

2018 INTEGRATED REPORT

Parque Arauco



Welcome to our second annual integrated report. This report synthesizes the results of our 2018 performance, the figures and the year's main highlights. It describes how we continue innovating to adapt to new lifestyles while remaining committed to profitable, sustainable growth and the generation of value for all our stakeholders.

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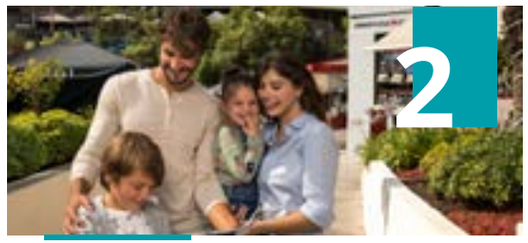

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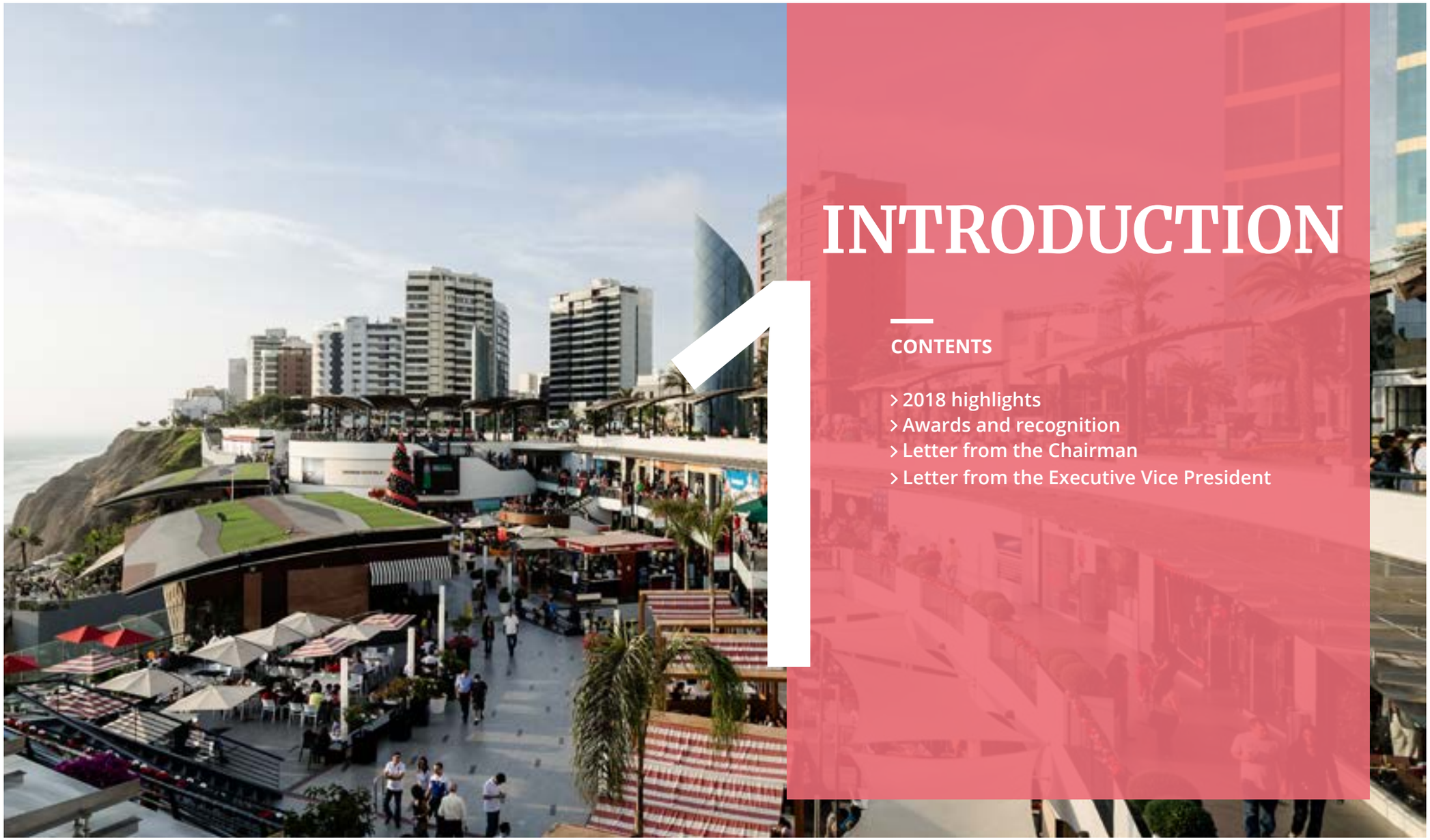

1 INTRODUCTION

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2018 HIGHLIGHTS

Growth



GLA INCREASE

New additions

We expanded our regional presence with a 4.1% increase in GLA in 2018. In Chile, we celebrated the openings of the new Parque Angamos shopping center in Antofagasta, the new Arauco Express Coquimbo strip center and the acquisition of Arauco El Bosque, a regional shopping center in Santiago. In Peru, we opened the Viamix Colonial strip center and expanded El Quinde Cajamarca, which now includes a restaurant area and an H&M store.

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AGREEMENT WITH THE WIESE GROUP

Business combination in Peru

In 2018, we signed a business combination agreement with the Wiese Group. The agreement includes options for the Wiese Group and Parque Arauco to, respectively, sell and purchase the Wiese Group minority interest in MegaPlaza assets in Peru. If finalized, the transaction would add 123,000 m² of company-owned GLA to our operations.

SECOND PHASE OF EXPANSION

Parque Arauco Kennedy

In April 2018, we announced the second phase of expansion at Parque Arauco's largest shopping center in Chile, which involves a US$86 million investment to further diversify its use of space. The expansion announced in 2016 features a five-star Hilton hotel, a convention center and a 25,000 m² flagship Falabella store. The first phase represents an investment of US$212 million. The new phase of the project includes remodeling the existing Falabella store, adding 10,000 m² to the shopping center as well as a 14-floor tower. Construction on the first phase began in 2017. The project, which will offer our customers a new range of experiences, is scheduled to be completed in several stages, between 2021 and 2024.



2018 HIGHLIGHTS

Profitability



SUCCESSFUL BOND ISSUANCE

UF 5,000,000

In August, Parque Arauco placed UF 4 million in 10-year bullet bonds at a rate of 2.34%, a 75-bp spread over the base rate. This rate was the lowest in Chilean history for a 10-year corporate (excluding financial and state) issuance. Similarly, the company issued UF 1 million in bonds, amortizable over 7 years at a rate of 1.69%, a 59-bp spread over the base rate. We used those funds, primarily, to refinance bank obligations and fund the investment plan.

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2018 RESULTS

Parque Arauco's EBITDA margin rose 116 basis points to 72.6% as of year-end 2018, supported by the outstanding fourth-quarter EBITDA margin of 75.4%. Furthermore, profit attributable to equity holders of the company reached CLP$ 117,863 million, an all-time record for Parque Arauco and 32.4% higher than the previous year.

SALE OF LAND IN PERU

In early 2018, we sold land located in San Isidro, Lima for US$78 million. The sale price was substantially higher than returns expected on the projected real estate development, generating great value for the company.

2018 HIGHLIGHTS

Sustainability



FOR THE THIRD STRAIGHT YEAR

Listed on the DJSI

EMERGING MARKETS, MILA AND CHILE

For the third straight year, Parque Arauco was selected to be part of the Dow Jones Sustainability Index (DJSI) Chile, DJSI Latin American Integrated Market (MILA) and DJSI Emerging Markets. Parque Arauco remains the industry's only Latin American company listed on all three of these market indicators, which measure the performance of a select group of sustainability leaders chosen via standardized assessment of environmental, social and corporate governance practices.

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

FTSE4Good

Included on FTSE4Good

EMERGING MARKETS AND LATIN AMERICA

In 2018, Parque Arauco was included on the FTSE4Good for the first time. This international index, created by the London Stock Exchange, uses publicly available information to assess social, environmental and corporate governance practices in different industries around the world.

MINISTRY OF THE ECONOMY CERTIFIED OUR TIMELY PAYMENT OF SUPPLIERS

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SELLO Pro Pyme

17%

REDUCTION IN EMISSIONS INTENSITY FROM OUR OPERATIONS RELATIVE TO 2017

+1,500

FREE ACTIVITIES FOR THE COMMUNITY IN **CHILE, PERU AND COLOMBIA**

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Awards and recognition

In 2018, Parque Arauco placed highly on comparative performance reports on corporate governance practices, sustainability and customer experience.

REPTRAK 2018 CHILE

Reputation Institute and Triangular Strategic Integration

1st place in the shopping center category

No. 19 on the overall ranking of 124 companies

REPORTA CHILE REPORT

Deva Financial and Sustainability Communication

Leader in the Investment and Real Estate Sector
No. 13 of 40 companies

2018 LATIN AMERICA EXECUTIVE TEAM

Institutional Investor

Sector *Real Estate*
General ranking:
3rd in ESG, **3rd** in IR team, **2nd** in IR Professional

Sell-Side Ranking:
3rd in IR program, **3rd** in IR team,
3rd in IR Professional, **from among 41 companies** nominated from the real estate sector.

MERCO CORPORATE REPUTATION CHILE

Corporate Reputation Monitor

No. 49 of 100 companies
with the country's best corporate reputation.

CORPORATE SUSTAINABILITY INDEX

ActionAbility Institute and Capital magazine in Chile

No. 21 of 124 companies analyzed
in terms of how they identify, manage and mitigate the risks presented by the environmental, social and economic variables that affect long-term value.

LATIN AMERICA AND CARIBBEAN SHOPPING CENTER AWARDS

International Council of Shopping Centers (ICSC)

Gold in the design and development category for Parque La Colina.

Gold in the retail category for the 'Social' restaurant area at Parque La Colina.

MALLTRACK AWARDS

Evolution Consulting & Research and Play Agencia

Parque La Colina in Bogotá was recognized in the following categories:
Best shoppingcenter
Best entertainment
Most eco-friendly shopping center

2018 BEST PLACES TO WORK IN CHILE

Great Place to Work®

No. 22 of the
50 companies recognized.

MERCO TALENT CHILE

Corporate Reputation Monitor

No. 43 of 100 best places to work in Chile.

BRANDZ MOST VALUABLE BRANDS IN CHILE

Kantar Millward Brown

No. 9 on the top-15 ranking with a brand value of US$848 million.

Letter from the Chairman



Dear Shareholders:

The year 2018 was highly productive and brought very good financial results for Parque Arauco. This is always noteworthy, but we believe it to be even more so in today's changing times, when technological transformation is challenging the business models that have defined development in several industries for years.

Our sector is no exception to this reality. Concepts and new ways of doing business—e-commerce, click and collect, e-tailers and omnichannel approaches—have emerged and are challenging the conventional paradigms of commercial real estate leasing. Today at Parque Arauco, we are focused on fully understanding these changes and are beginning to take concrete steps to adapt to this new reality.

In this context, our tenants' sales increased 3.5% this year and the company's revenue grew 4.1%. Furthermore, profit attributable to equity holders of the company reached CLP$ 117,863 million—an all-time high for Parque Arauco and 32.4% above the previous year.

The commercial real estate leasing business is up against three significant forces. First, technology is changing the way people buy. Going to the store was once the only option. Today, stores deliver online purchases to a designated address or customers pick up orders at a given location. Second, significant demographic changes are altering the way people use the city. Increased life expectancy, smaller families and growth of the number of adults over 60 as a proportion of the total population are a few of these. New preferences and consumer patterns arise from these shifts in the dynamics and ways of urban living. Finally, I must also note the relevance institutional investors have taken on in the capital markets as well as their natural interest in investing in stable businesses, like real estate leasing.

As a company, we are responding to this process of change by strengthening an objective we consider crucial: developing iconic real estate concepts and projects that adapt to the multiple lifestyles of modern cities. Our new projects will diversify our portfolio by adding more than 44,000 m^2 of leasable area. The addition of a hotel, a convention center and a 14-story tower will transform our iconic shopping center, Parque Arauco Kennedy, into a mixed-use real estate asset like we see in the world's leading cities.

At the same time, we continue developing solutions and technology to improve customer experience and service. Free public wifi throughout Parque Arauco Kennedy is one example that will be extended to our main assets in Peru and Colombia. Similarly, we are implementing smart parking systems with automatic web or mobile-based payment applications and a car locating system that uses electronic license plate recognition. We want to explore how data analysis tools can help deepen our understanding of our customers and reduce friction points in their shopping process.

Actively managing our balance sheet is part of our strategy. In that context, we sold our land in the San Isidro neighborhood of Lima, Peru. The transaction price was approximately US$78 million with after-tax gains of US$31 million. On the liabilities side, we placed UF 5 million in bonds in 2018. This successful placement was made at the lowest rate in Chilean history for corporate issuances of the same maturity, a reflection of our high solvency and conservative financing policies which also earned the company domestic AA- risk ratings from Fitch, Feller and ICR.

Before closing, I want to note, with pride, that we continue taking concrete steps on sustainability matters. In 2018, both FTSE4Good and the Dow Jones Sustainability Index included Parque Arauco among its select stocks for emerging markets, which includes Latin America and Asia. We were also confirmed for the third straight year on the Dow Jones Sustainability Index Chile and Integrated Latin American Market (MILA) indexes.

This recognition, along with other accolades mentioned in the integrated report, motivate us to remain faithful to our core values as we do business in order to build our corporate culture and achieve the purpose that guides us. I am thankful for the support and confidence displayed by our investors and tenants, the professional work of our employees, as well as the respect and openness we continue building with the rest of our stakeholders. Through this integrated report, I invite you to learn more about Parque Arauco's activities during this intense year of 2018.

JOSÉ SAID SAFFIE
Chairman
Parque Arauco

Letter from the Executive Vice President



Dear Shareholders and Other Parque Arauco Stakeholders:

It is my pleasure to present our 2018 Integrated Report, which summarizes Parque Arauco's performance and main highlights last year. This document describes how—through our business model and a strategy that blends growth objectives, profitability and sustainability—we are enhancing our capacity to create value while accomplishing our corporate purpose of creating spaces that contribute to improving peoples' lives.

Despite challenging economic contexts, we have reason to say that 2018 was a very good year for Parque Arauco. The results of our efficiency plans reflected, at the consolidated level, solid EBITDA growth of 5.8% and an EBITDA margin of 72.6%, up 116 basis points from 2017. Furthermore, profit attributable to equity holders of the parent hit a record high of CLP$ 117,863 million in 2018.

We have progressively become more active in managing our balance sheet. For example, the sale of the property located in the San Isidro neighborhood of Lima, Peru, contributed to this year's good results and improved our financial position.

In parallel, consolidated tenant sales grew 3.5% to the equivalent of US$3,009 million while consolidated revenue grew 4.1% to US$296 million. Chile contributed 59% of that revenue, Peru 27% and Colombia 14%. The share of the latter increased two percentage points compared to the prior year, reflecting continued progress on Parque Arauco's geographic diversification.

Additionally, we continue creating opportunities to add new spaces. Total GLA, which already surpassed one million square meters, grew 4.1% in 2018 through the portfolio additions of Parque Angamos shopping center in Antofagasta, Arauco El Bosque shopping center in Santiago, Arauco Express Coquimbo strip center in northern Chile and Viamix Colonial strip center in Peru.

The projects we have underway are evidence of how we face challenges and opportunities in the midst of a shifting environment. As reflected in some of the assets in our portfolio that have included hotels and office towers for some time now, we are betting on expansion, diversification and integration in the use of our real estate spaces. This strategy is also evident in our biggest project, currently in progress at Parque Arauco Kennedy, which will add Chile's first Hilton hotel and the largest convention center operating in a shopping center of this type.

In this same vein, we have made progress toward converting spaces to enhance the entertainment, culture and culinary options at our shopping centers. We aim to lead the market in unique gathering spaces, like our Bazar Gourmet, which successfully opened at Parque Arauco Kennedy in 2018. As a reflection of these efforts and our focus on this issue, among other accolades, Social, our eatery space in Colombia's Parque La Colina, earned us recognition in the Mall Track study on customer satisfaction and experience as the "Bogotá shopping center with the best entertainment". We seek decisive progress in this direction in order to enhance all our platforms and value offering with experiences that blend entertainment, shopping and gathering in integrated spaces that are friendly to their surroundings.

We know we are called to do business showing the same commitment to environmental management and responsibility for people as we do to our financial performance. We have been building this integrated vision through our sustainability agenda in which the environmental, social and corporate governance (ESG) areas are cornerstones of sustainable success for our business.

In terms of the environment, we managed to reduce our carbon footprint by 14%, thanks largely to the energy efficiency measures that cut electricity consumption in common areas by 16% relative to the prior year. We have also made significant progress on waste management and recycling, which is up a total of 40% at our operations in Chile, Peru and Colombia. These indicators are complemented by environmental education and initiatives promoting healthy lifestyles for visitors, neighboring communities and operators. More than 57,000 people participated in Chile, Peru and Colombia.

> Continue

Letter from the Executive Vice President

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We continue to strive to make our shopping centers places for personal development and opportunity with inclusiveness initiatives and activities that benefited more than 1,500 individuals in the countries where we operate.

Likewise, we promote local entrepreneurship as a stimulant for economic development in the areas where we operate and to connect us with new proposals and consumer segments. Through our shopping centers, we offer opportunities and selling spaces as well as training, mentoring and support initiatives. In 2018 alone, we worked with 15 organizations that promote emerging entrepreneurs in Chile, Peru and Colombia. We earned the Chilean Ministry of the Economy's ProSME Seal for timely supplier payment practices, which have a positive impact, particularly on the country's small and medium-sized businesses. In terms of labor practices, we placed 22nd on the Great Place to Work Chile ranking, up 8 places from 2017.

Finally, the efforts we have undertaken as part of our sustainability agenda have earned us recognition by two of the world's most prestigious sustainability indexes: the Dow Jones Sustainability Index and the FTSE4Good. The latter belongs to the London Stock Exchange and includes companies that have made concrete progress on environmental, social and corporate governance performance.

This integrated report provides an account of the highlights of our 2018 performance. We are simultaneously proud of our achievements and aware of the challenges ahead. We will continue to put all our professionalism, energy and efforts into continuing down the path that has made us a regional leader in the real estate industry.

JUAN ANTONIO ÁLVAREZ AVENDAÑO

Executive Vice President
Parque Arauco S.A.





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Our essence

Our management approach, inspired by the strategic priorities of growth, profitability and sustainability, has enabled us to continuously generate value and become a leader in the Latin American real estate industry.



OUR VALUES ARE THE FOUNDATION OF EVERYTHING WE DO

Respect for people
- and the environment -

- We are personable and friendly to everyone: employees, tenants, customers and the community.
- We value everyone's contribution.
- We are environmentally responsible.

Openness
to change and innovation

- We seek creative solutions.
- We (always!) want to surprise internal and external customers.
- We are open to learning and continuous improvement.

Choose the Right option, not the easiest one

- We follow the rules.
- We behave ethically and honestly, even in challenging contexts.
- We lead by example.

Make things happen

- We fulfill our commitments.
- We act with professionalism, excellence and a sense of urgency.
- We mobilize to meet our challenges.

Create a work environment that inspires an exceptional Team

- We all contribute to creating a great place to work.
- We establish trust-based relationships.
- We do everything with passion.

***Excellence and Happiness** are the cornerstones of our corporate culture*

About us

PARQUE ARAUCO

We are experts in developing and operating gathering places, where people interact, connect and spend their free time. We create dynamic spaces that change along with new lifestyles and are centers of opportunity, urban growth and community development.

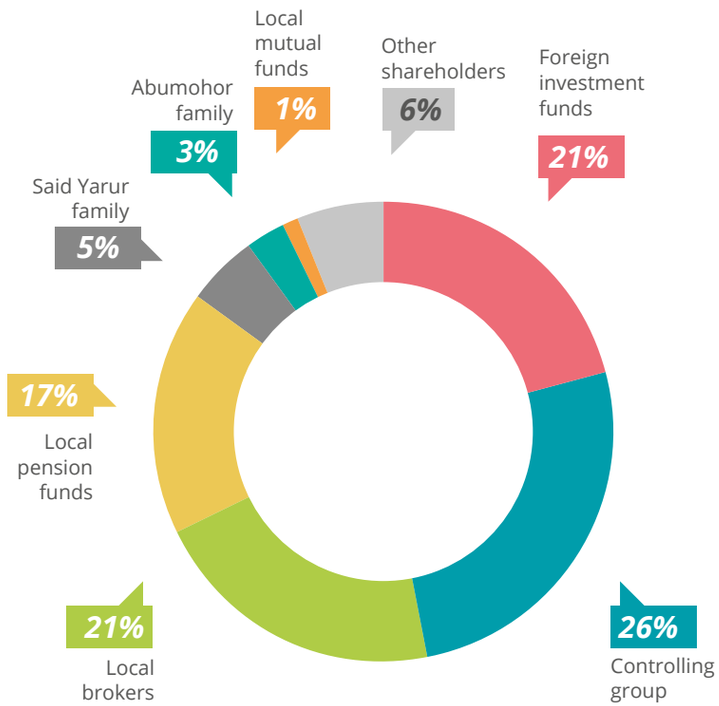
Parque Arauco introduced the concept of the shopping mall in Chile in 1982. Since then, innovation, a focus on improving customer experience and profitable and sustainable growth have made Parque Arauco a leader in the Latin American real estate industry.

Headquartered in Chile, Parque Arauco is a publicly traded company whose shares are traded on the largest Chilean stock market, Santiago Exchange. The company is part of the IPSA, which measures changes in stock prices of the 30 most liquid companies on that exchange.

