value.

Realtor fees payable by purchaser: downtown Buenos Aires, 3 to 4% + VAT of 21% on same (i.e. 3.63 to 4.84%)

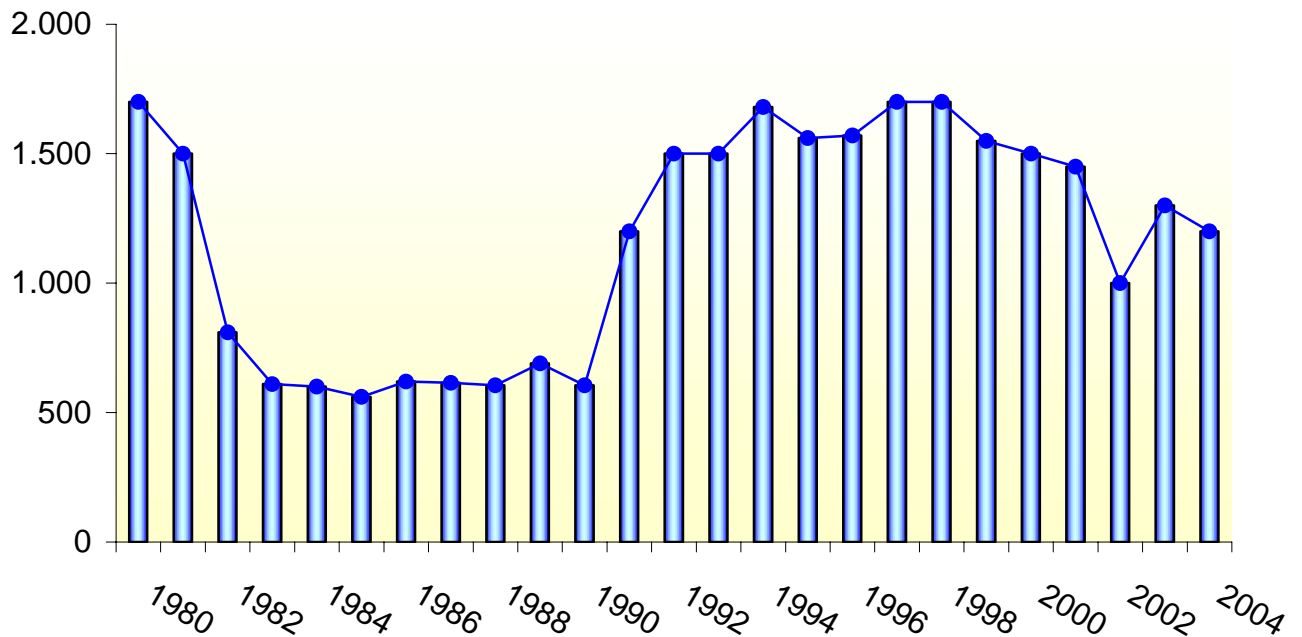
BA Suburbs the buyer fee is 4% + VAT of 21% on same (i.e. 4.84%). Fees are usually split 50/50 between listing and buyer agent.

Owner's pay between 2 and 3% plus VAT of 21% on same in both downtown BA and suburbs.

At Reynolds we work under a team concept with over 60 staff spread over five strategically located branches and available to fully serve each of our clients' needs.

3.1 ARGENTINA REAL ESTATE PRICING BEHAVIOUR

1981-2004



4 IMMIGRATION

Reynolds Propiedades & Relocation will assist you in identifying Argentine immigration requirements and coordinate all necessary paperwork for you and your family. Requirements and costs will be informed upon receipt of your enquiry. Put simply, though, foreign visitors are allowed a three month stay with an additional three month extension without having to process a visa. This process may be extended in time by simply crossing the border to Uruguay. Our visa provider will gladly elaborate on other requirements and limitations.

Accompanied airfreight or shipments of personal effects can sometimes prove a bureaucratic headache when attempting to clear through Argentine customs. We will gladly arrange a direct quote from one or more “Despachantes” to facilitate the importation of your household belongings, be these accompanied or otherwise.

5 GENERAL INFORMATION

5.1 Schools and Colleges

There is an extensive system of public and private schools in Argentina, and most families tend to send their children to private schools if they can afford it. Many schools offer a bilingual English/Spanish program of varying quality, the Argentine official curriculum being compulsory for national recognition.

For expatriate families, these schools offer British and American curricula, co-ed and single sex, full daytime schools. As mentioned above, **Reynolds Propiedades & Relocation** staff will gladly arrange for interviews with a selection of schools detailed below, most of which are located in the so called “Northern Suburbs” of Buenos Aires.

Most expats have selected one of the following schools and educational institutions:

Lincoln American Community School: Located in the heart of the exclusive *Northern Suburbs*. It follows the American curricula and is pursued by most expatriates relocating to Argentina.
<http://www.lincoln.edu.ar>

Northlands: Also located in the *Northern Suburbs*. Fully bilingual at a primary and secondary education level. The school now offers education for both boys and girls.
<http://www.northlands.org.ar>

Saint Andrew’s Scots School: Also located in the *Northern Suburbs*. Fully bilingual girls and boys primary and secondary education.
<http://www.sanandres.esc.edu.ar>

St George’s College: Located a little further north along the Panamerican Highway. Fully bilingual girls and boy’s primary and

secondary.
<http://www.stgeorge.com.ar>

Moorlands' School: Located in the northern vicinity, offers fully bilingual girls and boys primary and secondary education.
<http://www.redeseducacion.com.ar/SCMS/>

St. John's School: Located in the heart of the northern vicinity, specifically in Martinez, this school offers a fully bilingual boys primary and secondary education.
<http://www.stjohnsschool.edu.ar/>

St. Mary of the Hills: Also located in the *Northern Suburbs*. Fully bilingual at a primary and secondary education level.
<http://www.stmary.esc.edu.ar>

Goethe: Located a little further north along the Panamerican Highway and in the northern vicinity. Fully German bilingual girls and boy's primary and secondary. Sponsored by the German government.
<http://www.goethe.edu.ar/>

Michael Ham: Also located in the *Northern Suburbs*. Fully bilingual girls primary and secondary education.
<http://www.michaelham.esc.edu.ar>

Universidad Católica Argentina: TOP notch Argentine university.
<http://www.uca.edu.ar>

Universidad de San Andrés: A higher educational branch of the re-known St Andrew's Scots School located in the Northern Suburbs.
<http://www.udesa.edu.ar>

Lincoln University College: Also located in the Northern suburbs, a branch of Lincoln College offering a B.A. in Liberal Arts entirely in the English language.
<http://www.lincoln.edu.ar>

Universidad Austral: Located further north along the Panamerican Highway.
<http://www.austral.edu.ar>

5.2 Medical Information

Municipal hospitals and clinics have outpatient care and are free to residents of Buenos Aires and foreigners with permanent resident status. However, it is recommended that foreigners become members of pre-paid health plans or private hospitals or clinics. These will provide lists of physicians with whom to seek treatment.

Amongst the most important private health schemes are **OSDE** Binario, Chacabuco 229, San Isidro, Tel.: 4742-5888, www.osde.com.ar; **Swiss Medical Group** S.A., 9 de Julio 374, San Isidro, Tel: 4742-8681, www.swissmedical.com.ar; **Medicus** S.A., 25 de Mayo 771, San Isidro, Tel: 4743-9626; the **British Hospital**, Av.Maipú 1444, Vicente Lopez, Tel: 4797-6400, the **Hospital Austral** (University Hospital) Av. Juan D. Perón 1500, Panamericana Acceso Pilar, salida km50, Pilar, www.hospital.austral.edu.ar, and downtown the **Hospital Alemán** (German Hospital), Pueyrredón 1640, Capital Federal, www.hospitalaleman.com.ar

5.3 Transportation

5.3.1 *Taxis and taxi-limousine service (“remise”)*

Taxis in the city are plentiful and usually reliable. All taxis in Capital Federal are black with yellow roofs and taxis in the suburbs are white or pale blue. If a taxi takes you from the capital to the suburbs, you will be charged double for the portion outside the city limits (Gral. Paz). There are various “radio” taxi services available in the city, which are a safer option. In many cases, a “remise” or taxi limousine door-to-door service is a better deal. Once you have established a working relationship with a neighboring “remisero” you will find this a reliable form of transport.

5.3.2 *Public Transport*

The most extensive form of ground transportation is the system of privately owned buses known as “colectivos”. The fare is paid in coins as you enter the bus and there is no transfer system from one bus to another. There are 4 main train stations in Buenos Aires: Retiro, Constitución, Federico Lacroze and Once. Buenos Aires has a busy underground system. Five separate subway (“subte”) lines crisscross the city, and transfer from one line to another can be done at certain stations at no additional cost.