Between 2012 and 2018, Parque Arauco's consolidated gross leasable area grew 88.1%, through acquisitions, development of new shopping centers and expansion of the company's shopping centers in Chile, Peru and Colombia.

OWNERSHIP STRUCTURE

Data as of December 2018



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2018 important figures

Assets
in our portfolio

52

Total Gross Leasable Area (GLA)
Sum of areas available for lease

1,053,000 m²

Occupancy
Proportion of total GLA that is paying rent

94.7%

Total revenue
(MUS$)

296

Risk rating
(Domestic rating from Fitch, Feller and ICR)

AA-

About us

We have grown regionally, developing different formats with unique designs that integrate with their surroundings and serve different types of users. Our shopping centers are locate in strategic areas with high urban growth potential in Chile, Peru and Colombia.

OUR 2018 PORTFOLIO

17 *Regional shopping centers*
Shopping centers with gross leasable area exceeding 20,000 m² and which generally have two or more anchor stores.

10 *Neighborhood shopping centers*
Gross leasable area between 6,000 and 20,000 m² with one or more anchor stores.

7 *Outlets*
Located on the outskirts of the city, these shopping centers primarily aim to make premium brands accessible at discounted prices.

18 *Strip centers*
Gross leasable area of less than 6,000 m², generally located on high-traffic corners.

9 *Offices, medical centers and hotels*
These assets are developed along with shopping centers and are our first ventures into mixed-use real estate.

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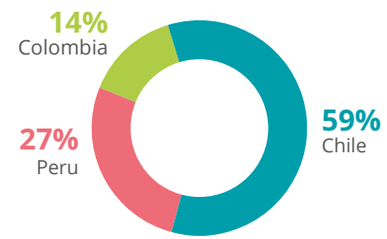
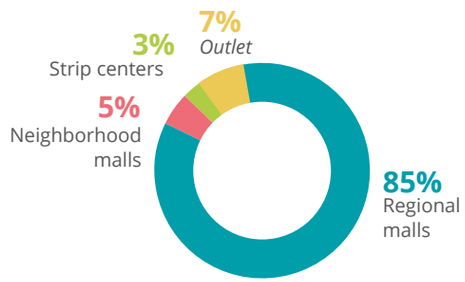
DIVERSIFICATION

Data as of December 2018

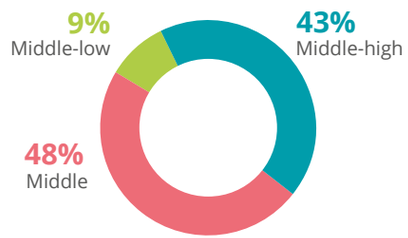
DISTRIBUTION OF REVENUE BY COUNTRY



DISTRIBUTION OF REVENUE BY FORMAT



DISTRIBUTION OF REVENUE BY SOCIOECONOMIC GROUP





Regional presence

We are a leader in the Latin American real estate market.

With a gross leasable area of more than a million square meters, we are one of the largest real estate companies in Chile, Peru and Colombia.

*We manage our assets through three business units: **Chile Division, Peru Division and Colombia Division.***

MARKET SHARE

CHILE	PERU	COLOMBIA	
4,437,500 m²	2,764,000 m²	5,700,500 m²	GLA TOTAL
500,500 m²	397,000 m²	155,500 m²	GLA PARQUE ARAUCO
11%	14%	3%	MARKET SHARE

GLA: Gross Leasable Area

Corporate structure p. 163 >

Source: Based on data published by the Chilean Shopping Center Association (CCCh, November 2018 report), the Peruvian Shopping Center Association (ACCEP, May 2018 report), the Colombian Shopping Center Association (ACE, January 2019) and in-house analysis by Parque Arauco.



Colombia

BUCARAMANGA	PARQUE CARACOLÍ
BOGOTÁ	PARQUE LA COLINA
	PREMIUM OUTLET ARAUCO
PEREIRA	PARQUE ARBOLEDA



Peru

JAÉN	MEGAPLAZA EXPRESS JAÉN
CAJAMARCA	EL QUINDE CAJAMARCA
CHIMBOTE	MEGAPLAZA CHIMBOTE
HUARAL	MEGAPLAZA HUARAL
BARRANCA	MEGAPLAZA EXPRESS BARRANCA
LIMA	MEGAPLAZA NORTE
	LARCOMAR
	MEGAPLAZA EXPRESS VILLA EL SALVADOR
	MEGAPLAZA VILLA EL SALVADOR II
	INOUTLET FAUCETT
	PREMIUM OUTLET LURÍN
	MEGAPLAZA EXPRESS VILLA
	VIAMIX CHORRILLOS
	VIAMIX LAS MALVINAS
CAÑETE	VIAMIX COLONIAL
CHINCHA	MEGAPLAZA CAÑETE
PISCO	MEGAPLAZA EXPRESS CHINCHA
ICA	MEGAPLAZA PISCO
AREQUIPA	EL QUINDE ICA
	PARQUE LAMBRAMANI



Chile

ANTOFAGASTA	ARAUCO EXPRESS
	PARQUE ANGAMOS
CALAMA	ARAUCO EXPRESS
COQUIMBO	ARAUCO PREMIUM OUTLET COQUIMBO
	ARAUCO EXPRESS
VIÑA DEL MAR	ARAUCO EXPRESS PALMARES
VALPARAÍSO	ARAUCO PREMIUM OUTLET CURAUMA
SANTIAGO	PARQUE ARAUCO KENNEDY
	ARAUCO MAIPÚ
	ARAUCO ESTACIÓN
	ARAUCO PREMIUM OUTLET BUENAVENTURA
	ARAUCO QUILICURA
	ARAUCO EL BOSQUE
	ARAUCO EXPRESS
	LAS BRUJAS
	COLÓN
	IRARRÁZAVAL
	EL CARMEN
	PAJARITOS
	MANUEL MONTT
	LUIS PASTEUR
	CIUDAD EMPRESARIAL
	BOULEVARD CIUDAD EMPRESARIAL
	RECOLETA
	LA REINA
SAN ANTONIO	ARAUCO SAN ANTONIO
CHILLÁN	ARAUCO CHILLÁN
CONCEPCIÓN	ARAUCO PREMIUM OUTLET SAN PEDRO
CORONEL	ARAUCO CORONEL

REGIONAL PRESENCE

Chile Division

Our portfolio of shopping centers in Chile grew 10% in 2018, with the acquisition of Arauco El Bosque, a regional mall in Santiago, the opening of Parque Angamos, a neighborhood shopping center in Antofagasta, and the Arauco Express strip center in Coquimbo.

Last year, Parque Arauco Kennedy hit a new milestone, introducing the food hall concept in Chile with Bazar Gourmet, an area featuring gourmet dining, located on the design floor.

Since its creation, when it was the first shopping mall in Chile, Parque Arauco Kennedy has stood out as a pioneer in developments like the restaurant boulevard and an area exclusively for luxury brands. Last year, Parque Arauco Kennedy continued making progress on the second phase of its expansion project, which will bring mixed-use spaces to this prime location by 2024.

2018 HIGHLIGHTS

- Announced the second phase of expansion at Parque Arauco Kennedy.
- Acquired Arauco El Bosque, a shopping center in southern Santiago with 30,000 m² gross leasable area.
- Opened Parque Angamos, a 10,500 m² neighborhood shopping center in Antofagasta.
- Opened Arauco Express Coquimbo, a 3,000 m² strip center.
- Introduced the Bazar Gourmet food hall, a new concept, at Parque Arauco Kennedy.

28 ASSETS

8 *Regional shopping centers*

1 *Neighborhood shopping center*

15 *Strip centers*

4 *Outlets*

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Relevant indicators

Total GLA
500,500 m²

Company-owned GLA
458,542 m²

Occupancy
96.4%

REGIONAL PRESENCE

Peru Division

Our first investment in Peru was the purchase of 45% of MegaPlaza Norte from the Wiese Group, with whom we began doing business in the country in 2006. Later, we grew through other deals like the acquisition of Larcomar, an iconic shopping center in the Miraflores district, and the opening Parque Lambramani in Arequipa. In 2018, we expanded with the opening of Viamix Colonial and expansion of El Quinde Cajamarca.

In June, we signed a binding agreement for a business combination with the Wiese Group. The deal includes an option for the Wiese Group to sell its minority interest in the MegaPlaza shopping centers in Peru to Parque Arauco. If finalized, the transaction would add 123,000 m² to company-owned GLA.

2018 HIGHLIGHTS

- Business combination agreement with the Wiese Group
- Sale of Parque El Golf land in San Isidro, Lima
- Opening of 3,000 m² Viamix Colonial strip center
- Opening of new wing of El Quinde Cajamarca, which includes a new restaurant area and H&M store.

20 ASSETS

6 *Regional shopping centers*

9 *Neighborhood shopping centers*

3 *Strip centers*

2 *Outlets*

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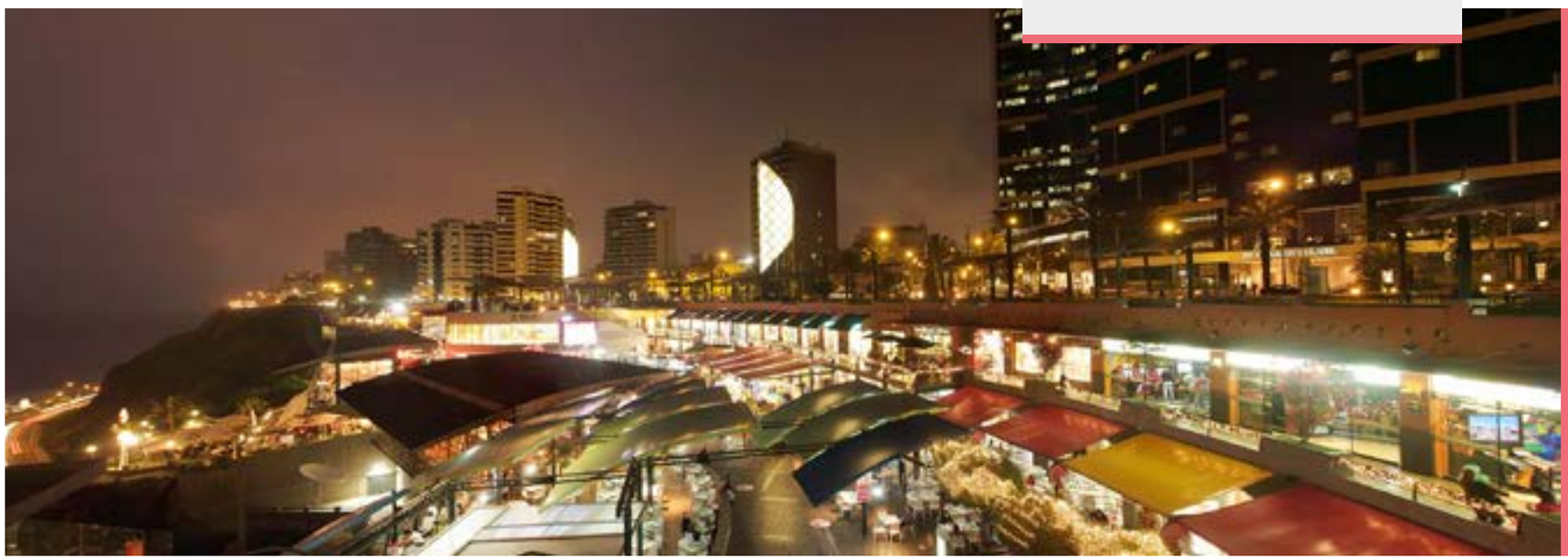


Relevant indicators

Total GLA
397,000 m²

Company-owned GLA
274,000 m²

Occupancy
94.0%

REGIONAL PRESENCE

Colombia Division

We began operations with the opening of Parque Arboleda in 2010. We now operate two other regional shopping centers and the first premium outlet, located on the outskirts of Bogotá in Sopó.

We developed mixed-use real estate assets in Colombia, like Parque Arboleda in Pereira, which features an office tower, and Parque Caracolí in Bucaramanga, which combines a shopping center, hotel and offices.

Furthermore, Parque La Colina, Parque Arauco's largest shopping center in Colombia, features more than 13,000 m² of public park that is open to the community.

In 2018, we recorded significant sales growth of 18.9%; added new brands, including Casaideas, Rosen, Ray-Ban, Polo by Ralph Lauren and Rapsodia, to our commercial mix; and reported a strong occupancy rate of 90.9%.

2018 HIGHLIGHTS

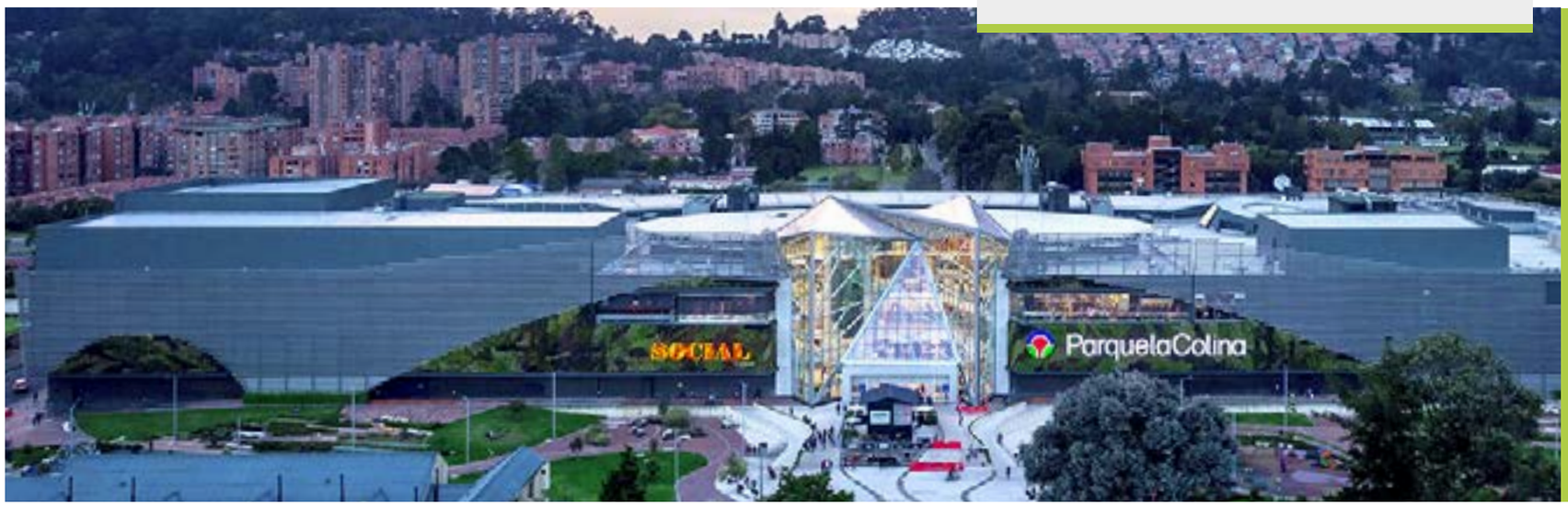
- AAA risk rating by Fitch Ratings in Colombia for the ordinary bond issuance of COP 400,000 million.
- Occupancy rate up 791 basis points to 90.9%.
- Gold at ICSC Latin America & Caribbean Shopping Center Awards for Parque La Colina, which Mall Track also named Bogotá's best shopping center. Parque La Colina was also recognized in the best entertainment and most eco-friendly categories.
- First year of operations of Hotel Sonesta at Parque Caracolí.

4 ASSETS

3 ***Regional shopping centers***

1 ***Outlet***

Portfolio details p. 68



Relevant indicators

Total GLA
155,500 m²

Company-owned GLA
137,050 m²

Occupancy
90.9%

Our history

1979

- Company founded under the name Cocentral, Compañía de Centros Comerciales S.A.

1982

- Opened Chile's first shopping mall, Parque Arauco Kennedy.



1992

- Became a publicly traded corporation and changed its name to Parque Arauco S.A.

1994

- Became minority shareholders in Alto Palermo S.A., the leading shopping center operator in Argentina.

1995

- Parque Arauco shares began trading on Santiago Exchange.

1997

- Partnered with Cencosud and Ripley (33.3% each) to create Inmobiliaria Mall Viña del Mar S.A., owner of the Marina Arauco shopping center in Viña del Mar and Mall Center in Curicó.

2005

- Founded Inmuebles Comerciales del Perú S.A.C. (ICP), a subsidiary of Parque Arauco in Peru.



2006

- Entered the Peruvian market through strategic partnership with the Wiese Group, purchasing 45% of the MegaPlaza Norte shopping center.

2007

- Acquired Arauco Chillán, a shopping center in Chile's Ñuble province.



2008

- First corporate bond placement on the Chilean market for UF 3.5 million. Opened offices in Colombia.
- Acquired Arauco Estación, an iconic shopping center located at Chile's main train station in Santiago.
- Began diversifying format by adding our first strip center, Arauco Express Pajaritos in Santiago.

Our history

2009

- Began operations at our first neighborhood shopping center in Peru, MegaPlaza Express Villa in Chorrillos, Lima.



2010

- Sold our interest in Alto Palermo S.A., a company that owns shopping centers in Argentina.
- Acquisition of Larcomar, in Miraflores, Lima.
- Opened Parque Arboleda, our first regional shopping center in Colombia.

2011

- Capital increase of CLP$ 82,479 million at Parque Arauco.



2012

- Created Centros Comerciales Vecinales Arauco Express S.A., a joint venture for strip center development.
- Entered the outlet market by acquiring Arauco Premium Outlet Buenaventura in Chile.
- Partnered with Los Portales to create Strip Centers del Perú S.A., which specializes in strip center development in the country.

2013

- Opened Chile's first Luxury District featuring stores like Louis Vuitton, Emporio Armani and Salvatore Ferragamo.
- Opened three neighborhood shopping centers in Peru and acquired our first outlet in Lima.

2014

- Capital increase of CLP$ 103,894 million.
- Issued a second line of Parque Arauco S.A. bonds in Chile for a total amount of UF 3 million.
- Arauco Quilicura became the country's first shopping center to earn LEED Silver certification.
- Opened Viamix Chorrillos, Peru's first strip center and the beginning of this format outside Chile.

2015

- Issued the third line of bonds, with a long-term series for UF 4 million and a short-term series for UF 2 million.
- Created the Sustainability Area at Parque Arauco.
- Acquired 100% of Ekimed S.A.C. in Peru. The company owned the El Quinde shopping centers in the cities of Cajamarca and Ica.
- Purchased minority interest in Los Portales S.A.
- Purchased minority interest in Grupo Bancolombia.

2016

- Capital increase of CLP$ 70,477 million.
- Issued the fourth line of bonds, with a long-term series for UF 2 million and a short-term series for UF 3 million.
- Included on the Dow Jones Sustainability Index: Emerging Markets and Chile, for the first time.
- Acquired 16.7% of Inmobiliaria Mall Viña del Mar S.A.
- Opened the third regional shopping center in Colombia, Parque La Colina in Bogotá.

2017

- Leaseable area managed by Parque Arauco surpassed 1,000,000 m^2.
- Parque La Colina earned LEED Gold Certification.
- InOutlet Premium Lurin became the first shopping center in Peru to earn LEED Silver certification.

CORPORATE GOVERNANCE

Leadership and control

Our corporate governance aims to establish guidelines for creating value in a sustainable manner, through practices and processes that ensure regulatory compliance and fulfillment of strategic objectives in an adequate monitoring environment and in keeping with our purpose and corporate values.

At Parque Arauco, corporate governance is led by a nine-member Board of Directors. Directors are elected by company shareholders for three-year terms and may be reelected.

The Board holds ordinary sessions each month and extraordinary sessions when convened by the chairman or the majority of board members. Board agreements are adopted with affirmative votes from five directors. The Board of Directors sets short-, medium- and long-term objectives and monitors progress on our strategy. It also establishes the necessary risk management structures and processes while controlling compliance with ethical and regulatory standards in all the countries where Parque Arauco operates.

Board composition and diversity on pg. 138 >

CORPORATE GOVERNANCE STRUCTURE

Continue >>

BOARD OF DIRECTORS

Comprised of nine members, three of whom are independent.

- Makes strategic decisions
- Controls the processes of creating sustainable value.
- Oversees risk management.

pg. 24 >

Directors' Committee

Comprised of three directors, two of whom are independent.

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CORPORATE GOVERNANCE

Leadership and control

<< CORPORATE GOVERNANCE STRUCTURE

EXECUTIVE VICE PRESIDENT

Responsible for leadership and overall management of the company.

- Leads the executive team, which is responsible for implementing company strategy and achieving results everywhere our businesses operate.
- Ensures Parque Arauco's sustainable success, safeguarding team alignment and the company's long-term performance.

Executive Committees

Conduct organization-wide,interdisciplinary analysis of risk management and sustainability. Set guidelines for applying those issues throughout the organization.

RISK COMMITTEE

pg. 27 >

SUSTAINABILITY COMMITTEE

pg. 27 >

Corporate Divisions

Responsible for the organization-wide functions that support results and business unit performance.

Administration and Finance

- Plans, implements and manages the information and financial reporting system.
- Leads the planning process and the corporate functions that support the business units.

Legal

- Provides legal guidance, mitigating risk and advising areas and business units.
- Responsible for ensuring compliance with standards and the regulatory context in which we operate.

Human Resources

- Manages indicators related to talent and people.
- Establishes and measures labor practices for team satisfaction and alignment with business objectives.

Audit and Control

- Provides a systemic approach that is independent of risk management processes and reports to the Directors' Committee.
- Interacts with external audit companies and establishes audit plans and ongoing monitoring.

Business Unit Divisions

Lead development and business indicators for each country, taking into consideration profitable and sustainable growth at each operation.

CHILE DIVISION

PERU DIVISION

COLOMBIA DIVISION

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CORPORATE GOVERNANCE

Board of Directors

The Parque Arauco Board of Directors was elected at the Ordinary Shareholders' Meeting on April 15, 2016. Members hold the position for three years and may be reelected.



JOSÉ SAID SAFFIE
Chairman
Chilean National ID: 2.305.902-9
Bachelor of Laws, Universidad de Chile



JUAN CARLOS LOBOS PÉREZ
Independent Director
Chilean National ID: 4.567.869-5
Attorney, Universidad Católica de Valparaíso



SALVADOR SAID SOMAVÍA
Director
Chilean National ID: 6.379.626-3
Bachelor of Business Administration, Universidad Gabriela Mistral de Chile



ORLANDO SÁENZ ROJAS
Director
Chilean National ID: 3.599.669-9
B.S. in Civil Engineering, Pontificia Universidad Católica de Chile



JOSÉ DOMINGO ELUCHANS URENDA
Director
Chilean National ID: 6.474.632-4
Attorney, Pontificia Universidad Católica de Chile



RAFAEL ALDUNATE VALDÉS
Independent Director
Chilean National ID: 5.193.449-0
Bachelor of Business Administration, Pontificia Universidad Católica de Chile; AMP, Harvard University



LUIS HERNÁN PAÚL FRESNO
Independent Director
Chilean National ID: 7.289.965-2
B.S. in Civil Engineering, Pontificia Universidad Católica de Chile and MBA, Massachusetts Institute of Technology



RENÉ ABUMOHOR TOUMA
Director
Chilean National ID: 3.065.693-8
Financial Investor



GUILLERMO SAID YARUR
Director
Chilean National ID: 6.191.544-3
B.S. in Industrial Engineering, Universidad de Chile
Post graduate degree in Finance, Universidad Adolfo Ibáñez

In 2018, none of the directors held executive positions at Parque Arauco. With the exception of Guillermo Said Yarur, Parque Arauco S.A.'s directors do not own a direct interest in the company. Mr. Said owns 0.04% of Parque Arauco S.A. The company's bylaws do not provide for the existence of alternate directors. No expenses were recorded for advisory services contracted by the Board of Directors in 2018.

CORPORATE GOVERNANCE

Directors' Committee

The Parque Arauco Directors' Committee is formed in accordance with article 50 bis of Law No.18,046 and Official Ruling No. 1,956, which applies to corporations with market value equal to or greater than UF 1,500,000, in which at least 12.5% of shares issued with voting rights are held by shareholders who individually control or hold less than 10% of shares.



MEMBERS

Rafael Aldunate Valdés
Independent Director,
Committee Chairman

Luis Hernán Paúl Fresno
Independent Director

Guillermo Said Yarur
Director

2018

Meetings	Attendance
11	**100%**

ACTIVITIES AND DUTIES

INTERNAL AUDIT

Reviewed and monitored the annual audit plan

FINANCIAL STATEMENTS

Analyzed and approved standalone and consolidated financial statements. Quarterly statements were reviewed and special attention was paid to year-end statements.

EXTERNAL AUDITORS

Proposed external auditors. Also includes monitoring work performed throughout the year in the corresponding Board of Directors meetings.

RISK AND COMPLIANCE

- Implementation of the risk model for Chile, Peru and Colombia.
- Follow-up on implementation of Crime Prevention Model and data protection law in Peru and Colombia.
- Follow-up on compliance with Crime Prevention Model in Chile.
- Review proposal for design and implementation of a comprehensive compliance model.

OTHER

Propose committee expenses to enable it to properly perform its duties. Analyze the remunerations system and compensation plans for senior executives and complaints filed through the EthicsPoint channel.

Annual Report on the Directors' Committee pg. 140 >

CORPORATE GOVERNANCE

Senior executives



JUAN ANTONIO ÁLVAREZ AVENDAÑO
Executive Vice President
Chilean National ID: 7.033.770-3
Date appointed: 11/01/2011
Attorney, Universidad de Chile; MBA, Pontificia Universidad Católica de Chile.



CLAUDIO CHAMORRO CARRIZO
Corporate Chief Financial Officer
Chilean National ID: 10.585.375-0
Date appointed: 02/01/2013
Bachelor of Business Administration Pontificia Universidad Católica de Chile; MBA, University of California (UCLA).



DUNCAN GROB URZÚA
Corporate Legal Manager
Chilean National ID: 10.777.541-2
Date appointed: 09/02/2015
Attorney, Pontificia Universidad Católica de Chile; Master's in Corporate Law (LL.M.), Universidad de los Andes.



MARCO HENRÍQUEZ ESPINOZA
Corporate Audit Manager and Controller
Chilean National ID: 9.401.560-K
Date appointed: 01/02/2013
Bachelor of Accounting, Universidad Tecnológica Metropolitana. He specialized in computer auditing at Universidad de Chile and earned a certificate in risk.



CAROLINA GALLETTI VERNAZZANI FUENTE-ALBA
Corporate Human Resources Manager
Chilean National ID: 10.036.478-6
Date appointed: 08/01/2012
Bachelor of Business Administration, Universidad de Concepción.



ANDRÉS TORREALBA RUIZ-TAGLE
Country Manager, Chile Division
Chilean National ID: 7.622.704-7
Date appointed: 01/01/2011
Bachelor of Business Administration, Pontificia Universidad Católica de Chile.



EDUARDO HERRERA VÁZQUEZ
Country Manager, Peru Division
National ID: 07257688
Date appointed: 11/01/2008
B.S. in Industrial Engineering, Pontificia Universidad Católica de Perú; M.S. in Finance, London Business School.



EDUARDO PÉREZ MARCHANT
Country Manager, Colombia Division
Chilean National ID: 10.662.089-K
Date appointed: 01/29/2018
Bachelor of Business Administration, Pontificia Universidad Católica de Chile; MBA, University of Chicago; and MPP, University of Chicago.

**Parque Arauco S.A.'s senior executives do not own any direct interest in the Company, with the exception of Juan Antonio Álvarez, who owns 2,185,180 shares (0.24% as of December 31, 2018).*

pg. 147 > More information on senior executives

Executive committees

The senior executives on these interdisciplinary committees analyze, monitor and direct the company's organization-wide risk management and sustainability.

	RISK COMMITTEE	SUSTAINABILITY COMMITTEE
OBJECTIVES	• Set guidelines for identifying, prioritizing and managing the company's risks. • Monitor and assess action plans created by the divisions and/or individuals responsible for the company's processes. Mitigate risks at the company. • Disseminate, train and strengthen the entire organization's commitment to comprehensive risk management.	• Present progress on the Sustainability Plan, sustainability trends and stakeholder and industry expectations. • Monitor sustainability strategy developments in the different countries. Provide inputs on the management indicators and performance metrics for ESG issues. • Analyze and approve donations. Control use of the budget assigned to social contributions in Chile, Peru and Colombia.
MEMBERS	• Corporate Audit Manager and Controller, Corporate Chief Financial Officer, Corporate Legal Manager, and Risk Auditor (secretary).	• Corporate Chief Financial Officer, Corporate Legal Manager, Corporate Finance Manager and the Corporate Head of Sustainability.
2018 ACTIVITIES	• The committee met twice and held a work session with the Executive Vice President. Additionally, a risk subcommittee, led by the country manager and their direct teams, was created in each country.	• The committee met four times, held a work session with the Executive Vice President, and made four presentations to the Board of Directors on the status and main results of the sustainability strategy this year.



Ethical culture

At Parque Arauco, we are all responsible for doing the right thing.

Ethics and regulatory compliance are part of our business culture, as expressed in corporate values and the code of conduct. They are also the basis for our policies and practices. Our company is constantly communicating this framework and provides tools that enable employees to internalize it and put it into practice.

All employees receive and commit to upholding the Code of Business Conduct, which specifies the minimum, non-negotiable behaviors required of members of our organization, including subsidiaries. Published for the first time in 2009, the document has been updated four times (most recently in 2016) and is available on the Intranet and Parque Arauco's website.

This code is part of all employment contracts. Employees with questions or queries regarding its content and applicability should address them with their direct supervisor or the managers of the Audit and Control or Legal and Persons divisions in order to clarify and analyze their concerns.

CONTENT OF OUR CODE OF BUSINESS CONDUCT

- Compliance with laws, standards and regulations
- Conflicts of interest
- Use of insider information
- Antitrust law
- Confidential information
- Fraud and integrity of reporting
- Asset protection
- Bribery, money laundering and terrorism finance
- Donations
- Harassment and discrimination
- Consumption of tobacco, alcohol and illegal drugs
- Compliance
- Reporting conduct violations and illegal behavior

REPORTS FILED THROUGH OUR ETHICS POINT CHANNEL

	2016	2017	2018
Total reports	11	16	21
SOURCE			
Employees	47%	69%	10%
External to the company	53%	31%	90%
COUNTRY			
Chile	90.9%	81.3%	90%
Colombia	9.1%	12.4%	10%
Peru	0%	6.3%	0%

Complaint channel



COMPLAINT CHANNEL

Parque Arauco uses the externally managed EthicsPoint system to receive complaints. Customers, tenants, employees, suppliers, investors, shareholders and others can access the channel to openly or anonymously and confidentially report any activity that may involve irregularities, misuse of company assets or resources, abusive behavior and violations of current law or corporate policy.

The complaint channel, housed on secure EthicsPoint servers, can be accessed via the Intranet or a link on the Parque Arauco website. All complaints filed using EthicsPoint are reported to the Executive Vice President and the Controller, who prepare a report to be analyzed by the Directors' Committee, which reviews the events and the surrounding investigation in order to adopt the appropriate measures. In 2018, 21 complaints were filed through this channel.

Ethical culture

VALUES IN ACTION

In 2018, we ran a campaign simultaneously in Chile, Peru and Colombia to continue to strengthen a culture of ethics while promoting our purpose and corporate values.

Conducted in phases throughout the year, campaign activities each focused on a certain value. The plan included messages from the Executive Vice President and each country manager; graphics and announcements disseminated via internal, company-wide e-mails and on the Intranet, contests and videos and opportunities to discuss values with employees.

These experiences were opportunities to reinforce employee identification with the conduct and values that characterize Parque Arauco. The nine months of activities culminated in the production of a video featuring participants from the organization's different areas in all the countries where we operate.

VALUES CAMPAIGN

The multimedia values campaign focused on identifying conducts related to our five corporate values.



Values Campaign Video

CORPORATE GOVERNANCE

Internal control

Our risk management and corporate compliance is aligned with international COSO standards (the leading guidelines for implementing, managing and monitoring a control system) and ISO 31000 (international standard on risk management).

At Parque Arauco, the corporate audit and control division is an independent area responsible for ensuring the effectiveness and efficiency of operational risk management, reliability of financial reporting and compliance with the standards, rules and regulations that are applicable to the company. Its activities are overseen by the Directors' Committee, which reviews the annual audit plan, ensures the area's independence and effectiveness, presents its conclusions and recommendations to the Board of Directors and analyzes and reviews special cases including those related to ethics reports.



PROGRESS TOWARD ONGOING AUDITING AND CONTINUOUS IMPROVEMENT

Automation of auditing processes and implementation of new technology is enabling us to advance toward ongoing monitoring, a system designed to reduce data processing times and expand the scope of reports. This capacity enables us to increase the number of audits and facilitates comprehensive, real-time analysis of different processes with relevant information that can be used to create action plans.

The models implemented in 2018 can reconstruct the main areas of the balance sheet and income statement and thus, better analyze the company's most significant financial movements and transactions.

Compliance

We have established and are implementing a robust compliance model in Chile, Peru and Colombia.

COMPONENTS

COMPLIANCE MANAGEMENT SYSTEM

Compliance with other laws and regulations in Chile, Peru and Colombia on the following types of issues:

- Financial
- Operational
- Environmental
- Legal and regulatory

In 2018, we surveyed regulations, identified requirements, designed controls and indicators, and implemented different tests to perform continuous monitoring.

In 2019, we will make progress on implementing compliance indicatorsand surveying financial, operational, environmental and legal regulations in Peru and Colombia. The company also plans to hold trainings to reinforce the Crime Prevention Model (CPM).

CRIME PREVENTION MODEL

- Law No. 20,393 (Chile)
- Official Ruling No. 100 by Superintendency of Corporations (Colombia)
- SBS Resolution 486-2008 (Peru)

Reporting to financial analysis units

- Financial Analysis Unit (UAF), Chile
- Financial Information and Analysis Unit (UIAF), Colombia
- Peruvian Financial Intelligence Unit (UIF), Peru

In 2018, progress on implementing the model in the three countries included:

Drafting and approving manuals, procedures and policies:

- Crime prevention manual
- Crime prevention policy
- Policy on conflicts of interest
- Policy on interactions with public officials
- Cash Transaction Report (CTR) procedure
- Politically Exposed Persons (PEP) declaration forms for customers and suppliers.

- Implementation of the respective models: Crime Prevention Model (CPM) in Chile; Anti-Money Laundering and Counter Terrorism Finance (SARLAFT) in Colombia, and Anti-Money Laundering and Counter Terrorism Financing System (SPLAFT) in Peru.
- Design and implementation of warning signs
- Analysis of conflict of interest declarations
- Semi-automation of cash transaction report in Chile. Monitoring is performed for Peru and Colombia.
- Face-to-face trainings, pamphlets and videos available on the Intranet.
- The Crime Prevention Model in Chile certified until 2020.

OBJECTIVES	ACTIVITIES AND TOOLS
PREVENT	• Crime prevention manual • Policies • Procedures • Training • Risk identification • Forms (PEP) • Code of Business Conduct
DETECT	• Suspicious Transaction Report (STR) • Cash Transaction Report (CTR) • Alerts • Audits • Monitoring reporting channel • Conflicts of interest • Investigations
RESOLVE	• Communication of sanctions and improvement activities • Control recommendations • Exposing contingencies
MONITOR	• External certification by BH Compliance Ltda., a certifier of crime prevention models • Monitoring and managing the compliance model • Monitoring key performance indicators

Description of the Crime Prevention Model pg. 134 >

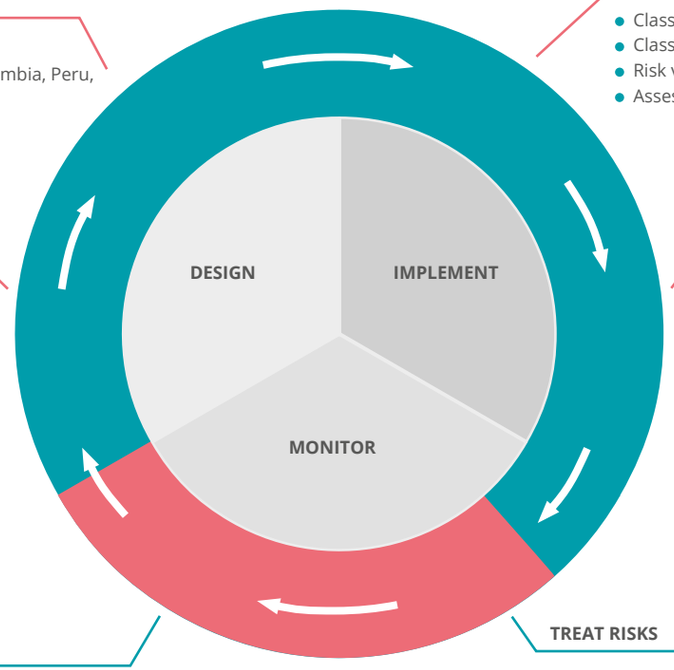
Risk management

Between 2016 and 2018, we designed a risk management model based on international standards. As of year end, 71% of the 188 activities established for the model had been implemented.

MAJOR DEVELOPMENTS

- Consolidation of the risk map, prioritizing the 15 most relevant risks.
- Creation of risk subcommittees by country.
- Training the country manager and direct subordinates in each country.
- Dissemination of three risk management training videos throughout the entire company.
- Skill certification for the individual responsible for risk management under ISO 31000.
- Directors' Committee presentation on inherent risks andsubsequent approval by the Board of Directors.

PARQUE ARAUCO RISK MANAGEMENT MODEL



IDENTIFY RISKS

- Identify industry risks
- Survey risks by country (Colombia, Peru, Chile)

ANALYZE RISKS

- Classify risks according to taxonomy
- Classify risks by cause/consequences
- Risk valuation
- Assess risk tools

ESTABLISH CONTEXT

- Assess maturity level
- Define risk model
- Draft bylaws
- Create methodology and security policy (ISO 31000)
- Identify probability and impact
- Develop taxonomy
- Certify the individual responsible for risk management under ISO 31000

VALUE RISK

- Risk valuation (PxI) by the responsible parties
- Heat map inherent risks
- Risk audit by management
- Create risk subcommittees by country
- Survey controls
- Proposed risk matrix versus controls

COMMUNICATE

- Create KRI (Key Risk Indicators)
- Produce quarterly risk reports
- Provide online training

TREAT RISKS

- Revise the risk appetite model
- Develop quantitative models
- Formalize risk treatment plans by country
- Identify residual risk
- Draft a BIA/BCP aligned with risk management
- Create and operate a loss event database (DLE)

Description of the main risks pg. 132 >



3 HOW WE CREATE VALUE

CONTENTS

- Our business model
- Market conditions
- Risks and opportunities
- Our strategy
- Our sustainability agenda
- Focus on human rights
- Our contribution to the SDGs
- Sustainability strategy developments
- Stakeholder relationships
- Institutions and organizations in which the company participates

Our business model

We operate in three countries with high growth potential. We develop and operate different, uniquely designed real estate assets that are adaptable to the needs of people and integrate with their surroundings.

OUR COMMITMENT TO SUSTAINABLE DEVELOPMENT

We are listed on the DJSI Chile MILA and Emerging Markets indexes for the third straight year.

We are also listed on the FTSE4Good Latam and Emerging Markets indexes.

We signed the UN Global Compact in 2015.

MANAGED CAPITALS

- FINANCIAL CAPITAL
- REAL ESTATE ASSETS
- SOCIAL CAPITAL
- NATURAL CAPITAL
- OUR TEAM
- SUPPLIER RELATIONSHIPS

BUSINESS MODEL

SEARCH FOR PROJECT LOCATIONS AND CONCEPTS

We seek the best locations in each city and thoroughly study each country where we operate.

OPERATION OF REAL ESTATE SPACES AND CUSTOMER EXPERIENCE

Once a project is built and leased to our tenants, we dedicate ourselves to continuously improving our customers' experience.

DEVELOPMENT AND TRANSFORMATION OF REAL ESTATE SPACES

We produce customized commercial concepts with the proper size, infrastructure and an optimal mix.

VALUE GENERATED

- Total equity MCLP$ 1,078,028 as of December 31, 2018
- 52 real estate assets
  Total GLA: 1,053,000 m^2
  Projects under development represent an estimated investment of US$530 million
- Partnerships with more than 30 institutions to promote entrepreneurship and inclusiveness
- We recycled 3,169 tons of waste in 2018.
  We cut energy consumption by 16% compared to the prior year.
- 46% of our vacancies were filled by internal candidates.
- Recognized in Chile with the ProSME seal for timely payment practices to small and medium-sized companies.

Market conditions

The different shopping center formats, their varied value proposals as well as growth and urban development have modified consumer habits. People continue to migrate from individual stores to shopping centers as a space that blends different services, entertainment, food and culture.

Since the beginning, shopping centers have experienced significant growth around the world. Leasable area per thousand inhabitants ranges from 1,000 m^2 to 2,000 m^2 in developed countries. In the markets where Parque Arauco operates (Chile, Peru and Colombia), penetration levels are lower with GLA of 226 m^2, 87 m^2 and 107 m^2 per thousand inhabitants, respectively. This indicates that interesting expansion potential remains, especially in Peru and Colombia.

CHILE

Chile has recorded stable economic development with growth levels exceeding global and developed country averages. It is one of the economies that has experienced the most growth in the last decade.

2018

+4.0%	2.6%
GDP	Inflation
2.75%	**6.9%**
Interest rate	Unemployment



PERU

Peru's GDP has grown at an annual average of 3.2% for the past five years. Per capita GDP remains stable as the economy grows through new investment in diverse industries, creating a context of opportunity for greater development.

2018

+4.0%	2.5%
GDP	Inflation
2.75%	**6.7%**
Interest rate	Unemployment



COLOMBIA

Colombia's economy has performed well at the regional level. GDP has grown at an annual average of 2.6% for the past five years. This consistent growth explains why the country's per capita GDP has also increased steadily in recent years.

2018

+2.7%	3.2%
GDP	Inflation
4.25%	**6.1%**
Interest rate	Unemployment



Emerging risks



WEAKENED CONSUMPTION

Economic and market conditions could adversely impact our operations, causing sales to drop. In this context, we have opted to continue diversifying formats and strengthening fixed income. Eighty-eight percent of Parque Arauco's lease income is from fixed leases (12% variable leases). Today, the company has different shopping center formats and types of real estate property.



HIGH INTEREST RATES

The interest rate could rise in the countries where we operate causing the value of our shopping centers to drop and our financial obligations to rise. We have matched the average term of our tenants' leases with the average term of our financial commitments. More than 90% of our liabilities are fixed-rate.



COMPETITION

Our shopping centers operate in a competitive environment that could lead to over-supply and declining profitability. That is why our contracts are long term with an average of 5.7 years. The company is also using innovation as a tool for maintaining and creating demand by adapting our shopping centers and properties to consumer trends and their surroundings.



INDEBTEDNESS

Our projects are financed with equal portions of debt and capital. Consequently, our financial expenses could increase, driving down results.

We have a responsible financing strategy and have raised capital when necessary to uphold these financing policies. Furthermore, our financing, most of which is fixed-rate, is in each country's local currency. The average term of our debt is similar to the average term of our contracts.