5.3.3 *Charters*

There are various mini-bus charter services, which provide a regular transport service from the Northern suburbs back and forth to the downtown area following a pre-established route, picking up passengers along the way. Amongst the most used in the Northern Suburbs is the Horqueta Express, Uruguay 3628, Beccar, Tel: 4723-3111, and Gilletti Travel, also in the Northern Suburbs, along Av. Del Libertador.

5.3.4 *Airports*

There are two airports serving Buenos Aires. International flights arrive and depart from Ezeiza Airport, which is about one hour out of town. Domestic flights and those to and from Uruguay fly out of Aeroparque Jorge Newbery, in the downtown vicinity.

5.3.5 *Driving*

Traffic in Buenos Aires is fast, unpredictable and haphazard. There seem to be no rules, lanes are irrelevant and it appears that the right of way is determined by the size of the vehicle. We will gladly provide you with some useful tips to get you over those first few chaotic outings.

If you are planning on buying a car, we don't suggest you bring one with you as duties to nationalize cars run about 70% of the CIF value. Cars can be brought in on a temporary admission, but the period allowed is short, although renewable following travel across the border. When choosing a car, we suggest a low profile option, as car theft is most frequent amongst imported or flashy cars.

Although you can drive on an International Driver's License, you can also apply for an Argentine License. The Automobile Club of Argentina will provide relevant information, and also offer courses, which will help obtain driver's licenses.

5.4 Communications

When you rent a house or apartment, you can either rent one with a functioning telephone or get the telephone connected yourself. Telephone connections may take up to 30 days, so it is a good idea to investigate telephone line availability prior to choosing a property. A phone number is usually assigned permanently to a particular property and is registered in the owner's name. Two companies, **Telecom Argentina** and **Telefónica de Argentina** serve the city of Buenos Aires and its suburbs. Cellular telephones are readily available here, and there are several providers offering varied communications plans, **Telecom Personal**: 0800-444-0800, **Movistar**: 5321-1111; **CTI Movil**: 4109-7500 amongst others.

Local Internet Service Providers (ISP) are also available, and offer a variety of broadband online and dial-up services for varying fee schedules, including **Arnet**, www.arnet.com.ar, **ATT&T** at www.attglobal.net, and full access cable modem www.fibertel.com.ar, to mention a few.

Media

There is a daily English-language newspaper, the **Buenos Aires Herald**, www.buenosairesherald.com, carrying local and international news, and social and entertainment announcements. Naturally there are various Spanish language dailies, mainly **La Nación**, www.lanacion.com and **Clarín**, www.clarin.com and specialized financial newspapers such as INFOBAE, www.infobae.com.

Radio programming is quite diversified, and short wave radios receive **BBC World Service** broadcasts, "**Voice of America**" etc. There are 4 local television channels, plus various cable television providers. Most provide **CNN** and **BBC** around the clock, as well as **ESPN** and various movie channels.

5.5 Legal Information

Permanent residents are issued an identity card known as a "**DNI**" (*Documento Nacional de Identidad*), which usually takes close to 60 days to obtain after arrival. Foreigners with this status have the right to work, access to judicial help and state hospitals, schools etc. In order to be self-employed, one must apply for a taxpayer number (CUIT – *Código Unico de Imposición Tributaria*), which implies filing an annual tax return.

6 SHORT-TERM ACCOMMODATION

At Reynolds we have four staff members 100% dedicated to short-term accommodations. We will gladly assist you in securing a hotel in downtown Buenos Aires offering the usual high standard international service. Should the visitors' stay be extended, or the family wish to have the privacy and convenience of their own apartment with kitchenette, **Reynolds Propiedades** will gladly arrange a booking at one of the numerous Apart Hotels or short-term rental apartments available for one week stays and up. For a preview, please visit the short-term rental section of our website: www.argentinahomes.com

7 PRECAUTIONS / SECURITY

As in any large city in the world, precautions should be taken concerning your personal security as well as in your neighborhood, residence, and car and in public places.

7.1 Personal

Get to know your neighborhood just as you would back home. Become acquainted with your neighbors, their servants, local vendors, etc., so you will be aware of anything strange or unusual. Be careful of what jewelry you wear in public and watch your wallet and handbag very carefully, especially on the bus and at crowded events. Don't keep personal documents or credit cards in your wallet; keep them separately. Choose your domestic staff with care, ask for references and get someone to check them for you. Many Argentines have a bank safety deposit box. These are currently difficult to obtain given the big demand for same following the 2002 bank freeze on deposits.