E-COMMERCE

Consumer trends are leaning toward omnichannel models. While sales in physical stores remain important, e-commerce is progressively growing and is impacting sales through traditional channels. In this context, we continue to diversify the commercial mix of our portfolio to align it with consumer expectations and new demands. We have focused on implementing technological tools like smart parking, wifi and applications to learn about and improve our end user experience. We concentrate on entertainment and food offerings while seeking new entrepreneurs to complement the commercial mix.



CLIMATE CHANGE

Financial analysis increasingly considers the effects of climate change due to its potential impact on regulatory frameworks, consumer lifestyles and habits as well as natural resource availability.

In that context, climate change is being studied by the real estate industry and other lines of business. Since Parque Arauco develops and operates real estate assets for the long term, environmental issues are important to our operation's sustainability.
We have begun to more thoroughly study the potential impact of climatic phenomenon on the areas where we operate, beginning with Chile.



PERSONAL SECURITY

We are aware that, as our portfolio grows and our assets become more diverse and multipurpose, the challenge of maintaining high standards of personal security and wellbeing will grow more complex.
We have developed a safety and security work agenda inspired by best practices and monitoring of indicators and processes involving different stakeholders who have direct contact with our facilities.

Opportunities

INTEGRATED EXPERIENCES

We have developed innovative, multi-format spaces to offer experiences that combine entertainment, shopping and gathering places. At the same time, we strive to boost the success of segments tied to food and independent design, among others. Bazar Gourmet, opened at Parque Arauco Kennedy in 2018, and Social, a restaurant area at Parque La Colina, embody the emphasis we seek for experiences and entertainment at our shopping centers.

MIXED-USE DEVELOPMENT

We are increasingly open to adding spaces that are more than shopping centers, progressively including hotels, event centers and offices. Mixed-use spaces attract different customers and connect with the growing need to create urban hubs where interaction and services are concentrated. In that context, we have opportunities to continue diversifying in Chile, Peru and Colombia.

The expansion of Parque Arauco Kennedy offers an ideal springboard for developing mixed-use projects. Its strategic location in a densely populated urban sector makes the area around Parque Arauco Kennedy attractive for real estate expansion and offices. New spaces for tourists and business travelers are also being added.

ENVIRONMENTAL MANAGEMENT AND CLIMATE CHANGE

The opportunity that lies in consolidating our environmental management model becomes more apparent as we quantify and manage efficiencies in the use of energy, water and materials, through recycling at our shopping centers. These initiatives are aligned with our challenges and commitments, but often times also represent savings that make our operations more profitable. Quantifying and studying the effects of climate change prepares us to face the issue with resilience. At the same time, we seek to create opportunities associated with new mobility and consumption trends toward lower-carbon economies in the medium and long term.

BOOSTING THE LOCAL ECONOMY

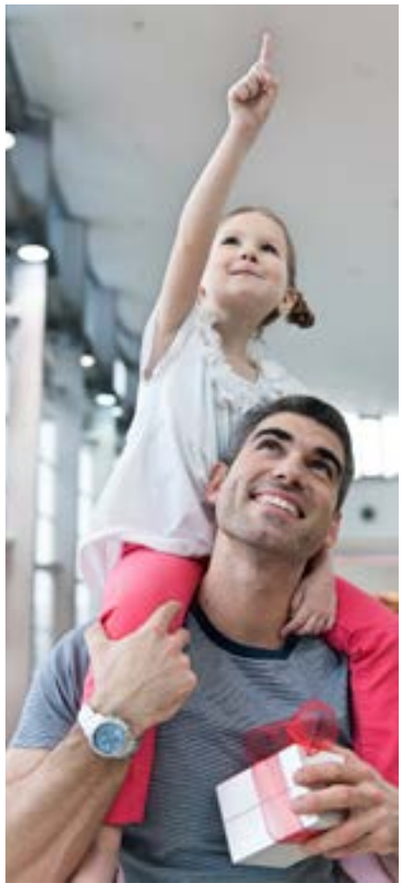
We are working on several fronts to identify and support emerging entrepreneurs with different value propositions to match dynamic consumer preferences and complement traditional retail offerings.

The idea is still incipient and of limited scope in relation to our current selling spaces, but we believe entrepreneurship initiatives contribute to social perspective by adding vitality to local economies. These efforts also enable us to continue adding selling spaces that serve more specific audiences and integrate niche trends.



Our strategy

The integrated growth, profitability and sustainability approach has enabled us to create value for all our stakeholders.



CORPORATE PURPOSE

To create spaces that contribute to improving people's lives

MISSION

To be leaders in developing and operating real estate assets, through profitable and sustainable growth that generates value for our stakeholders.

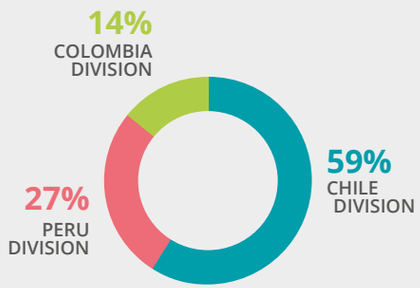
VALUES

- Respect for people and the environment
- Openness to change and innovation
- Choose the right option, not the easiest one
- Make things happen
- Create a work environment that inspires an exceptional team

CORNERSTONES OF OUR CULTURE

- Excellence
- Happiness

BUSINESS UNITS



Contribution to consolidated revenue

STRATEGIC PRIORITIES



Our sustainability agenda

We seek to contribute to the society where we operate, guaranteeing that our business is in harmony with the environment and stakeholder expectations. We challenge ourselves to lead in accordance with our values and corporate purpose.

We created our sustainability agenda on the basis of a survey that measures interaction with our stakeholders, industry best practices and the issues with the greatest impact on our business. Likewise, we account for standards and performance indicators valued by international investors on ESG (environmental, social and corporate governance) matters.

INPUTS FOR DEVELOPMENT AND PRIORITIZATION OF THE SUSTAINABILITY AGENDA

- Analysis of Latin American and global real estate practices
- Review of relevant criteria considered in international indexes and standards for the real estate industry
- Analysis of annual media coverage
- Work meetings and virtual stakeholder surveys
- Review of studies and independent assessments of corporate reputation, governance practices and performance on labor issues

MANAGEMENT FOCUS

The aforementioned inputs were reviewed and prioritized. Three lines of action emerged to define our sustainability management in Chile, Peru and Colombia. These are, in turn, each comprised of three work areas that enable us to organize and monitor progress as well as gaps and opportunities in order to continue making progress.



p. 42



Focus on human rights

Parque Arauco respects human rights and is aligned with the United Nations (UN) principles on the matter, having signed a commitment before the Global Compact Chile network in 2015. The company has focused on updating, tracking and monitoring its actions in accordance with the 10 UN principles related to human rights, labor standards, the environment and integrity.

At Parque Arauco, we believe in dignity and respect for human rights, regardless of position or ties to our company. Our corporate values and Code of Business Conduct are the foundation of this commitment. In recent years, we have established mechanisms for identifying and managing potential impacts in accordance with the provisions of international standards on human rights and corporate action areas.

In 2018, we performed our first self-assessment of labor practices, community impact and the corporate value chain using **The Danish Institute of Human Rights's Quick Check program**. This exercise confirmed the points Parque Arauco should continue measuring, monitoring and managing to address human rights areas:

- Identification of strategic suppliers' sustainability practices with an emphasis on labor issues
- Responsible relations with communities surrounding our operations, with an emphasis on impact management
- Social integration or accessibility at our main shopping centers
- The labor conditions of our employees

All these issues have been made sustainability management priorities.

APPROACH AND DEVELOPMENTS RELATED TO HUMAN RIGHTS AND THE COMPANY

PRIORITY AREAS	FOCAL POINTS	RELEVANT PERFORMANCE AND PROGRESS
Relationships with strategic suppliers	The operation's main suppliers are familiar with Parque Arauco's sustainability practices and progressively participate in the assessment of their own ESG standards and practices.	Launched the Sistema B Measure What Matters Program to assess the practices of strategic suppliers in Chile, Peru and Colombia. p. 123
Responsible relations with communities surrounding our operations	Parque Arauco identifies and manages issues that could impact good relations with the neighbors closest to its main shopping centers, especially larger ones.	The initiative is a self-assessment of community impact and concern for neighboring communities at our main shopping centers in Chile, Peru and Colombia. p. 81
Social integration and accessibility at our shopping centers	Our shopping centers must aim to become increasingly accessible so that anyone, regardless of age or disability, can use them. They must also provide and encourage an inclusive culture while providing a setting for social integration opportunities.	Progress assessing accessibility of infrastructure at our main shopping centers in Chile, Peru and Colombia. We partner with civic organizations on projects that use our shopping centers to create opportunities and educate on inclusiveness issues. p. 84
Labor conditions of our employees	We periodically monitor our labor standards and employee satisfaction throughout the organization.	We participate in assessments and studies that monitor the working environment and reputation of our employment practices in relation to the market. p. 111

Our contribution to the Sustainable Development Goals (SDG)

With the support of the SGD Compass methodology, we made strides on identifying and prioritizing the proposed UN 2030 Agenda SDGs that are most related to our business and the sustainability issues we have defined as a company.



SDGS RELATED TO PARQUE ARAUCO'S PERFORMANCE

The initiatives directly related to the SDGs we have prioritized in light of our sustainability agenda are:



- Develop programs to support emerging entrepreneurs in Chile, Peru and Colombia.
- Train and assess sustainability practices of our strategic suppliers.
- Implement labor practices that attract the best talent.



- Develop and implement a corporate strategy on relationships with the communities surrounding our shopping centers and projects.
- Implement sustainable construction standards.



- Efficiently manage energy, water, waste and emissions.
- Conduct awareness activities that promote good environmental practices related to our operations.



- Work collaboratively with more than 50 civic organizations, trade unions and entities in Chile, Peru and Colombia to carry out programs related to the aforementioned SDGs.

Our sustainability strategy developments

GENERATING SOCIAL VALUE



ACTION AREAS

SUPPORT FOR LOCAL ENTREPRENEURSHIP IN CHILE, PERU AND COLOMBIA

8 DECENT WORK AND ECONOMIC GROWTH

RELATIONSHIPS WITH NEIGHBORING COMMUNITIES

11 SUSTAINABLE CITIES AND COMMUNITIES

INCLUSIVE CULTURE AND ACCESSIBILITY AT OUR SHOPPING CENTERS

DERECHOS HUMANOS

2018 DEVELOPMENTS

+90
free fairs in Chile, Peru and Colombia

+50
training, networking and emerging entrepreneur support initiatives in the areas surrounding our shopping centers.

Establish a strategy for attending to and logging situations with communities where major shopping centers are located in Chile and Colombia.

Train on and implement self-assessment of community impact at shopping centers in Peru.

Surveys to identify accessibility gaps at 14 shopping centers in Chile, Peru and Colombia

+1,500
people participated in education and inclusiveness awareness programs in Peru and Colombia.

LONG-TERM APPROACH

Use our shopping centers to support small business in all the countries where we operate.

p. 86

Strengthen the skills of the teams in charge of community relations at shopping centers in Chile, Peru and Colombia.

p. 82

Foster programs and initiatives that promote a culture of inclusiveness at shopping centers in Chile, Peru and Colombia.

Make progress on diagnosis of accessibility gaps and action plans at our shopping centers.

p. 84

RESPONSIBLY OPERATING OUR SHOPPING CENTERS



ACTION AREAS

ASSESS OUR STRATEGIC SUPPLIERS' SUSTAINABILITY PRACTICES IN CHILE, PERU AND COLOMBIA	SUSTAINABLE CONSTRUCTION STANDARDS FOR FUTURE PARQUE ARAUCO PROJECTS	ENVIRONMENTAL PERFORMANCE AND CLIMATE CHANGE

2018 DEVELOPMENTS

34
strategic suppliers in Chile, Peru and Colombia have participated in workshops and awareness initiatives, in addition to completing the self-assessment on the Sistema B platform (Measure What Matters).

100%
of the suppliers that participated in Measure what Matters in 2017 received feedback and results.

The Chile Division's infrastructure and projects team began writing a guide for sustainable building practices for future developments and expansions.

Implement the environmental management mechanism in the main shopping centers in Peru and Colombia.

29%
of the energy used in operations in Chile, Peru* and Colombia was from renewable sources.

100%
of lighting at our shopping centers in Colombia is LED.

19%
reduction in the intensity of energy consumption compared to the previous year.

LONG-TERM APPROACH

Make progress toward assessing sustainability practices for 100% of strategic suppliers and providing results to each of them.

p. 124

Consolidate sustainable design and operations practices for future projects in Chile, Peru and Colombia.

p. 92

Improve the environmental performance of our shopping centers in operation, considering efficiency indicators for energy, water, waste management and carbon emissions.

Develop resilient and responsible operations in terms of environmental impact.

p. 96

* Does not include Megaplaza consumption.

COMMITMENT AND LEADERSHIP IN DECISION MAKING



ACTION AREAS

LABOR PRACTICES TO ATTRACT AND RETAIN THE BEST TALENT

8 DECENT WORK AND ECONOMIC GROWTH

ETHICS AND GOOD CORPORATE GOVERNANCE

IMPLEMENTATION OF A RISK MANAGEMENT MODEL

2018 DEVELOPMENTS

Ranked 22nd
on the Great Place to Work Chile ranking

Ranked 43rd
on the Merco Talent Chile ranking

Implement a campaign to spread our values and corporate purpose for all our organization's employees.

A risk subcommittee—on which senior executives from Chile, Peru and Chile participated—was created in each of the countries where we operate.

Employee risk trainings and awareness workshops were also conducted in all three countries.

LONG-TERM OBJECTIVE

Make progress on assessments and standards that recognize companies with the best labor standards.

Implement activities that promote a culture of ethics and corporate values.

Continue enhancing risk management throughout the organization.

Make progress on implementation of the Safety and Security Area's plans in Chile, Peru and Colombia.

p. 111 > p. 28 > p. 32 >

Stakeholder relationships

Stakeholder relationships are constantly developing and processing feedback. Our communication channels enable us to learn about and address the areas and topics that are most relevant to the organizations or social groups with the greatest impact on our company's purpose.



STAKEHOLDERS	HOW WE INTERACT	FREQUENCY
SHAREHOLDERS AND OTHER CAPITALS MARKET REPRESENTATIVES	• Shareholders' meetings • Corporate integrated report • Earnings reports • Corporate website • Meetings and conference calls with investors • Investors conferences • Other extraordinary meetings	Annually Annually Quarterly Daily As needed Monthly As needed
TRADE UNIONS, CHAMBERS AND ASSOCIATIONS	• Meetings, assemblies and work groups	Monthly
AUTHORITIES AND PUBLIC ENTITIES	• Trade associations and work groups • Meetings and reports requested by the Financial Market Commission and other regulatory bodies • Corporate website • Annual Report	Monthly As needed Daily Annually
COMMUNITIES	• Meetings with community representatives, arranged through municipalities • Foundations and local institutions	As needed As needed

SUPPLIERS	• Contact form on the website
	• Invitation-only meetings and bid evaluations
	• Meetings to learn about and explore potential new suppliers
	• Direct contact for operational issues through the corresponding contract administrator
	• Direct supplier service hotline:
	  ◦ Chile: +56 2 2299 0777 (8:00 a.m. to 6:30 p.m.)
	  ◦ Peru: +51 1 610 4643 (6:00 a.m. to 3:30 p.m.)
	  ◦ Colombia: + 57 1 322 1645 (6:00 a.m. to 3:30 p.m.)
		Daily
		As needed
		As needed
		As needed

CUSTOMERS/USERS	• Call Center • Shopping center information and customer service desks • Shopping center websites • Corporate website • Social networks: Facebook, Instagram, Twitter, Pinterest • Satisfaction surveys and indicator measurements • Newsletters or contact mailings	Daily Daily Daily Daily Daily Annual According to each shopping center's marketing plan
TENANTS	• Meetings between each division's commercial area and potential new tenants • Meetings between each division's commercial area and current tenants • Shopping center websites	As needed As needed Daily
EMPLOYEES	• Intranet • Corporate e-mail • One-on-one meetings and feedback sessions • Breakfast meetings to introduce strategic issues • Organizational climate survey • Events and celebrations	Daily Daily As needed Biannually Annually Monthly

Institutions and organizations in which the company participates

CHILE

- Association of Real Estate Developers
- Chilean Chamber of Shopping Centers
- Direct and Digital Marketing Association, Chile
- Chilean Chamber of Construction
- Chile Green Building Council
- Chillán Chamber of Commerce, Industry and Tourism
- ICARE: Chilean Institute for Rational Business Management
- Global Compact
- Unión Social de Empresarios Cristianos
- Center for Public Research
- Chilean Federation of Industry (Sofofa)

PERU

- Peruvian Manufacturer's Union
- Peruvian Shopping Center and Entertainment Association
- Peruvian-Chilean Chamber of Commerce
- ICA Chamber of Commerce
- Arequipa Chamber of Commerce and Industry
- Peruvian Council for Sustainable Construction

COLOMBIA

- Shopping Center Association
- National Federation of Commerce
- Colombia-Chilean Chamber of Commerce and Industry





2018 PERFORMANCE

4

CONTENTS

› Financial capital
› Real estate assets
› Social capital
› Natural capital
› Human capital
› Stakeholder relationships



4.1 Financial capital

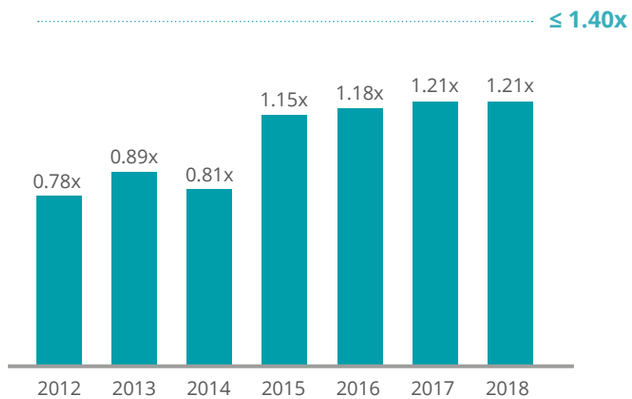
We know that maintaining proper capital allocation, seeking higher operational efficiency and carefully managing finances are important to growing in a profitable, sustainable manner.

Financial capital

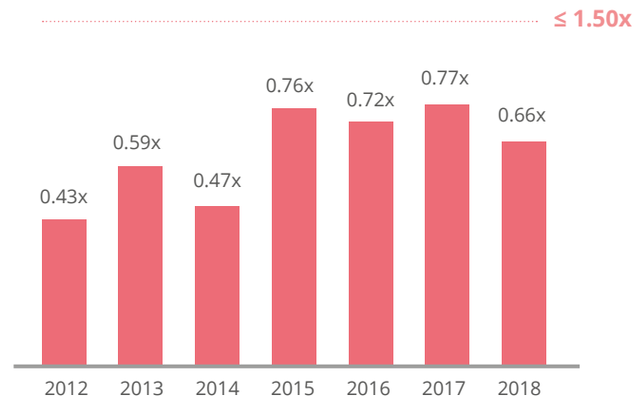
In terms of profitability, we are constantly striving to achieve a positive spread between the rate of return on our shopping centers and our cost of capital, which keeps us competitive within the industry.

In the last year, Parque Arauco continued to comfortably meet its financial covenants.

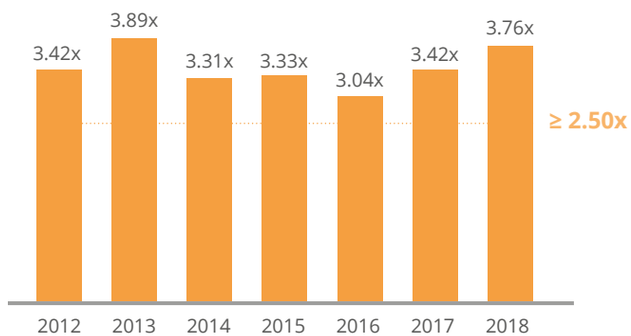
LIABILITIES/EQUITY



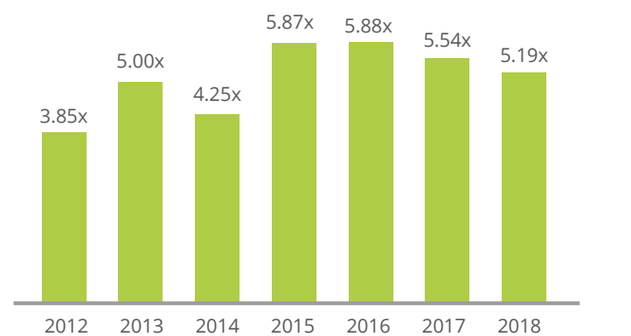
NET FINANCIAL DEBT/EQUITY



EBITDA/FINANCIAL EXPENSES



NET FINANCIAL DEBT/EBITDA

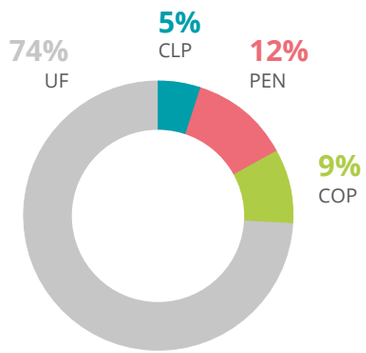


Financial capital

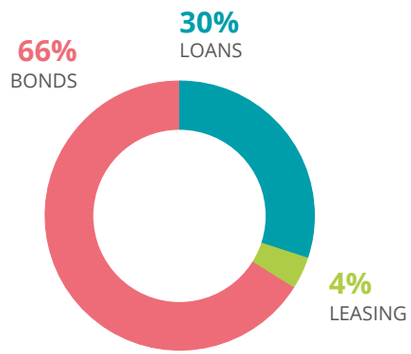
INVESTMENT AND FINANCING POLICY

We aim to fund all our projects with equal portions of debt and capital. We have a responsible financing strategy that involves seeking debt in each country's local currency, primarily at fixed interest rates. Likewise, the average term of our debt (6.3 years) is similar to the average term of our tenants' contracts (5.7 years).

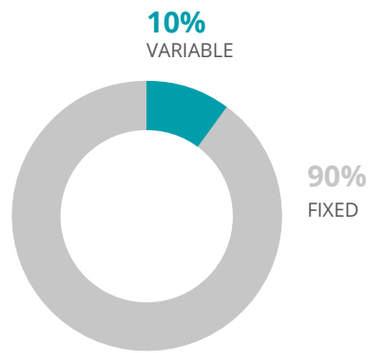
SUMMARY OF DEBT BY CURRENCY



SUMMARY OF DEBT BY TYPE



SUMMARY OF DEBT BY RATE



SUCCESSFUL BOND ISSUANCE

On August 30, 2018, we successfully placed UF 5,000,000 in series T and V bonds on Santiago Exchange.
The series T bonds were placed for a total value of UF 1,000,000 with a 7-year term and at a placement rate of 1.69%. The series V bonds were placed for a value of UF 4,000,000 with a 10-year term and at a placement rate of 2.34%. The latter is a record-low rate for 10-year corporate bonds in Chile.

Through this bond issuance, Parque Arauco accessed competitive financing rates in Chile, generating funds to refinance financial obligations with banks and fund the company's investment and growth plan for the coming years.



FINANCIAL CAPITAL

Investments



We have invested Ch$866,480 million in the last seven years to sustainably grow leasable area, tenant sales and income.

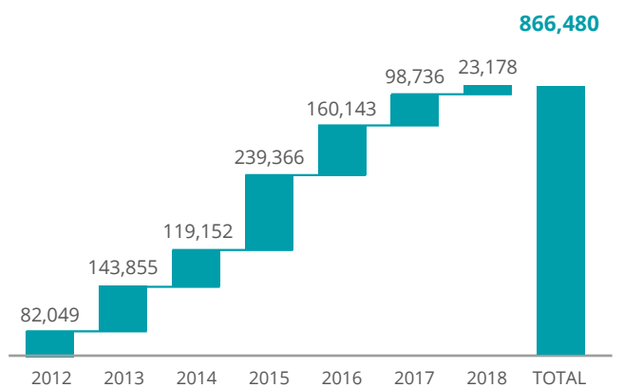
Parque Arauco's growth has been in line with our investment policies, which keeps indebtedness at levels that are reasonable for this industry and enables us to invest in real estate developments, mergers and shopping center acquisitions as well as purchases of minority interests in Chile, Peru and Colombia.

Shopping center acquisitions, developments and expansions added 51,000 m^2 in GLA to our portfolio in 2018. On the other hand, our projects under development will add 44,000 m^2 in gross leasable commercial space in addition to a hotel, a convention center and a 14-floor tower.

Additionally, we signed a business combination agreement with the Wiese Group. The agreement includes an option for the Wiese Group to sell its minority interest in MegaPlaza assets in Peru to Parque Arauco. If finalized, the transaction would add 123,000 m^2 of company-owned GLA to our operations.

The investments in development will require a total of US$530 million, US$450 million of which remains pending.

TOTAL NET INVESTMENT
(MCLP$)



FINANCIAL CAPITAL

Operational efficiency

In recent years, we have implemented numerous initiatives to improve efficiency levels.

Maintenance, janitorial services and security are significant cost items in Parque Arauco's budget. In order to improve service levels and reduce unit costs, we have focused on improving the bidding processes for these services in recent years.

In Chile, we have improved maintenance service conditions, while making significant improvements to janitorial and security services in Peru and Colombia.

Electric power is another important item in Parque Arauco's cost structure. As such, we have concerned ourselves with creating competition in the bidding processes for our power supplies, which has resulted in savings.

These projects have begun to bear fruit this year by increasing the efficiency of Parque Arauco's operations.



FINANCIAL CAPITAL

2018 performance summary

2018 EBITDA

137,717

MCLP$

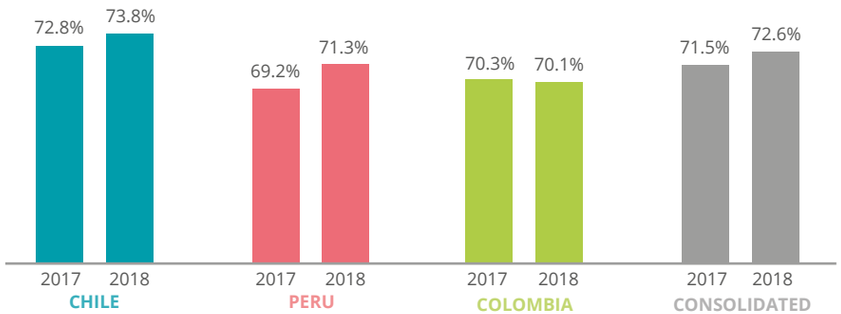
Growth of 5.8% compared to 2017

EBITDA margin

72.6%

Up 116 basis points from 2017

EBITDA MARGIN (%)



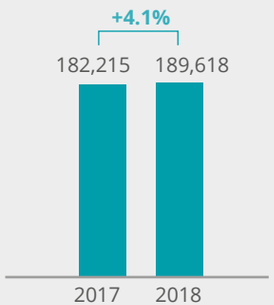


FINANCIAL CAPITAL

2018 performance summary

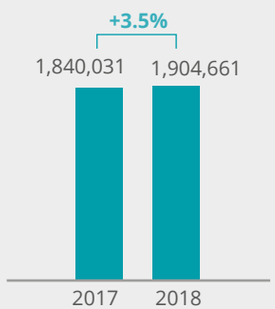
We improved the EBITDA margin by increasing net revenue, which totaled CLP$189,618 million, while keeping cost of sales and administrative expenses stable.

REVENUE (MCLP$)



The increased revenue in 2018 was primarily attributable to growth of leasable area. Total GLA of 1,053,000 m² at year end represents a 4.1% increase compared to 2017. This year, we added the Arauco El Bosque, Arauco Express Coquimbo, Viamix Colonial and Parque Angamos shopping centers.

TENANT SALES (MCLP$)

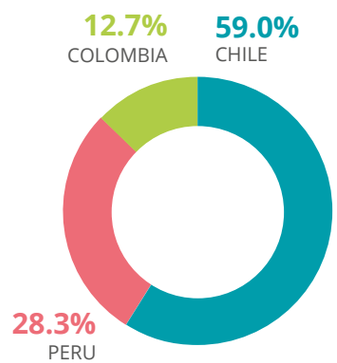


Total tenant sales increased 3.5% to CLP$1,904,661 million this year. The Colombia Division's good results were noteworthy as Parque La Colina matures with tenant sales up 18.9% in local currency in 2018. The consolidated occupancy rate closed 2018 at 94.7%, up from 94.1% in 2017.

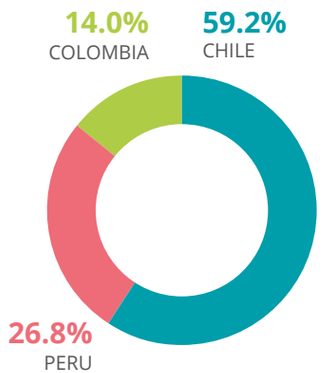


In keeping with our regional growth strategy, we increased diversification of GLA and revenue, as a result of growth in Peru and Colombia. As of year-end 2018, these countries represented 52.5% of total GLA and 40.8% of revenue at Parque Arauco.

2017 REVENUE BY COUNTRY



2018 REVENUE BY COUNTRY



FINANCIAL CAPITAL

2018 performance summary



NOI

Consolidated net operating income (NOI)[1] was up 6.1% in 2018, reaching CLP$152.499 million.

This indicator, especially relevant for measuring real estate investment profitability, reflects the profit potential and financial health of our shopping centers.

NOI (MCLP$)	2017	2018	% VAR
Revenue	182,215,067	189,618,287	4.1%
(+) Cost of sales	(39,346,714)	(39,437,276)	0.2%
(+) Administrative expenses	(16,552,007)	(15,807,825)	(4.5%)
(-) Depreciation and amortization	(3,909,654)	(3,343,892)	(14.5%)
(+) NOI related companies	13,524,773	14,782,007	9.3%
NOI	143,750,773	152,499,085	6.1%

AFFO

The portion of Adjusted Funds from Operations (AFFO) allocable to company shareholders was CLP$94,267 million in 2018, up 12.0% in keeping with EBITDA growth.

This indicator is used extensively in the real estate industry to measure the available funds generated by operations.

AFFO (MCLP$)	2017	2018	% VAR
EBITDA	130,226,000	137,717,079	5.8%
(+) Financial income	5,730,163	7,975,774	39.2%
(+) Financial expenses	(38,086,741)	(36,627,127)	(3.8%)
(+) Current tax [2]	(13,357,167)	(14,360,776)	7.5%
(+) AFFO related companies	10,397,768	10,409,017	0.1%
AFFO	94,910,022	105,113,966	10.8%
FFO, adjusted for minority interest	10,719,463	10,847,238	1.2%
FFO, adjusted for controlling interest	84,190,558	94,266,728	12.0%

1. NOI = Revenue + Cost of Sales + Administration Expenses - Depreciation & Amortization + NOI Related Companies
2. Does not include current taxes related to first quarter 2018 sale of land in Peru.

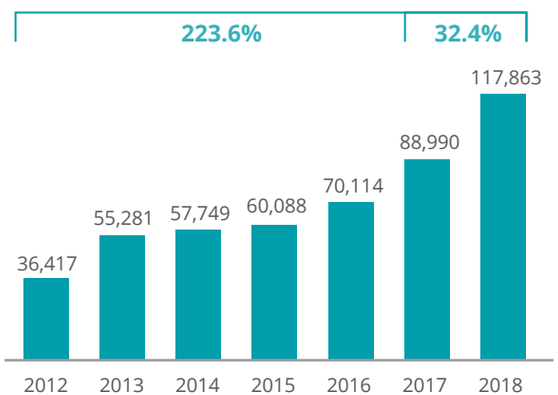
FINANCIAL CAPITAL

2018 performance summary

PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

Profit attributable to equity holders of the parent rose 32.4% to CLP$117,863 million in 2018 as a result of our operational efficiency efforts, improved EBITDA and positive non-operating income for the period.

PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY
(MCLP$)







4.2

Real estate assets

We have grown in leasable area, shopping center operations and knowledge of our customers while building close relationships with our suppliers, community and surroundings.

In 2018, we embarked on a digital transformation process to improve the customer experience and enhance our operations, while continuing to incorporate new service models and expand the diversity of spaces for entertainment, shopping and work.

REAL ESTATE ASSETS

Customer experience

In 2018, we set two priority goals for this area: consolidating Parque Arauco's position as a customer-centered company by adopting best practices and expanding the use of data analysis for making strategic decisions. The Innovation Division is working in coordination with the Marketing and Customer Experience divisions in all three countries to achieve these goals.

The customer experience at our shopping centers is primarily related to seven factors: service, comfort, efficiency, infrastructure, cleanliness, maintenance and safety.

In order to optimize our customer experience, we are developing metrics and expanding our ability to listen to both tenants and end users. The resulting measurements enable us to identify opportunities for improvement as well as prioritize investments and related initiatives. We use the following measurement tools:

- NPS (Net Promoter Score), a metric that estimates customer loyalty based on willingness to recommend the product or service. In the last quarter of 2018, we began administering this survey to tenants and end users at our shopping centers in Chile.
- Shopping center audits each week or every 15 days to control variables like cleanliness and maintenance.
- Touchpoints: overall customer satisfaction in specific locations (e.g. bathrooms and parking lots) is being evaluated.



REAL ESTATE ASSETS

Customer experience

PARQUE LA COLINA AWARDS

The shopping center perception study, performed in 2018 by Retailligence and Camacol, included 3,700 personal interviews. The results positioned Parque La Colina among Bogota's most preferred shopping centers after just two years in operation.

The report included 43 shopping centers in the metropolitan Bogotá area. Each was assessed on 16 perception criteria grouped into four basic concepts: price, product, comfort and relationships.

RETAILLIGENCE AND CAMACOL STUDY

PARQUE LA COLINA

1st place

on 3 of 16 indicators

- **Most pleasant mall shopping experience**
- **Most modern shopping center**
- **Most socially responsible shopping center**



REAL ESTATE ASSETS

Customer experience

We are adding technological solutions to optimize our customers' time and improve their experience.



FREE WIFI THROUGHOUT SHOPPING CENTERS

In 2018, Parque Arauco Kennedy began making free wifi available to visitors in any area of the mall. In one of the largest installations of this type in Latin America, we installed close to 200 wifi antennas. The model will be replicated first at our main shopping centers in Peru and Colombia in 2019 and then at the rest of the shopping centers.

DIGITAL QUERY AND LOCATER SYSTEMS

In 2018, we began replicating the digital screen system used to help customers orient themselves in our shopping centers in Peru and Colombia. We also began implementing a content management system (CMS) that ensures that information updates are aligned with the web page or other query channels, like the call center.





SMART PARKING

We began implementing smart parking at our shopping centers in 2018. Developed by Austrian firm Skidata, the state-of-the-art system includes several modalities, which will be incorporated gradually:

Find my car

System that helps customers find their automobile, thanks to a camera that recognizes the license plate. Customers will only need to enter their plate number into the digital directories that will be available as of 2019.

In the last year, progress has been made on smart parking at Parque Arauco Kennedy, Arauco San Antonio, Arauco Chillán and Arauco Estación.

Ticketless

Payment automatically charged to the credit card . Users may register their personal and automobile information online so that the exit barrier recognizes them.

Pay by phone

Payment via mobile phone application that enables the QR code on the parking ticket to be scanned and direct payment to be made.

REAL ESTATE ASSETS

Customer experience



LOCAL MARKET

In order to offer our customers a distinctive experience, we created a space for an open air market to take place on the weekends at Premium Outlet Sopó. The market harnesses the shopping center's location on the outskirts of Bogotá to sell craft products and provide direct sales opportunities to producers. The market, which began in August 2018, has become a place where families spend time and even bring their pets. From our point of view, it represents an opportunity to draw closer to the community and create ties with local business people.

IMPROVEMENTS TO INTERIOR TRAFFIC PATTERNS

Christmas 2017 was complicated for Parque La Colina. In its first year of operation, the high number of visitors drove parking spot wait times up to 18 minutes. To solve this problem, we commissioned a specialized study and modified interior traffic patterns in 2018. We used special signage and directions to facilitate transit to different levels of the parking garage, helped customers remember where they parked and reduced congestion caused by cars looking for the exit.

In the 2018 Christmas season, the shopping center received 10% more visitors, but the average wait time to park was down 72% to just five minutes.



REAL ESTATE ASSETS

Customer experience

BAZAR GOURMET

The country's first food hall

Bazar Gourmet, located on the third floor at Parque Arauco Kennedy, is a new concept inspired by the demand for international flavors and the famous food halls of New York and London. The industrial-style ceiling and exposed brick make Bazar Gourmet fit perfectly with the rest of the Design Floor. More elaborate than a food court, but more casual than a restaurant, the food hall is a new mix of food-related tenants, like food trucks, concepts guided by renowned chefs and fashionable food chains. As Chile's first food hall, Bazar Gourmet offers a unique experience inside a shopping center.

Sustainable construction

Several sustainablility practices were involved in the construction of Bazar Gourmet. For example, a large portion of the decor is made from recycled materials, like the exposed pipes on the ceiling and the walls, which were decorated with plants in recycled pots. The majority of lighting is efficient (LED) and trash cans are designed with separate compartments for glass, metal and organic waste to facilitate recycling.



LOCATION
Parque Arauco Kennedy

Total GLA
1,000 m²

PA ownership
100%

Total investment
US$5 million

Date opened
4Q18

REAL ESTATE ASSETS

Ongoing innovation

Using digital tools, we are improving our customer knowledge and the efficiency of our operations.

GETTING TO KNOW OUR CUSTOMERS

In 2018, we began data analysis that enables us to better understand how visitors use spaces, e.g. which areas are busiest at different times of day, which route people take in the shopping center, and how long people stay. Technological tools provide data that enables us to hone our abilities to make the right decisions and to better match our value proposal to what customers want.

In this context, we implemented a hyper-localization solution at Parque Arauco Kennedy. Providing real-time, high precision data, it is the first of this breadth in Chile. In 2019, we plan to install the tool at Larcomar in Peru and Parque La Colina in Colombia.

PROCESS AUTOMATION

In the operations area, we began implementing Robotic Process Automation (RPA), a process automation tool for more repetitive or structured tasks, like bill payment, contract creation and invoicing. This lets employees redirect their time to more analytical tasks that add value for our customers.



REAL ESTATE ASSETS

Safe spaces

We want to continue promoting a culture of safety at all our shopping centers. To that end, in 2016 we launched a systematic work plan, which the Safety & Security teams from the Chile, Peru and Colombia divisions work together to execute.

CRITICAL ELEMENTS OF OUR PLAN

1. Integrated organization
2. Contractor management
3. Emergency response
4. Incident investigation
5. Mechanical integrity
6. Safe procedures and practices

2018 PRIORITIES

From among these critical elements of the plan, we chose to focus on mechanical integrity as well as safe procedures and practices across the Chile, Peru and Colombia divisions in 2018.

	MECHANICAL INTEGRITY	SAFE PROCEDURES AND PRACTICES
OBJECTIVES	Reduce accident rate and losses	Identify and prioritize risks
ACTIONS	Certify correct operation of all the equipment and systems critical to shopping center operations: • Fire extinguishing • Fire detection • Electric systems • Gas systems • Smoke and grease extraction from restaurants • Evacuation (stairways and hallways) • Video surveillance, sensors and intrusion alarms	Design a procedure for identifying danger and assessing risk. Use methodology that incorporates business priorities, principles, goals and comparable international standards into the way we work. In 2018, the Safety & Security teams from the three countries formed working groups to share best practices, analyze relevant issues and establish universal standards.



REAL ESTATE ASSETS

Safe spaces

OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

The Chile Division developed an Occupational Health and Safety Management System that significantly cut accident and claims rates compared to the previous year.

OBJECTIVES

- Guide the organization to minimize accidents involving customers or the company's operating processes
- Keep workplaces safe for employees and contractors
- Identify responsibilities and train on security, industrial hygiene and emergency issues

MANAGEMENT APPROACHES

- Monitor and manage initiatives to avoid accidents or claims
- Implement a training program in accordance with the risks at each shopping center
- Include occupational health and safety control measures in the operating procedures for the different operating areas

2018 RESULTS

- We cut the lost time rate in Chile by 13% in 2018.
- We cut the accident rate by 30% relative to the previous year in Chile.
- This year, in accordance with the Risk Prevention Plan based on the specific needs of each mall, a training program was conducted at each shopping center by the local Head of Risk Prevention.
- The control measures from the Danger and Risk Assessment Matrix designed for critical processes were applied at each shopping center.



Our portfolio

as of December 31, 2018

Total GLA
1,053,000 m²

Company-owned GLA[1]
937,092 m²

Average occupancy
94.7%

More information on web site



SHOPPING CENTERS IN CHILE

	FORMAT	YEAR INCORPORATED	TOTAL GLA (m²)	OWNERSHIP (%)	Parque Arauco-owned GLA (m²)	OCCUPANCY (%)
Parque Arauco Kennedy	Regional Shopping Center	1982	112,000	100%	112,000	98.5%
Arauco Maipú	Regional Shopping Center	1993	72,500	100%	72,500	98.3%
Arauco Chillán	Regional Shopping Center	2007	35,000	100%	35,000	92.8%
Arauco Estación	Regional Shopping Center	2008	67,000	83%	55,610	96.6%
Arauco San Antonio	Regional Shopping Center	2009	28,500	70%	19,922	95.5%
Arauco Express [2]	Strip Center	2012	37,000	53%	19,736	90.3%
Arauco Premium Outlets [3]	Outlet	2012	46,000	100%	46,000	98.6%
Arauco Quilicura	Regional Shopping Center	2013	32,000	100%	32,000	99.7%
Arauco Coronel	Regional Shopping Center	2017	30,000	100%	30,000	97.4%
Arauco El Bosque	Regional Shopping Center	2018	30,000	100%	30,000	100.0%
Parque Angamos	Neighborhood Shopping Center	2018	10,500	55%	5,775	65.0%
Total Chile			**500,500**	**91%**	**458,542**	**96.4%**

1. Company-owned GLA includes GLA owned 50% by the Marina Group (67,500 m²)
2. Includes 15 strip centers located in: Santiago (11), Viña del Mar (1), Calama (1), Coquimbo (1) and Antofagasta (1).
3. Includes four premium outlets located in Santiago, Concepción, Coquimbo and Curauma.