7.2 Residential

Become acquainted with your neighborhood and its surroundings. Learn all means of entering and leaving your home and check all locks. Don't keep large amounts of money in the house although it is recommended to have some for emergencies, and don't open the door to anyone you don't know. If you discover a burglary, call the police. Ensure that you have your local police station number at hand. (Police Radio Command telephone number: 101)

7.3 Private cars

Always keep your car doors locked and your windows up, even when driving. If the window is down, don't rest your watch arm on the windowsill. Nothing should be left in view, including clothing, briefcases and cassette tapes or CDs. There are many alarm devices available, and it is recommended that some system be installed as a precaution. In any case, ensure that you are well covered by insurance. Don't panic, though, Buenos Aires is safer than many other large cities in South America.

7.4 Public Places

Pickpockets and thieves are as proficient in Buenos Aires as in any large city. Keep small amounts of cash in your wallet. If picking up large amounts of cash from the bank, use a money belt under your clothes and if possible have someone accompany you. When writing a cheque for large sums, a double line diagonally across the upper left-hand corner will ensure that the cheque must be deposited even if it is endorsed. Naturally, this rule applies to cheques drawn on local banks. When touring the city or visiting new places, keep your camera out of sight.

7.5 Taxis

Make sure that the meter is running. Always carry small bills as taxi drivers never carry change for security reasons. If you are concerned about taking a taxi, ask the doorman of one of the major hotels to get you a cab and direct the driver for you. Never share a taxi with a stranger and if the taxi has engine trouble, get out and leave the area. Preferably, use radio taxis. These have a sign on their roof tops indicating the fact.

7.6 Useful Numbers

◇ Fire Department	100	◇ Local Time	113
◇ Telephone Repair	114	◇ Telephone Information	110
◇ Police Department	101		

8 LEISURE ACTIVITIES AND TOURISM

8.1 Clubs and Sports

There are many social and sports clubs in Buenos Aires, as club life is a typical weekend activity for many families. In some clubs a significant inscription fee is demanded, as well as a monthly fee. There are numerous sports facilities both in the city and the suburbs, which offer **soccer, tennis, swimming, paddle, squash**, etc., which have seasonal, daily or hourly rates.

Buenos Aires has more than 60 private **Golf Clubs** in and around the city, most of which require membership. San Isidro Jockey Club is a favorite amongst golfers, on Av. Marquez 504, 4742-1357, just to mention one. However, there are two municipal courses, which are open to the public and three driving ranges. Many country clubs in the Northern Suburbs, such as Pacheco Golf Club, Martindale Country Club, Tortugas Country Club, Village Country Club have their own links.

Horse racing is held regularly at the **Palermo** and **San Isidro** racetracks ("hipódromos"). There are various riverfront clubs extending from Vicente Lopez to the Tigre area which provide sailing, rowing, and windsurfing activities: **The Buenos Aires Rowing Club, Yacht Club Argentina**, the **Nautico San Isidro** and the **Yacht Club San Fernando** just to mention a few. All require membership.

In winter, skiing and snowboarding are both very popular, and Argentina's **Bariloche**, **Valle Las Leñas** and **San Martin de los Andes** ski resorts are world re-known amongst winter sports lovers.

8.2 Concerts, opera, ballet, theater and the movies

Buenos Aires is one of the touring cities of the world in terms of international performers. Various of the downtown Corrientes theatres offer concerts, musical comedy, plays, reviews, tango concerts etc. and rock concerts are held at a number of soccer stadiums throughout the city.

Most famous of all is the **Teatro Colon**, which has some of the best acoustics in the world and which host's local and international opera performers, classical ballet dancers and musicians of great renown. This theatre offers performances for children on Sunday mornings at a very reduced cost as an excellent way of introducing children to the theatre.

There are a number of venues offering excellent theater in Spanish, and the Suburban Players present plays in English at their Playhouse in San Isidro.

Generally, movies are shown in their original language with Spanish subtitles, except for children's films, which are usually dubbed.

The city of Buenos Aires has a variety of museums and cultural centers which offer a wide range of exhibits, shows and lectures.