Our portfolio



SHOPPING CENTERS IN PERU

	FORMAT	YEAR INCORPORATED	TOTAL GLA (m²)	OWNERSHIP (%)	Parque Arauco-owned GLA (m²)	OCCUPANCY (%)
MegaPlaza Norte	Regional Shopping Center	2006	112,000	50%	56,000	98.2%
MegaPlaza Express Villa Chorrillos	Neighborhood Shopping Center	2009	8,000	50%	4,000	98.1%
Larcomar	Regional Shopping Center	2010	27,000	100%	27,000	80.7%
Parque Lambramani	Regional Shopping Center	2010	30,000	100%	30,000	93.6%
MegaPlaza Chimbote	Regional Shopping Center	2012	28,000	50%	14,000	94.7%
MegaPlaza Express Villa El Salvador	Neighborhood Shopping Center	2012	9,000	50%	4,500	93.8%
MegaPlaza Express Chincha	Neighborhood Shopping Center	2013	10,500	50%	5,250	94.1%
MegaPlaza Cañete	Neighborhood Shopping Center	2013	16,500	50%	8,250	99.4%
MegaPlaza Express Barranca	Neighborhood Shopping Center	2013	10,000	50%	5,000	82.9%
InOutlet (premium outlets) and Viamix (strip centers)[1]	Outlets / Strip Centers	2013	25,000	100%	25,000	86.8%
MegaPlaza Express Pisco	Neighborhood Shopping Center	2015	14,500	50%	7,250	95.4%
El Quinde Cajamarca	Regional Shopping Center	2015	32,500	100%	32,500	96.1%
El Quinde Ica	Regional Shopping Center	2015	36,500	100%	36,500	98.3%
MegaPlaza Express Jaén	Neighborhood Shopping Center	2016	14,500	50%	7,250	96.5%
MegaPlaza Huaral	Neighborhood Shopping Center	2017	14,000	50%	7,000	80.5%
MegaPlaza Villa El Salvador II	Neighborhood Shopping Center	2017	9,000	50%	4,500	84.3%
Total Peru			**397,000**	**70%**	**274,000**	**94.0%**

1. Includes InOutlet Premium Faucett, InOutlet Premium Lurín, Viamix Chorrillos, Viamix Las Malvinas and Viamix Colonial.

Our portfolio

SHOPPING CENTERS IN COLOMBIA

	FORMAT	YEAR INCORPORATED	TOTAL GLA (m²)	OWNERSHIP (%)	Parque Arauco-owned GLA (m²)	OCCUPANCY (%)
Parque Arboleda	Regional Shopping Center	2010	41,000	55%	22,550	97.9%
Parque Caracolí	Regional Shopping Center	2013	38,500	100%	38,500	87.1%
Parque La Colina	Regional Shopping Center	2016	62,500	100%	62,500	97.2%
Arauco Premium Outlet Bogotá (Sopó)	Outlet	2017	13,500	100%	13,500	51.4%
Total Colombia			**155,500**	**88%**	**137,050**	**90.9%**



REAL ESTATE ASSETS

Openings in 2018

SHOPPING CENTER	TYPE	COUNTRY	FORMAT	DATE INCORPORATED	TOTAL GLA (m^2)	OWNERSHIP (%)	PARQUE ARAUCO-OWNED GLA m^2	TOTAL INVESTMENT (LOCAL CURRENCY)[1]	TOTAL INVESTMENT (MUS$)[2]
Viamix Colonial	New Project	Peru	Strip Center	1Q18	3,000	100%	3,000	25,000	6
El Quinde Cajamarca	Expansion	Peru	Regional Shopping Center	2Q18	2,500	100%	2,500	40,000	11
Parque Angamos	New Project	Chile	Neighborhood Shopping Center	3Q18	10,500	55%	5,775	811,000	34
Arauco Express Coquimbo	New Project	Chile	Strip Center	4Q18	3,000	53%	1,590	155,000	6
Arauco Express Ossandón	Expansion	Chile	Strip Center	4Q18	1,000	53%	530	71,500	3
Bazar Gourmet - Parque Arauco Kennedy	Expansion	Chile	Regional Shopping Center	4Q18	1,000	100%	1,000	120,000	5
Arauco El Bosque	Acquisition	Chile	Regional Shopping Center	4Q18	30,000	100%	30,000	1,750,000	69
Total					**51,000**		**44,395**		**134**



1. In UF for Chile and MPEN for Peru.
2. Using exchange rates as of December 31, 2018: 27,565.79 CLP/UF, 694.77 CLP/US$, 3,239.45 COP/US$, 3.37 PEN/US$

CHILE

Parque Angamos

LOCATION
Antofagasta

Format
Neighborhood

Total GLA
10,500 m²

PA ownership
55%

Total investment
US$34 million

Date opened
3Q18



Parque Angamos is located in northern Chile, in the southern part of the city of Antofagasta, an area that boasts the city's highest purchasing power and potential growth. In order to meet the needs of area residents, Parque Angamos brings together different stores, including a Jumbo supermarket, a Casaldeas home and decor store, Sportlife gym and a medical center.

The addition of Parque Angamos enhances our portfolio in northern Chile, which was previously comprised of Arauco Premium Outlet Coquimbo, Arauco Express Coquimbo and Arauco Express Antofagasta strip center.

CHILE

Arauco El Bosque



We continued expanding our presence in the Santiago metropolitan region with the acquisition of Arauco El Bosque. Opened in 2008, this open-architecture, two-floor shopping center includes a Homecenter home improvement store, La Polar department store, Tottus supermarket and more than 30 smaller stores. There is also a food court, play area and underground parking.

LOCATION
Santiago

Format
Regional

Total GLA
30,000 m²

PA ownership
100%

Total investment
US$69 million

Acquisition date
4Q18

CHILE

Arauco Express Coquimbo



With Arauco Express Coquimbo, we brought the number of strip centers developed by Arauco Express since 2012 up to 15.

LOCATION
Coquimbo

Format
Strip center

Total GLA
3,000 m²

PA ownership
53%

Total investment
US$6 million

Date opened
4Q18

PERU

Viamix Colonial



Viamix Colonial is part of a mixed-use project that includes a two-floor neighborhood shopping center and an apartment tower built by a local construction company.

LOCATION
Lima

Format
Strip center

Total GLA
3,000 m²

PA ownership
100%

Total investment
US$6 million

Date opened
1Q18

PERU

El Quinde Cajamarca Expansion

LOCATION
Lima

Total GLA
2,500 m²

PA ownership
100%

Total investment
US$11 million

Date opened
2Q18

Comprehensive remodel of the shopping center that included a new H&M store, a renovated movie theater and the addition of a food boulevard.



REAL ESTATE ASSETS

Projects under development

as of December 31, 2018

	TYPE	COUNTRY	FORMAT	SCHEDULED TO OPEN	TOTAL GLA (m²)	OWNERSHIP (%)	Parque Arauco-owned GLA (m²)	TOTAL INVESTMENT (Local currency)[1]	TOTAL INVESTMENT (MUS$)[2]
Our shopping centers									
La Molina	New Project	Peru	Neighborhood	TBD	19,500	100%	19,500	180,000	53
Subtotal					**19,500**		**19,500**		**53**
Expansions									
Parque Arauco Kennedy, Phase 1[3]	Expansion	Chile	Regional/Hotel	2H21	11,000	100%	11,000	5,355,000	212
Parque Arauco Kennedy, Phase 2[4]	Expansion	Chile	Regional/Tower	2H24	10,000	100%	10,000	2,200,000	86
Arauco Premium Outlet Buenaventura	Expansion	Chile	Outlet	2H19	3,500	100%	3,500	140,000	6
Subtotal					**24,500**		**24,500**		**304**
Business combination									
MegaPlaza[5]	Minority interest	Peru	Others	2H19	N/A	50%	123,000	583,450	173
Subtotal							**123,000**		**173**



1. Projects in UF (Chile), MPEN (Peru) and MCOP (Colombia)
2. Using exchange rates as of December 31, 2018: 27,565.79 CLP/UF, 694.77 CLP/US$, 3,239.45 COP/US$, 3.37 PEN/US$
3. In addition to the 11,000 m² of GLA. This expansion includes a 401-room Hilton hotel and the largest hotel convention center in Santiago.
4. The project also includes a 15,000 m² tower.
5. In accordance with the material event dated June 1, 2018, related to a binding business combination agreement with the Wiese Group.
   Implementation of the agreement requires several restructurings and legal steps in light of the additional call and put options granted to Parque Arauco and the Wiese Group, respectively.

Parque Arauco Kennedy Expansion

PHASE 1



Format
Mixed use

Commercial GLA
11,000 m²

PA ownership
100%

Total investment
US$212 million

Construction began
2017

Scheduled to open
2021

This expansion will add 11,000 m² of commercial GLA at Parque Arauco Kennedy, along with a 5-star Hilton hotel featuring 401 rooms and Santiago's largest hotel convention center (with capacity for more than 2,800 people and surface area of 3,000 m²). Additionally, there will be two restaurants, three bars, two pools, a gym and an executive lounge as well as 700 additional parking spaces. The project also includes construction of a 25,000 m² Falabella store, the retail chain's largest.

PHASE 2



Format
Mixed use

Commercial GLA
10,000 m²

PA ownership
100%

Total investment
US$86 million

Construction begins
2021

Scheduled to open
2024

The second expansion phase at Parque Arauco Kennedy was announced in 2018. It includes a 14-story, 15,000 m² tower with an additional 10,000 m² GLA at the base of the tower.

REAL ESTATE ASSETS

Land bank

as of December 31, 2018

Availability of strategic land suitable for construction of real estate assets is essential to the future growth of our company. As of year-end 2018, Parque Arauco had a land bank totaling 745,966 m² in Chile, Peru and Colombia. Each plot was acquired with a specific project in mind. However, projects will be implemented as the surroundings justify moving forward with construction.

745,966 m²

total surface area of our land bank



NAME	SURFACE AREA (m²)	OWNERSHIP (%)	TOTAL INVESTMENT (LOCAL CURRENCY)[1]	TOTAL INVESTMENT (MUS$)[2]
Chile				
Quilicura	25,486	100%	78,000	3
Buenaventura	115,864	100%	455,000	18
Chicureo	47,614	100%	206,000	8
Los Andes	39,254	100%	117,000	5
San Pedro de la Paz	17,002	100%	51,000	2
Total Chile	**245,220**	**100%**	**907,000**	**36**
Peru				
Chimbote	42,657	100%	18,000	5
Talara	30,675	100%	9,400	3
Ica	12,643	100%	13,500	4
Chiclayo	6,609	100%	6,300	2
Pomalca Chiclayo	45,042	100%	6,565	2
Lambayeque-MegaPlaza	25,260	50%	18,900	6
San Juan de Lurigancho- MegaPlaza	80,000	50%	10,415	3
Other MegaPlazas	106,157	50%	85,685	24
Total Peru	**349,043**	**70%**	**168,765**	**49**
Colombia				
Neiva	49,537	100%	18,000	6
Valledupar	46,000	100%	30,000	9
Barranquilla	56,166	100%	76,000	23
Total Colombia	**151,703**	**100%**	**124,000**	**38**
Total	**745,966**	**86%**		**123**

1. Land bank in UF (Chile), MPEN (Peru) and MCOP (Colombia)
2. Using exchange rates as of December 31, 2018: 27,565.79 CLP/UF, 694.77 CLP/US$, 3,239.45 COP/US$, 3.37 PEN/US$



4.3

Social capital

Our shopping centers are gathering places as well as spaces of interaction and opportunity for people and surrounding communities.

We want to integrate, grow and support the areas and cities where we operate.

Impact of general initiatives

at our operations in Chile, Peru and Colombia

+1,500
FREE ACTIVITIES
FOR THE COMMUNITY



+300
SPORTS AND HEALTHY LIVING ACTIVITIES

WE SURVEYED THE ACCESSIBILITY OF OUR MAIN SHOPPING CENTERS

To continue making progress on the company's inclusiveness plan and with support from an inclusive design expert, we assessed our main shopping centers in Chile, Peru and Colombia.

+57,000
PARTICIPANTS IN ACTIVITIES RELATED TO THE ENVIRONMENT

+90
ENVIRONMENTAL EDUCATION AND RECYCLING ACTIVITIES

MARÍA AYUDA

WE JOINED THE "JUNTOS POR LA INFANCIA" (TOGETHER FOR CHILDHOOD) PROGRAM, THROUGH THE MARÍA AYUDA FOUNDATION IN CHILLÁN, CHILE.

+270,000
USERS OF BICYCLE PARKING SPACES



+80
SOCIAL INSTITUTIONS RECEIVED DONATIONS OF MONEY OR SPACE FOR INCLUSIVENESS, ENTREPRENEURSHIP AND LOCAL DEVELOPMENT INITIATIVES.

+1,600
DONORS PARTICIPATED IN BLOOD DRIVES AT OUR SHOPPING CENTERS BENEFITING **24 PUBLIC HOSPITALS IN CHILE**

WE **PARTNERED WITH** THE DESAFÍO LEVANTEMOS CHILE FOUNDATION TO IMPROVE ONE OF THE LARGEST PUBLIC SCHOOLS IN CORONEL, A TOWN IN SOUTHERN CHILE.

Desafío Levantemos Chile

+1,000
LOCAL ENTREPRENEURS WERE SUPPORTED WITH INITIATIVES ENABLING THEM TO SHOWCASE THEIR PRODUCTS AT OUR SHOPPING CENTERS.

Priority issues

We are aware of the social role that our shopping centers can play and their potential to define and guide urban growth. We are also aware of new dynamics for gatherings and different possibilities for professional development, entrepreneurship and community exchange.

In this context, we are working on three action areas to focus our social interaction on the areas of influence where we operate. These are directly tied to our company's corporate purpose and the possibilities our business offers society.

MANAGEMENT FOCUSES

COMMUNITY OUTREACH

Ongoing engagement
Establish good relationships and ongoing communication with neighbors.

Active participation
Integrate and support the municipalities where we operate.

Urban integration
Contribute to the city's development.



SOCIAL INTEGRATION AT OUR SHOPPING CENTERS

Accessibility
Optimize urban development and accessibility through our shopping centers and interaction with their surroundings.

Opportunities and inclusiveness
Promote inclusiveness and opportunities for persons with disabilities.



SUPPORT FOR LOCAL ENTREPRENEURSHIP

Visibility and spaces
Partner with entrepreneurs and small business owners, offering spaces in our shopping centers to showcase and generate opportunities for their projects.

Connection and networks
Create networks that foster entrepreneurship.



LINES OF ACTION

1. Interact with neighborhood organizations.
2. Identify and manage impact to strengthen relations with the communities where we operate.
3. Participate in space conversion initiatives, modifying infrastructure to support local wellbeing.



pg. 81

1. Encourage urban development and connectivity of our shopping centers with public transportation systems.
2. Use our shopping centers to create opportunities and raise awareness of the importance of inclusiveness.



pg. 83

1. Partner with the public sector, NGOs and universities to benefit new entrepreneurs.
2. Harness our shopping centers as hubs for entrepreneurship and economic development.



pg. 85

Community outreach

STAGES OF COMMUNITY MANAGEMENT

1. IMPACT ANALYSIS

We used case studies, interviews as well as dialogue with the parties directly involved and experts to identify our industry's most common impacts on neighboring communities and surroundings. Conducted in 2017, this fact-finding process revealed topics that are important to the community in their interaction with the shopping centers, like transit, security and waste management.

9

Shopping centers in Peru made progress on training and self-assessment of impact on areas of direct influence (building on 2017 efforts by 10 shopping centers in Chile and Colombia).[1]

60%

of our **GLA has assessed its impact and teams** have received training on relations with **neighboring communities.**

pg. 40

2. ASSESSMENT AND PRIORITIZING

In order to align teams and raise awareness concerning detection, response and monitoring of possible impacts that influence relations with direct neighbors, we designed a two-phase process involving self-assessment and community risk analysis. Based on the result of this process, plans for impact monitoring and management are activated, prioritizing shopping centers with significant weaknesses.

Business and Human Rights pg. 40

3. RESPONSE AND INTERACTION

We enhance our interactions and concrete actions that contribute to communities. We partner with local organizations that optimize opportunities and wellbeing to benefit the community in the areas where we operate by make our shopping centers a setting for sports, cultural and social support efforts.



1. To date, the following shopping centers have made progress on this initiative: Parque Arauco Kennedy, Arauco Maipú, Arauco Estación, Arauco Quilicura, Arauco San Antonio, Arauco Chillán, Arauco Coronel, Parque La Colina, Parque Arboleda, Parque Caracolí, Lambramani, Jesús María, El Quinde Cajamarca, El Quinde Ica, Arauco Premium Outlet Lurín, InOutlet Foucett, Viamix Colonial, Viamix Malvinas and Viamix Chorrillos.

COMMUNITY OUTREACH

2018 figures and developments

+10,000
people participated in Zumba classes



PHYSICAL ACTIVITY IN OUR SHOPPING CENTERS

More than 10,000 people participated in the weekly Zumba classes at Parque La Colina and Arauco Maipú. This is a sample of the free fitness events offered at our shopping centers in addition to races, yoga classes and other initiatives in Chile, Peru and Colombia. Many of our shopping centers' neighbors value these activities as a free opportunity to improve their physical fitness, stay active and connect with people from the community through sports at our shopping centers.

Nearly
CLP$ 230 million
were contributed to social organizations through donations or sponsorship.

2018 Donations and sponsorships pg. 136 >

THE EMPTY SHOP, AN EXAMPLE OF USING SPACE WITH A SOCIAL PURPOSE

For the fourth straight year, Parque Caracolí made a store available at no cost for 440 days, so customers could donate clothing, books, toys and other objects to benefit social programs by six foundations in Bucaramanga, Colombia.

More than 6,500 people donated to the campaign, which collected about 38,000 articles for the following organizations: the Sin Límites Foundation, the Kiwanis Bucaramanga Foundation, the Colombo Alemana Foundation, the Hope Foundation, the Salvar Foundation and the Caridad Animal Foundation.



+6,500 PEOPLE DONATED | IN **40 days** | **38,000** ITEMS

Social integration at our shopping centers

Since our shopping centers are located in well-connected urban areas that are accessible via several modes of transportation, they aim to contribute to the integration and development of the city. Their proximity to public transport, makes it easy for visitors and those who work at our shopping centers to get there.

Integration with the surroundings, contribution to growth and urban connectivity, as well as concern for accessibility and social inclusiveness are elements that we want to foster at our shopping centers.



MALL ARAUCO ESTACIÓN AN ICON OF CONNECTIVITY

Mall Arauco Estación is located in the historic building of Chile's main train station and just a few meters from Santiago's two largest bus terminals. Visitors can also access the mall via subway or the public bus system.

96%

of our outlets and shopping centers are located less than 150 meters from public transportation.

14

Shopping centers in Chile, Peru and Colombia performed infrastructure accessibility surveys to identify gaps and work on plans to address them.



The Office of the Mayor of Bogota recognized the quality and security of the bicycle parking spaces at Parque La Colina with a Gold seal.



SOCIAL INTEGRATION AT OUR SHOPPING CENTERS

2018 figures and developments

Our shopping centers are designed to be enjoyed by people, regardless of their characteristics or physical condition. We work to make our shopping centers increasingly accessible and create spaces that promote opportunity and a culture of inclusiveness.

INCLUSIVE PHOTOGRAPHY SHOW

For the second year in a row and in partnership with Lima's Centro de la Imagen, the photography program sought to encourage the creativity, expression and autonomy of children and young people with cognitive disabilities from the Best Buddies Foundation in Peru.

Thirty participants received training by professional photographers and their results were exhibited in a public showing at the Larcomar Art Gallery. The initiative sent a message of inclusiveness to shopping center customers, visitors and tenants.



30
PARTICIPANTS







CONCERTS BY YOUTH FROM THE LUZ FOUNDATION

We first partnered with the *Fundación Luz* in 2006 to support its mission of educating and developing skills in persons with visual disabilities at a school focused on music. Beginning in 2018, the ongoing musical performances at Parque Arauco Kennedy and Arauco Maipú in Chile were complemented by concerts by *Sonidos de Luz,* a group comprised of 15 young people from the foundation. They gave 10 performances, showcasing their talent and advancing professional development and inclusiveness through music.

15
YOUNG PEOPLE

10
PERFORMANCES



+15

Social organizations that promote inclusiveness of people with disabilities are our partners in theater, music, photography, arts and inclusiveness education programs at our shopping centers.

+1,500

people participated in education and inclusiveness awareness programs in Chile, Peru and Colombia.

Support for entrepreneurship

We know that the nature of our business affords us opportunities to strengthen new business ventures by supporting projects that generate impact and develop the local economy.

We focus our efforts on supporting small and medium business owners with an attractive value offering. Parque Arauco provides visibility and selling space in our shopping centers, and partners with expert institutions to support these business people with training, management and support tools so that their business projects solidify and endure in the long term.

We are interested in advancing this commitment to entrepreneurship because of its positive impact on the local economy and employment, but also not only because it is an opportunity to complement the commercial offering at our shopping centers with emerging and innovative proposals that are especially valued by certain segments of our public.

+90

fairs and sales spaces at our shopping centers in Chile, Peru and Colombia were offered to entrepreneurs with small and medium-sized businesses.



+20
ENTREPRENEURS

In partnership with the Institute for Agricultural Development (INDAP), we support producers and artisans from 13 regions of Chile who sell their work at a fair featuring more than 20 entrepreneurs, many of whom have earned Seals of Excellence. Some of the select products are made with traditional textile techniques from Chiloe or the Aymara or Mapuche people. Other products include lapis lazuli jewelry, wood carvings and crafts from vegetable fibers.





***CALLE DE LA MODA*, A NEW SPACE FOR INDEPENDENT ENTREPRENEURS**

The stores that make up Calle de la Moda *(Fashion Street)* in Parque Arauco Kennedy opened their doors in December 2018, offering independent design proposals for women's clothing, footwear and accessories. This initiative includes five stores that Parque Arauco has completely equipped so that the initial investment required by entrepreneurs is minimal. The leases are short in order to free entrepreneurs from long-term commitments and provide contract flexibility depending on business results.

+1,000

local entrepreneurs were supported through initiatives to showcase their products at our shopping centers.

SUPPORT FOR ENTREPRENUERSHIP

2018 figures and developments

ENTREPRENEURSHIP CONTEST IN PERU

We issued open calls for entries for entrepreneurs in Arequipa and Lima to submit ideas and receive support in the form of training and space to sell in our shopping centers.

Thirty-nine entrepreneurs participated in Emprende Arequipa, hosted at Parque Lambramani in conjunction with *Universidad de San Martín de Porres (USMP).* The winners had access to sales space in the shopping center and received advising on strategy, marketing and finance. The first place winner was awarded a full scholarship for the Commerce and Digital Marketing program at USMP.

Emprendenorte was an initiative by MegaPlaza and Universidad San Ignacio de Loyola (USIL), where more than 200 entrepreneurs participated in two categories: entrepreneurial ventures and innovative ideas. The winner of the first category was awarded space at MegaPlaza Independencia at no cost for eight months and received support from the USIL Institute of Entrepreneurs to develop and build the business. In addition to a monetary reward, the winner of the Innovative Ideas category was awarded a scholarship to the Business Management program. Contest finalists were awarded grants to continue developing their businesses and ideas.



Parque Caracolí holds talks with local entrepreneurs to strengthen business networks. This free activity has attracted **more than 5,000 people** since it began. Participants, primarily young people with new business ideas, meet at the shopping center monthly to learn about the experiences of the city's renowned entrepreneurs.

+5,000
PEOPLE ATTENDED TALKS

TRAINING PROGRAMS AT PARQUE CARACOLÍ

Impúlsate Ya is one of our Colombian initiatives in partnership with the Foundation for the Development of the Santander Region, the Bucaramanga Chamber of Commerce and the Municipal Training School of Floridablanca. In 2018, twenty entrepreneurs participated in the first phase of this program. The ten best projects were included in a mentoring system and had access to free sales space in the Parque Caracolí shopping center in November and December. The venture with the highest sales was offered a formal store within the shopping center.



+15
partnerships with organizations that promote entrepreneurship to strengthen skills and open opportunities for new small businesses in Chile, Peru and Colombia.

+50
training, networking and emerging entrepreneur support initiatives in the areas surrounding our shopping centers.



4.4 Natural capital

Our real estate activity, including shopping center operations and project development in growing, evolving cities, is part of a long-term vision that includes decisions regarding quality standards, efficiency and innovation directly related to the useful life of our shopping centers and, thus, to our business.

We are also aware of the challenges facing our planet and the general call for companies and society to work together to reduce environmental impact, manage environmental risks and play a more active role in climate change.

NATURAL CAPITAL

Long-term vision

The spaces at each of our unique shopping centers are designed to serve peoples' needs and new ways of life and to respond to the growth and evolution of their surroundings.

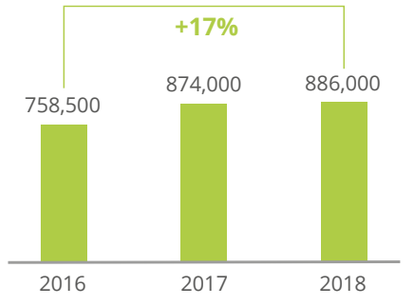
In design and architecture, we aim to make our shopping centers highly connected to their surroundings so that they contribute value beyond the short term and retain long-term value. We are concerned with the wellbeing of people and responsible use of natural resources so that the design and characteristics of our shopping centers maximizes urban potential everywhere we operate.

SCOPE OF ENVIRONMENTAL INDICATORS

The indicators in this chapter were calculated on the basis of 27 shopping centers, representing 84.1% of our portfolio's total GLA and 92.8% of revenue as of December 31, 2018.

With the exception of waste generation, the intensities of this chapter are calculated based on the common areas in our shopping centers. After updating these measurements for Chilean assets in 2018, we recalculated the intensity indicators for the previous year.

GLA OF SHOPPING CENTERS INCLUDED IN THESE INDICATORS (m^2)*



Scope of the environmental indicators in additional information appendix pg. 167 >

The company's first shopping center, located on Avenida Kennedy in Santiago, embodies our objective of integrating, growing and evolving with urban surroundings. It represents the long-term vision that is implicit in our projects.



LAND WHERE PARQUE ARAUCO KENNEDY WAS BUILT, 1983



PARQUE ARAUCO KENNEDY, 2018

* This number was reported incorrectly in the 2017 Integrated Report, as it considered Parque La Colina in 2016, which was included in the scope for the first time in 2017.

NATURAL CAPITAL

Challenges and action in the face of climate change

We have identified climate change as one of the emerging risks and opportunities that require a more extensive response as we continue prioritizing and aligning our work plan to meet these challenges.

In recent years, we have taken concrete steps to learn more about the possible implications of climate change on our industry and the countries where we operate.

Emerging risks and opportunities pg. 36 >

STUDIES AND PRELIMINARY FINDINGS

A couple of years ago, we worked with an independent consultant to identify potential effects of climate change on some areas of Chile, Peru and Colombia. The study considered temperature trends and variations recorded and projected in some areas of the region. Climate change could also impact the regulatory environment and consumer dynamics related to our business.



PHENOMENON	POTENTIAL LONG-TERM IMPACT	MOST EXPOSED AREAS
Drought	Decreased precipitation and higher temperatures in some cities could impact future water availability.	CHILE, PERU
Fluctuation in the price of energy	Lower hydroelectric generation due to the effects of drought could trigger restrictions and price variability, impacting consumption and destabilizing operating costs.	CHILE, PERU
Heat waves	High temperatures increase the demand for use of air conditioning units and, consequently, energy consumption.	CHILE, PERU
Increased precipitation and flooding	Rainfall that is significantly higher than historic averages could alter living conditions in cities and require greater infrastructure investments.	COLOMBIA

NATURAL CAPITAL

Our road map for managing climate change

WORK AREAS	1. Identify risks and opportunities	2. Measure and compare	3. Educate, integrate and work together with customers and operators
ACTIONS TOWARD PROGRESS	Explore and quantify the impact of the risks as well as the scope of the opportunities to make progress with short-, medium- and long-term measures.	Identify and work on key indicators directly connected to managing our carbon footprint: • Energy consumption • Transition to LED lighting • Renewable energy consumption • Connectivity of our shopping centers with public transportation systems	Take action to promote environmental awareness through our shopping centers: • Promote use of bicycles and low-emission mobility options. • Promote environmental education in the communities surrounding our shopping centers. • Encourage tenants and customers to recycle.
FIGURES AND PERFORMANCE	In order to expand and complement our understanding of risks and opportunities, in late 2018, we started a climate change scenario analysis study, focusing on shopping centers in Chile.	• 29% of the energy used in operations in Chile, Peru* and Colombia was from renewable sources. • In 2018, Colombia became the first country to completely transition to LED lighting in common areas. • More than 90% of our portfolio is located less than 150 meters from public transportation. • We reduced the intensity of energy consumption by 19% compared to the prior year.	• More than 1,100 bicycle parking spaces in Chile, Peru and Colombia. • Parque La Colina was recognized by the Office of the Mayor of Bogota with the Gold seal for the security and comfort of its bicycle parking spaces. • We conducted education and recycling initiatives for tenants and customers. For example, at shopping centers in Chile, we launched a campaign that brought 15,000 old toys back to life in support of the Coaniquem Foundation.

2030 Agenda, SDG for Climate Action pg. 41

*Does not include Megaplaza

CARBON FOOTPRINT

DIRECT EMISSIONS (SCOPE 1) [1]

Our direct emissions are generated by consumption of diesel needed to fuel our emergency generators and fire fighting systems.

81.9 tCO_2e

in 2018
(2017: 140 tCO_2e)

INDIRECT EMISSIONS (SCOPE 2) [2]

Our indirect emissions come from the generation of electricity consumed during the operation of our shopping centers.

17,283 tCO_2e

in 2018
(2017: 20,012 tCO_2e)

2018 CO_2e emissions intensity pg. 99

1. Direct emissions: those emissions generated through use of fossil fuels, release of refrigerant gases or chemical reactions during production processes.
2. Indirect emissions: those emissions released by the producer of the energy used by the organization. Thus, these emissions depend on the quantity of energy consumed and the types of sources in the energy matrix.

NATURAL CAPITAL

Environmental management

We focus our efforts on managing environmental indicators in the design and construction phase as well as the operation of our portfolio.



	SUSTAINABLE DESIGN AND CONSTRUCTION	SUSTAINABLE OPERATIONS
OUR OBJECTIVES	• Consider sustainable criteria in the design and construction of our shopping centers. • Conduct projects with a focus on the wellbeing of persons and efficient use of natural resources in the long term.	• Manage environmental indicators. • Achieve continuous improvement on matters of energy and hydro-efficiency as well as waste and emissions management. • Raise awareness among our stakeholders through environmental initiatives at our shopping centers.
KEY FACTORS	• Compliance with environmental regulations • Connectivity and use of public transportation • Designthat considers operating efficiency • High-standard materials • Greenwalls to improve insulation • Certifications and standards • Partnerships to promote sustainable construction • Training engineering and project teams	• Compliance with environmental regulations • Monitoring and internal climate control system • Energy and hydro-efficiency • Waste management and recycling • Monitoring emissions and climate change • Training operations teams • Operations certificates and standards • Environmental initiatives with tenants and customers

NATURAL CAPITAL

Sustainable design and construction

We continue making progress on applying sustainability criteria in the design and construction phases of our projects. These criteria are implemented to different degrees, depending on the format, size, location and other characteristics of each shopping center.

In the development phase, we carried out the locally required environmental verifications, detecting potential environmental impacts and developing a plan to manage them.

SUSTAINABILITY-RELATED CRITERIA

1. Connectivity with public transportation

Location is a key factor in developing our business. To ensure shopping centers are accessible and highly visited, we make sure they are near public transportation.

+90%

Of our shopping centers are less than 150 meters from public transportation.

ARAUCO ESTACIÓN AN ICON OF ACCESSIBILITY

Just a few meters from Chile's most important train station and Santiago's two major bus terminals, the location is a direct point of connection between the capital city, the suburbs and the surrounding rural areas. Visitors also arrive at the shopping center directly, using the subway network or the public bus system, which operates in the same space as Arauco Estación.



2. Efficiency by design

While designing and building a shopping center, efficient fixtures and equipment are installed to optimize future savings on water and energy use. The unique design of each shopping center considers climate conditions when determining whether open architecture, which does not require intense use of air conditioning or lighting, is possible. Furthermore, decisions regarding landscaping and watering systems are analyzed as early as the design phase. Plant species that do not require abundant watering are favored.

67%

of shopping centers in Colombia feature rainwater collection systems for use in bathrooms and watering.

37.5%

of our shopping centers feature open architecture, which harnesses natural light and reduces energy consumption from air conditioning.

NATURAL CAPITAL

Sustainable design and construction

SUSTAINABILITY-RELATED CRITERIA

3. High-standard materials

We select high quality, durable materials for our projects. We are increasingly favoring suppliers located close to our projects and materials with recycled content.

PAINT CONTAINING RECYCLED MATERIAL

Paint made of at least 20% recycled expanded polystyrene (Styrofoam™) was used to mark parking spaces and high traffic exterior areas in several shopping centers in Chile. We also continue to use steel with a high recycled content. The majority of the materials have Chile Green Building Council data sheets that verify their sustainable attributes.



4. Promoting low-emission transportation

Options that favor use of alternative or low-emissions transportation are increasingly common in the design of our shopping centers. Parque Arauco Kennedy was the first shopping center in Santiago, Chile, to offer a charging station for electric cars (operational since 2014).

+1,100

Bicycle parking spaces

CAMPAIGN TO ENCOURAGE BICYCLE USE AT PARQUE LA COLINA

The 260 bicycle parking spaces at Parque La Colina earned the shopping center the Office of the Mayor of Bogota's 2018 Gold Quality Seal for fulfilling standards related to the number of spots, infrastructure, security, signage and quality and for providing good service to cyclists. Campaigns offering hydration and lockers for personal effects further encourage cycling in the city.

More than 133,000 people used the shopping center's bicycle parking spaces in 2018.



NATURAL CAPITAL

Sustainable design and construction

SUSTAINABILITY-RELATED CRITERIA

5. Green walls and areas

We were pioneers in designing and including green walls in our shopping centers. By blocking the sun's direct rays, these installations provide insulation and a ventilated facade while contributing to reducing pollution in urban settings. A drip watering mechanism and a water reuse system optimizes water use on green walls.



5,000 m²
of green walls have been installed at our shopping centers.

GREEN WALL AT PARQUE ARAUCO KENNEDY

In 2010, Parque Arauco Kennedy, a pioneer of its time, became the first shopping center in Chile with green walls.

Today, the shopping center's green walls cover approximately 900 m². The plants are hung on a support structure made of plastic recovered from industrial waste and textiles.



6. Certifications and standards

We want to continue aligning our construction practices with recognized sustainability standards and certifications. To that end, we continue surveying and assessing opportunities to earn future certifications for construction and operation of our shopping centers.

ARAUCO QUILICURA CHILE

INOUTLET PREMIUM LURÍN, PERU

PARQUE LA COLINA COLOMBIA

7. Partnerships to promote sustainable construction

We serve on the board of the Chile Green Building Council and as members of the Peru Green Building Council. Both are non-profit organizations with ties to the World Green Building Council, an international organization present in more than 100 countries that aims to promote sustainable construction, technological innovation and efficient use of resources.

In Colombia, we sponsored the Colombian Green Building Council's ninth version of Construverde, International Forum & Expo on Sustainable Design and Construction in 2018.

Through these councils, the Projects and Infrastructure team and the Operations team participated in workshops, training opportunities and analysis of best practices.

GBC Chile
Green Building Council

NATURAL CAPITAL

Sustainable operations

Following the construction phase, our shopping centers begin operating with a long-term vision. The availability of natural resources is an important basis for our business continuity so we are conscious of our responsibility to manage our shopping centers in a manner consistent with our environmental commitment.

We focus efforts on prioritizing our greatest impacts using indicators linked to energy and water consumption, as well as waste and carbon footprint management.

Furthermore, we aim to harness the role of our shopping centers as agents of change and contribute through environmental education of customers, tenants and suppliers. Likewise, in the interest of sustainable urban development, we work on efforts related to biodiversity in urban areas, which directly affects city air quality and species recovery.

100%

of common areas at our shopping centers in Colombia are lit with LED technology.

SOLAR PANELS AT PARQUE LAMBRAMANI

In 2017, we began a photovoltaic power pilot program with an installed capacity of 49.5 kW at Parque Lambramani. Today the plant powers all parking lot lighting as well as a cellphone charging station.



NATURAL CAPITAL

Sustainable operations

SUSTAINABILITY-RELATED CRITERIA

Measure

- We establish environmental indicators based on international standards and monitoring of real estate industry best practices.
- Under the environmental management mechanism we developed, the teams responsible for operating shopping centers in Chile, Peru and Colombia log their environmental performance on a monthly basis and submit documents that enable data traceability.
- We have implemented energy diagnostics at shopping centers with different characteristics in order to assess behavior and identify weaknesses and opportunities for each type of operation.

Compare

- The corporate sustainability area works with the Operations area to conduct quarterly monitoring and ensure that environmental performance information is reported with the respective supporting documentation.
- A team verifies environmental performance twice a year.
- Country managers from Chile, Peru and Colombia hold monitoring meetings to present the trends or weaknesses for the most relevant indicators.
- The teams responsible for the operation establish a project agenda that aims to improve consumption efficiency and the environmental management processes.

Improve

- Environmental efficiency initiatives are tested at a single shopping center. Once the impact is identified in terms of reducing consumption and operational savings, the experience is replicated at other shopping centers.
- At the Chile division, we are making progress on an energy management system that enables us to expand the electricity consumption improvements at our shopping centers.
- At the Colombia division, we began using the Arc Platform at the end of 2018. Designed by Green Business Certification Inc., the platform compares the environmental performance of our shopping centers with other sustainable buildings.

Environmental performance indicators pg. 137 >



NATURAL CAPITAL

Focal points of sustainable shopping center operations

ENERGY

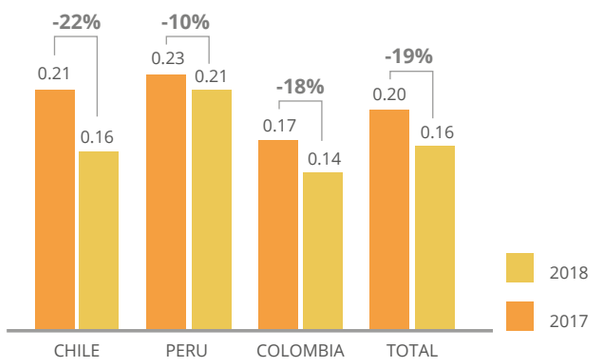
Our greatest source of energy consumption is electricity for lighting and air conditioning systems at our shopping centers.

InOutlet Faucett in Peru and the Colombia division shopping centers completed their transition to 100% LED lighting in 2018.

Arauco San Antonio and Arauco Quilicura earned energy efficiency seals from the Chilean Ministry of Energy. We hope to certify other shopping centers in the near future.



INTENSITY OF ENERGY CONSUMPTION (GJ/m²)



Other energy performance indicators pg. 137 >

More than 19%

reduction in our energy consumption intensity compared to the prior year.

+50%

of our shopping centers have LED lighting in common areas.

EXAMPLES OF 2018 ENERGY EFFICIENCY PROJECTS

Type of project	Shopping centers involved	Scope in GLA	Description
Busbar coupler	Parque Arauco Kennedy Arauco Maipú Arauco Estación	23.9%	Eliminates magnetic losses in energy transformers
Capacitor bank	Parque Arauco Kennedy	10.6%	Eliminates reactive losses, which improves energy efficiency
Replacement of bulbs with LED lighting	Parque Arauco Kennedy Arauco Estación Arauco Coronel InOutlet Premium Faucett Parque Caracolí	15.9%	Incandescent and fluorescent bulbs were replaced with efficient lighting with LED technology, significantly improving electrical efficiency.

NATURAL CAPITAL

Focal points of sustainable shopping center operations

WATER

The water that we use in our shopping centers primarily comes from the potable water system and is released into sewer systems. Public restrooms, watering gardens, air conditioning systems and maintaining trash rooms are the main sources of water consumption at our shopping centers.

HYDRO EFFICIENCY PROJECTS

Type of project	Shopping centers involved	Scale in GLA	Description
Waste water treatment plant and improvements to the watering system	El Quinde Ica InOutlet Premium Lurín	3.5%	With the waste water treatment plants at Ica and InOutlet Premium Lurín in Peru, we have reduced consumption by reusing waste and well water for toilets and watering. Improvements to the watering system increased efficiency of water usage in green areas.
Rainwater collection system	Parque La Colina Parque Arboleda	9.8%	This system leverages weather conditions in Bogotá and Pereira to reduce our demand for potable water, using rainwater for watering and toilets.

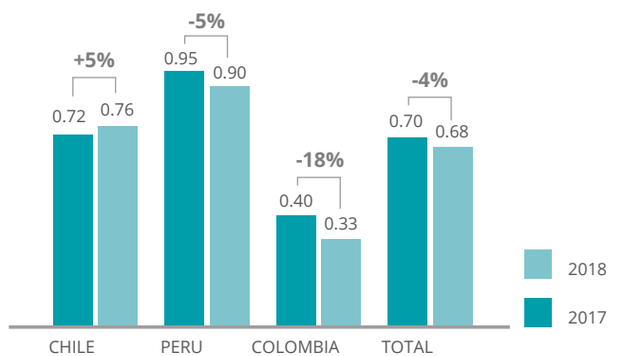


+16,900 m³

of water was reused at our operations in 2018.



INTENSITY OF WATER CONSUMPTION (m^3/m^2)



Other water performance indicators pg. 137 >

NATURAL CAPITAL

Focal points of sustainable shopping center operations

WASTE

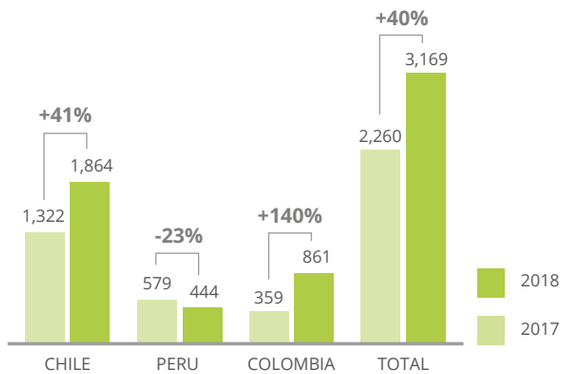
The waste generated at our shopping centers is ordinary or considered similar to domestic waste; the majority is from our tenants, customers or visitors.

+3,100

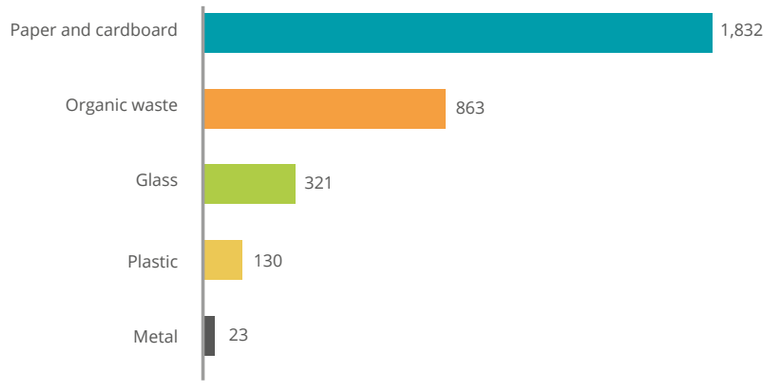
tons of waste were recycled in 2018, increasing our recycling by 40% compared to the previous year.