8.3 Touring Argentina

Argentina is big and beautiful. And there is plenty to see. Some of these trips can be done over a few days or a long weekend. Most spectacular are the **Iguazú Falls**, in the north on the border with Brazil and Paraguay. Walkways over the falls, and boat and helicopter rides permit the most fantastic views of these great falls. In the southern province of Santa Cruz, we have the **Parque Nacional Los Glaciares**, which includes the Onelli, Spegazzini and Upsala glaciers (the largest in the world) as well as El Glaciar Perito Moreno near the town of Calafate. Has to be seen to be believed. **The Peninsula Valdes**, in the province of Chubut is famous for whale watching, sea elephants, seals and penguins, best visited in October and November.

There are many other wonderful places to visit in Argentina, as every province has something special to offer. Mentioned here are just a few of them:

- The mountains and lakes of Bariloche in Rio Negro, Villa Angostura in Neuquén and San Martin de Los Andes, all within 100km of each other.
- Perito Moreno Glaciar in Santa Cruz
- Iguazú Falls in the province of Misiones
- The Beagle Channel in the southern tip of Argentina
- Ushuaia, the most southern city on the continent
- The Straights of Magellan
- The Valle of the Moon in the province of San Juan
- The vineyards in Mendoza
- Salta and Jujuy provinces in the north, breathtaking scenery.

- The hills of Cordoba
- Palm Tree Park in Entre Rios.

8.4 Entertainment

Nightlife is a must in Buenos Aires! Anything from theatre to side street cafe's are a delight but food is our best hidden secret. We might suggest any of the great restaurants in Puerto Madero or those located adjacent to the Hyatt and Caesar Park hotels. Only the more selective restaurants have host or hostesses, the custom being that guests seat themselves, and the waiter will bring the menu to the table. The more fashionable restaurants often require reservations, especially on the weekends. The Value Added Tax (21% VAT) is included in the bill, as is sometimes a cover charge per person, and payment can be made in cash or by credit/debit card. Payment by check is not usual fare.

An "asado", the Argentine barbecue, is a favorite way of entertaining informally on weekends. It can be held at midday, or in the evening. Typically, a variety of sausages and sweetbreads are served first, followed by various cuts of beef, chicken, pork or lamb, served with a number of salads, and accompanied by good Argentina red wine.

Last, but not least, is the Argentine "mate", a typical infusion drink made from the leaves of the "yerba mate" plant, drunk from a gourd through a sort of metal straw, and served hot (hot water from thermos is added frequently).

9 QUERIES ON TAXATION AND LEGAL MATTERS FOR FOREIGN INVESTORS

- a) **I am visiting Argentina and I wish to purchase a property executing deed within the next 30 to 60 days. Do I have any impediment to do it as an individual? Which would be the steps to be followed compared to an Argentine or resident individual?**

The Argentine Constitution grants foreign individuals the same rights as its inhabitants. Therefore, a non-resident may purchase property as an individual.

To execute a deed he/she will need CDI (*Personal Tax Identification Number*). It takes a few days to obtain the CDI (*copy of passport is required*). The procedure can be carried out in person but it is more comfortable to grant a Power of Attorney to the notary public for such purpose.

- b) **As a non-resident, am I subject to any taxation during the term of possession of property in Argentina as compared to an Argentine or resident person?**

Personal asset tax (*bienes personales*) of 0.5% is paid yearly by residents on all assets with an initial exemption of 102.300 Argentine pesos. For foreigners, the yearly tax is .75% on property, on bank deposits and all other assets. No exemption applies. Foreign corporations pay 1.5% net asset tax. Once again corporations have no minimum exemption.

- c) **May I appoint someone to act on my behalf in Argentina with Power to sign contracts and collect money of leases?**

Yes. He must be duly registered as such with the "AFIP" (*Argentine Tax Administration*).

- d) **As a non-resident, may I be holder of a Bank account, wherein money accrued from a lease may be deposited? Otherwise, what legal solution do I have? (i.e. an administrator in charge of delivering the accrued money by other means)**

Having a CDI, you may be a holder of a Bank account as per different requirements that each Bank institution may demand. Also you may grant a Power of Attorney to a local administrator to collect and remit money from the lease.

Rental revenues are subject to a withholding tax for non-residents. The rate is 21%, and it may be deducted when the money is wired abroad.

- e) **Which would be the impediments when expatriating rents paid for leases?**

Nowadays, every draft remitted to foreign countries must be in agreement with the Exchange regulations of the BCRA (Argentine Central Bank).

Remittances derived from leases are acceptable and no delay occurs on them. Corresponding contract may be requested supporting the lease.

f) As a non-resident (*individual*), which taxes should I be subject to for rents collected?

If we refer to an individual:

Income Tax: Upon payment of rents, there should be a withholding tax of 35% of 60% of the rent for individuals. That is to say, 21% of the gross rent. In the event that the tenant were made responsible for the tax payable, the percentage of tax payable is raised to 26.58% In the case of a corporation, net income shall be taxed at a rate of 35%. Commercial properties are subject to VAT of 21% on rent over 1500 pesos.

g) As a non-resident, which taxes should I be liable to pay upon selling property? How are these taxes collected? Do notaries withhold the same?

Non-resident individuals are subject to the real property transfer tax levied on individuals at a rate of 1,5% of the sale price. Residents are also subject to this tax, but they are exempt only if the property they are selling is their main dwelling, and if they will replace the property with another one during the following year. The intervening notary public must consult with the AFIP on the status of taxes payable. If applicable, the withholding is made by the notary public upon disposition of the asset. This process may take up to three months. The AFIP will check on the utility bills of the property and the non resident owners passport, in order to see if the property has been rented or has been occupied by the owner. The owner will need to pay income tax if he cannot show that he was the one occupying the property, at the times when the utility bills show there was somebody there.

In the case of a corporation, it would be subject to standard income tax (35% of net income) and, therefore, not subject to the real property transfer tax.

The sale of properties in the name of non-residents or foreign corporations is subject to approval by the Argentina revenue department (AFIP). This process may take 90 days or more.

h) As an Argentine one can avoid the real property transfer tax (1.5%) if one declares to purchase a property within the following 12 months. Does this benefit apply to foreign non-residents?

This option is only limited to homes destined for personal use. It is not applicable to rural property

i) I am visiting Argentina and I want to purchase a real property in the name of an Argentine, newly set up, corporation and execute title deed within a 30/60-day period. Is there any impediment for doing so as a foreigner? What are the steps required as compared to an Argentine or a resident person?

Foreigners setting up a corporation must have a partner with CDI or CUIT (not necessarily Argentine). If the partner is a legal person, it must be registered with the IGJ (Incorporation Record Board) and have its CUIT. Two of three board members must be resident. Given the additional work involved, you may wish to consider 60 days before executing the deed.

j) What are the requirements for a foreigner to set up a corporation in Argentina? Are these requirements different when the corporation is a branch of a foreign company?

Foreigner needs his passport and CDI. In order to establish a branch, evidence of the existence of the foreign company must be filed, as well as registration of its bylaws and the resolution of the company's board of directors wherein it is resolved the creation of the branch. Foreigner must establish address, file IGJ forms and translations, etc.

k) What is the tax treatment in the case of payment of dividends to shareholders and directors' fees to non-resident foreigners?

Dividends are not taxed as long as they do not exceed the after tax gain of the corporation. If dividends did exceed this amount, they would be subject to a 35% withholding tax. Directors' fees are subject to a 31.5% withholding tax as non-residents.

l) Is a shareholder of an Argentine corporation required to be a resident? What are the legal necessary legal requirements to be a shareholder?

There are no restrictions or obligations.

m) Is it necessary that a director of an Argentine corporation be a resident? Is there any other legal requirement for a foreigner to be a non-resident director?

No. The majority of the Board of Directors must be resident (in a board of directors of 3 members, 2 must be residents). The position must be accepted in person.

n) If the property is sold within a corporation, what taxes must the corporation pay for the sale of such property?

If the company is an Argentine corporation (i.e. incorporated in Argentina irrespective of the place of residence and domicile of its shareholders), the sale proceeds must be included in the annual income tax statement. Any gains are subject to the 35% marginal income tax rate. The notary public is expected to make a withholding of 3% of closing value, which may be applied to the tax amount due. If the corporation were a foreign corporation, the notary public will withhold tax equivalent to 17.5% of the sale price or 35% on the actual profit (optional).

Although answers included above are portrayed to be accurate, we do not guarantee them to be so. Please consult with your tax advisor for confirmation and/or further information.

Tax counselors:



San Martín, Suárez y Asociados

Bernardo de Irigoyen 972 Piso 7
C1072AAT Buenos Aires, Argentina
TEL: (54-11) 4300-1026 Fax: (54-11) 4362-4406
E-mail: info@sms.com.ar // www.sms.com.ar
Contact: Adriana Piano