Other environmental performance indicators pg. 137

RECYCLED WASTE(tons)



RECYCLING BY TYPE OF MATERIAL (tons)





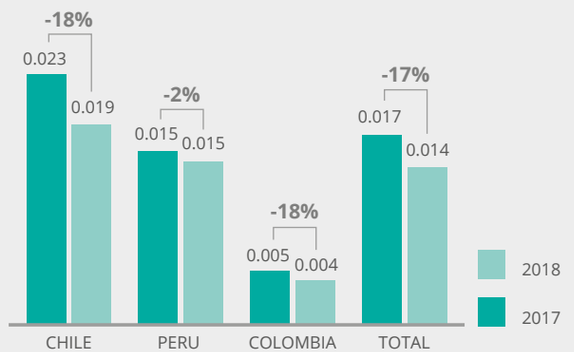
EMISSIONS INTENSITY (tCO_2e / m^2)

Since our greenhouse gas (GHG) emissions come from energy consumption, we use an indicator that monitors tons of CO_2e generated per square meter of common area in our portfolio.

Our CO_2e emissions intensity fell 17% relative to the prior year thanks to efforts to achieve efficiency in our operation's energy and fuel consumption.

Other environmental performance indicators pg. 137

EMISSIONS



NATURAL CAPITAL

Urban development, biodiversity and environmental education

All our shopping centers are located in highly populated urban areas with expansion and growth potential. Our environmental impact studies show that, to date, none of our shopping centers generate any type of significant impact on biodiversity nor are they located in high-risk nature preservation areas.

Thus, our efforts have been concentrated on improving environmental conditions in terms of air quality, reducing heat islands and conserving biodiversity in the cities where we operate. At the same time, we strive to generate opportunities for environmental education that promotes change in the habits of our customers and tenants, for example, by promoting recycling.

URBAN BIODIVERSITY

Continue >>



Parque La Colina, Green areas for the city

More than 13,000 m² of public park featuring green areas that include trees and native plant species helps reduce heat islands, regulate air pollution and attract birds.

+13,000 m² of green areas





Reforestation of Cerro Renca

Along with Chile's Cultiva Foundation, we joined the reforestation campaign for the native forest on Cerro Renca (in the Metropolitan Region of Santiago) because it directly impacts fragmentation of the ecosystem, recovery of flora and fauna and the flow of the river bed closest to the hill. Furthermore, long-term impact is projected in carbon capture and city air quality.

3.9
hectares planted, the equivalent of more than 1,300 native forest trees.

+290
volunteers participated in the plantings. At least 40 people from the local community will be responsible for caring for the reforested area.

+1,300
native trees. The project included funding for three years of guaranteed care and watering for the reforested area, ensuring its sustainability.

See the details and impact of the activity

NATURAL CAPITAL

Urban development, biodiversity and environmental education

<< ENVIRONMENTAL EDUCATION

Our work agenda has included activities that generate awareness and behavioral change. In our shopping centers in Chile, Peru and Colombia, we carried out more than 90 community campaigns and workshops on issues like:

- Reuse and recycling
- Handling organic waste for compost
- Impact of single-use plastic on marine fauna

For tenants, our 2018 efforts focused primarily on including them in the waste management and recycling processes in our shopping centers by organizing workshops and campaigns on waste recovery and management.

Between February and December 2018, we launched an initiative with restaurants to maximize recovery of glass, which is donated to the Coaniquem Foundation in Chile, where it is sold to fund rehabilitation and care programs for children who have had severe burn accidents.

The glass collected through December funded three months of care for an at-risk family at the foundation's treatment centers in Santiago, Chile.

SOCIAL RECYCLING IN CHILE, MORE THAN 15,000 TOYS

In October 2018, Parque Arauco launched a campaign to bring old toys back to life by donating them to the Coaniquem Foundation for sale in their stores. Proceeds fund a portion of the care given to children who have suffered severe burns.

Open to visitors and customers at all our shopping centers in Chile, this campaign funded 340 wound dressings between October and December 2018.





+144,000 kilograms

of glass recovered at Parque Arauco Kennedy was donated to the Coaniquem Foundation in Chile

+90

community campaigns and workshops at our shopping centers in Chile, Peru and Colombia

+57,000

People have participated in these activities





4.5

Human capital

Parque Arauco has developed and successfully extended its business model, including to other markets, thanks to the knowledge and skill of our employees. We firmly believe that they are our primary competitive advantage and, consequently, they are at the core of our management.

HUMAN CAPITAL

At the core of what we are

We attract, select and retain excellent professionals, creating the conditions under which they can develop, motivate and work happily, always giving their best.

At Parque Arauco, we have built a business culture that is expressed in a fun work environment where employees perform their duties with enthusiasm and joy, putting into practice the values that guide our way of doing things and doing business.

Our management model focuses on accomplishing challenging goals within the framework of ethics and values that constitutes the business culture at Parque Arauco.

See our 2018 Values campaign pg. 13



CORNERSTONES OF OUR CULTURE

Excellence and happiness are the cornerstones of our strategy and drive all our employee management processes.

EXCELLENCE

Willingness and commitment to perform every task professionally, with a strong sense of integrity and focusing on leadership in everything we do.

HAPPINESS

Palpable in our positive work environment, the passion with which we do our work, and the dedication to working collaboratively that is appreciable at all levels of the Company.

MAIN HUMAN RESOURCE AREA PROCESSES

- ATTRACTING AND SELECTING TALENT — pg. 105
- COMPENSATION AND COMPETITIVENESS — pg. 105
- PROMOTION AND TRAINING — pg. 106
- CARE AND WELLBEING — pg. 109
- LABOR PRACTICES AND ORGANIZATIONAL CLIMATE — pg. 111

HUMAN CAPITAL

Our team

569 EMPLOYEES

286 in Chile
209 in Peru
74 in Colombia

98% locals
2% foreigners

41% women
59% men

69% under 40 years old

WORKFORCE BY TYPE OF POSITION

		Total	Chile	Peru	Colombia
Managers and executives	2018	**99**	59	25	15
	2017	93	57	24	12
Area managers and professionals	2018	**391**	211	121	59
	2017	360	187	125	48
Non-management	2018	**79**	16	63	0
	2017	88	24	64	0

Additional information pg. 148



HUMAN CAPITAL

Attracting talent

Because we want to ensure that candidates share our corporate values, our recruitment and selection processes are very rigorous. Interviews focus on learning about their life experience in order to determine whether they posses the skills required to make a solid commitment to our organization.



2018 NEW EMPLOYEES

145

MEN	WOMEN
78	***67***
(2017: 82)	(2017: 52)

8
percentage-point
drop in our turnover rate compared to the previous year

Additional information pg. 148 >

COMPENSATION AND COMPETITIVENESS

In terms of compensation, we verify external competitiveness with the International Global Grading System (GGS), which uses objective, global criteria to value positions based on their contribution to the organization. The system takes into account levels of responsibility, authority and influence on strategy to grade positions. This grading facilitates comparison of positions and their corresponding compensation, under similar circumstances, within the organization and in the job market.

The system's compensation model uses two types of variables: size of the company (invoicing, number of employees, international scope, diversity of products and services) and level of seniority (degree of assistance required to perform the duties, knowledge, professional experience, leadership and contribution to the business strategy).

As part of this system, Parque Arauco employees receive a performance bonus based on company results.

SALARY GAP BY GENDER

		Chile	Peru	Colombia
Managers and executives	2018	74%	82%	54%
	2017	61%	76%	46%
Area managers and professionals	2018	90%	133%	96%
	2017	86%	108%	98%
Non-management	2018	88%	99%	n.a.
	2017	110%	119%	n.a.

HUMAN CAPITAL

Internal opportunities and promotions

When positions become available, we strive to consider internal candidates, which expands mobility and opportunity. We do this by crossing the skills required for the position with employee experience. Offering internal career development inspires employees to perform well at work as they build their skills.

In 2018, 45.7% of all vacancies were filled internally, confirming an upward trend in internal mobility (38.8% in 2017).

INTERNAL MOBILITY / NUMBER OF VACANCIES FILLED INTERNALLY



45.7%

of vacancies in 2018 were filled internally (2017: 38.8%).

54% Women

34
2017: 11

- CHILE 13
- PERU 4
- COLOMBIA 17

46% Men

29
2017: 35

- CHILE 26
- PERU 2
- COLOMBIA 1

PERFORMANCE-BASED DEVELOPMENT

At Parque Arauco we aspire to work with people who like what they do and their working environment, which enables us to attract and retain talent for the organization.

In 2018, some divisions made progress on establishing a supervisor-team feedback process based on competencies aligned with Parque Arauco values and strategic objectives, among other elements. In order to quantify the initiative's impact and progress in 2019, the Human Resources area in each country worked to log and prepare the required documentation for monitoring feedback between supervisors and their teams.



HUMAN CAPITAL

Training

Each area of our company has an training budget with which to optimize team development through courses, conferences and seminars that contribute to its objectives and meet the required quality standards.

2018 TRAINING INITIATIVES

Through classes and training workshops we strengthen our employees' professional skills in areas like English, use of technological tools, negotiation skills and other topics included in the programs offered to the teams in Chile, Peru and Colombia.

We offer education benefits and incentives, like the Economic Subsidies Program, to facilitate educational continuity for employees and their children in Chile, Peru and Colombia.



AVERAGE HOURS OF ANNUAL TRAINING BY GENDER[1]

MEN	WOMEN
16.6	22.5
(2017: 13.6)	(2017: 17.3)

8,592
total hours of training in 2018

19.1
hours per employee

2,050
hours of health and safety training

1. Does not include MegaPlaza.



2018 TRAINING

Updating knowledge and developing skills

Employees from the Chile, Peru and Colombia divisions participated in workshops on software, including advanced Excel. Likewise, we offered seminars on tax, accounting, legal and other issues related to the real estate industry.

English for executives

In order to ensure that our employees strengthen their abilities and use English in work contexts, we offered classes at all three divisions.

Training for leaders

In Chile, the focus was on improving feedback tools and aligning teams to accomplish objectives. To do so, a leadership program was developed for the division's managers and executives.

In Peru, leadership training programs and management teams focused on responding to situations and interacting with the media as well as advanced first aid training.

In Colombia, the Comprehensive Management Program for middle management continued, focusing on developing strategic thinking and leadership abilities in employees with the potential to handle teams.

Develop skills required for the business

The Colombia division, launched a customer service optimization and excellence pilot program at Parque Caracolí. Given the importance Parque Arauco assigns to a good experience for tenants and visitors alike, this initiative aims to create service protocols at all levels and incorporate them into the organizational culture. A total of 33 people participated in this initiative, which will be replicated with other teams and at other shopping centers in 2019.

In the Peru division, 12 people from the Purchasing, Commercial and Loans and Collections teams participated in a workshop on developing skills for negotiating with external parties. The workshop methodology uses self-knowledge and active listening to facilitate understanding of the counterpart's needs.

HUMAN CAPITAL

Care and wellbeing

We have incorporated a management system involving all the areas of the company. Its core objectives are: to ensure compliance with regulations in each country where we operate, to identify and prevent risks and to promote a culture of safety.

We promote self care and employee wellbeing through internal campaigns, special benefits, workstation assessments and other activities that promote an internal culture aligned with workplace safety.

SAFETY AND HEALTH COMMITTEES >>

All our employees are represented on internal participation bodies that oversee workplace safety and health. In Chile, there are three joint committees on safety, covering 100% of the Parque Arauco workforce. In Peru, the Safety and Health Committee represents all the country's operations and shopping centers.

In Colombia, we have committees on workplace relations in Bogotá, Bucaramanga and Pereira.

We also have the Joint Committee on Safety and Health in the Workplace in Bogotá and a representative that performs committee functions in the other cities.

We have established training and awareness initiatives for the teams on issues like preventing muscular injuries with good posture and stretching throughout the work day, office safety, first aid, managing emotions and stress prevention.

Training is more extensive and specific for areas responsible for operations and interaction with customers and tenants. It is linked to each shopping center's safety and protection of people plan.

Workstation Assessment

As part of the Ministry of Health's Protocols on Psychosocial Risk Surveillance, ACHS (a national worker safety association) assesses psychosocial risk in five areas that impact employee wellbeing and health and their working conditions:

- Psychological demands
- Active work and skill development
- Social support in the company and leadership quality
- Compensation
- Double burden (when the same person is responsible for domestic and paid work).

The same entity also assessed workstation lighting at the offices where the largest concentration of employees work in **Chile.**

In Peru, the 2018 assessment took an integrated approach to addressing occupational risk indicators.

In Colombia, workstation inspections focused on aspects like lighting and environmental conditions in the offices as well as the presence and response of emergency teams.

Lighting levels and exposure to noise were measured at each of the division's shopping centers.

Ergonomic assessments also noted work station qualities, the existence of active breaks and other characteristics. Psychosocial risk and stress assessments were also performed.

Indicator[1]	2018
Employee absenteeism	2.4%
LTIFR for employees [2]	4.86
LTIFR for contractors [3]	11.94

1. Does not include MegaPlaza.
2, 3. LTIFR: Lost-time injury frequency rate (per million of hours worked)

<< HEALTH CARE BENEFITS

- Our health care plan provides care for employees, and in some cases their direct family group, with coverage that significantly exceeds the public health system in each country and includes some dental care coverage.
- The company offers talks, workshops and programs on prevention and healthy habits, including vision screenings, healthy cooking workshops, healthy snacks throughout the year, life insurance and, in some cases, oncology insurance.

Health initiatives at our facilities

- Fruit basket: we offer fresh fruit in our offices every day.
- Ergonomic chairs: all our workers have ergonomic chairs so that they can do their work comfortably and safely.
- Preventative medical check-ups: we offer preventative health check-ups (ophthalmology, hearing and general health). When a problem is detected (e.g. obesity or tobacco addiction), we make a plan to support the employee.
- Winter vaccination: All employees at our facilities are offered the influenza vaccine. The company covers the entire cost and coordinates a mobile clinic for certain days.
- Relaxation: Three times a week, we make a space available and provide scheduling flexibility so that people in Chile can enjoy relaxation therapy and deep tissue massages during the work day.
- Workshops and activities related to healthy eating and habits.

Sports activities to relieve stress

In Chile, Peru and Colombia, we organize or support sports activities for our employees:

- Family hiking and bike-a-thon
- Half-court soccer practices
- Inter-company soccer tournament
- Four-way half court tournament in Chile
- Go-karting

Agreements

To provide our employees with excellent quality of life, we are constantly expanding our partnerships with gyms, sports clubs and different organizations.

Work-life balance benefits

- Half-day off for birthday
- At least five paid days off each year (depending on the country) in addition to legally mandated vacation time.
- Flexible and adjusted scheduling, e.g. summer schedule.
- Paid leave for marriage or birth.
- Days off to compensate for business trips requiring flights of more than five hours.



See images from one of our healthy lifestyle promotion activities

HUMAN CAPITAL

Labor practices and organizational climate

We strive to comply with all applicable labor legislation—including freedom of association, non-discrimination and prohibition of child labor— in the countries where we operate. Fifteen percent of Parque Arauco employees in Chile are members of the union. The local teams in Colombia and Peru are not union organized.

We assess internal climate using leading international methodologies that survey employees directly and indirectly about their positions, communication with supervisors and teams and other aspects of the internal environment in Chile, Peru and Colombia. This enables us to measure our performance and compare ourselves to the industry in these areas.

According to the results of the latest Great Place to Work survey, 88% of Parque Arauco employees feel committed and satisfied at their jobs.*

GREAT PLACE TO WORK

Our positions on the ranking

2018: Chile No. 22
2017: Chile No. 30
2016: Chile No. 35
2015: Chile No. 39

MERCO TALENT

In the 2018 survey, Parque Arauco placed 2nd in the Construction and Real estate sector and 49th among the 100 most attractive employers in Chile.

2018: Chile No. 43
2017: Chile No. 47
2016: Chile No. 62
2015: Chile No. 93



* Includes Chile and Colombia

HUMAN CAPITAL

Labor practices and organizational climate

COMMUNICATION

We believe that timely, responsible communication contributes to closer relationships with each employee. That is how we build trust, which we believe increases employee commitment to the organization, reduces turnover and creates a better work climate. We work to build trust in order to establish two-way communication that puts leaders in constant contact with their teams and enables teams to approach leaders whenever necessary.

Internal communication channels

- Regional corporate intranet
- E-mails from the Human Resources Division.
- One-on-one meetings. Formal instances between supervisors and each of their direct employees in which to provide feedback on performance and progress on objectives and plans for each area.
- Area meetings. In addition to coordinating work, these meetings are an opportunity to spend time together and get to know each other. They are held in each area and division.

SUPPORTING SOCIAL CAUSES

Parque Arauco offers somevolunteering opportunities through social campaigns:

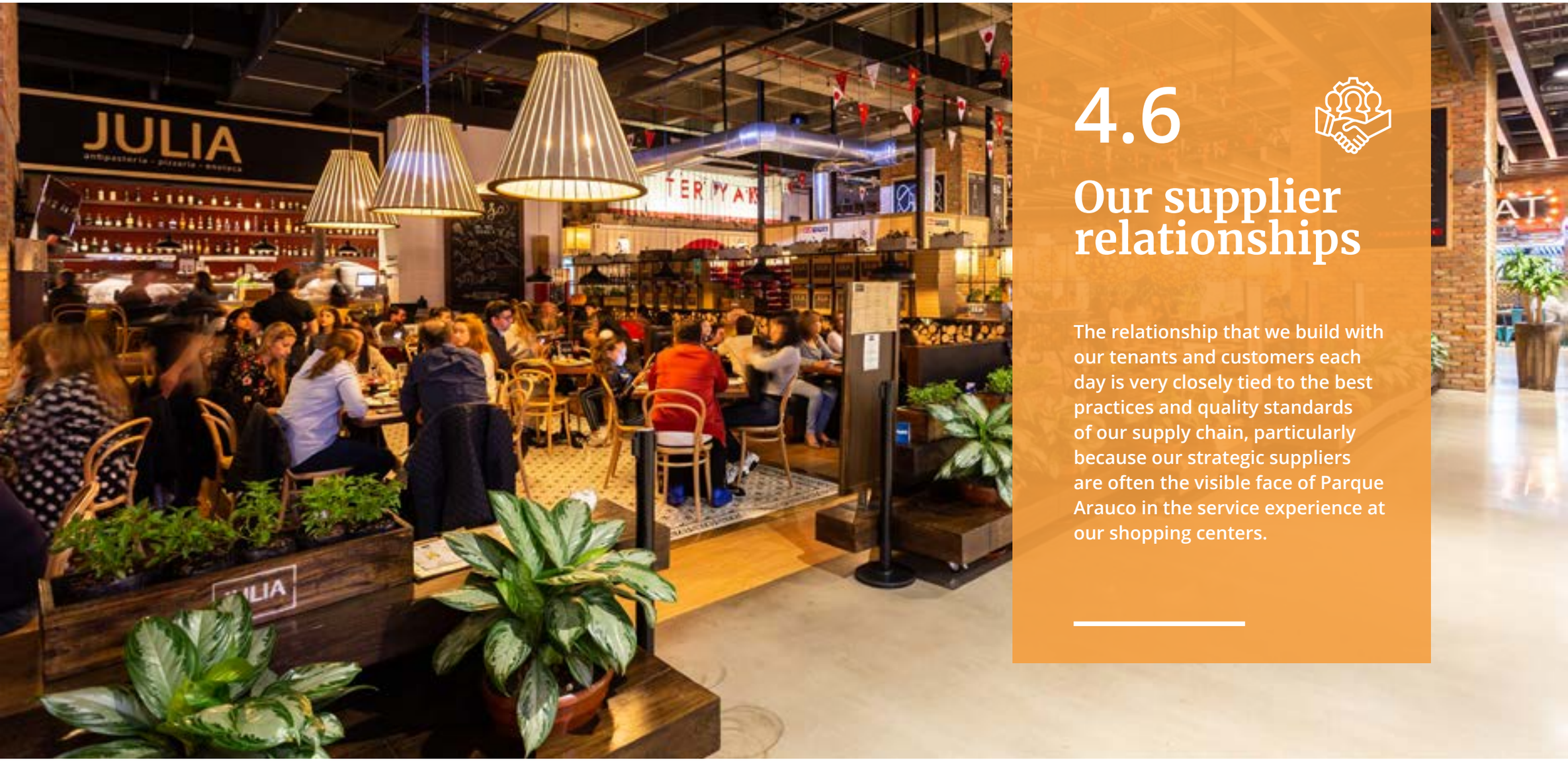
Christmas campaign for children's home

In Chile, employees were invited to personally participate in Parque Arauco's work with the María Ayuda Foundation's Franz Reinisch home in Chillán. With employee support, the Company organized a Christmas celebration for children under the care of the María Ayuda Foundation in Chile.

Sanar 2018 Fiesta de la Esperanza

For the past 33 years, Sanar has been supporting children with cancer and their families through diagnosis and comprehensive care. The Colombian non-profit organization holds the Fiesta de la Esperanza (Hope Party) each Christmas and in 2018, employees in Colombia volunteered at the event, donated clothing and toys, and set up a stand where more than 300 children painted on easels.





4.6 Our supplier relationships

The relationship that we build with our tenants and customers each day is very closely tied to the best practices and quality standards of our supply chain, particularly because our strategic suppliers are often the visible face of Parque Arauco in the service experience at our shopping centers.

OUR SUPPLIER RELATIONSHIPS

Responsibility, collaboration and continuous improvement

We know that building strong relationships with our supply chain directly impacts our business. Promoting best practices and quality in our strategic suppliers' performance minimizes potential risk and environmental or social costs. It makes our operations more efficient and supports continuous improvement.

This is a two-way effort. In order to establish mutually beneficial, long-term relationships, we act responsibly throughout the interaction cycle and select suppliers that are specialists in their area and willing to adopt the market's best practices.



SUPPLIER MANAGEMENT PRIORITIES		
Choose suppliers with standards of excellence	*Encourage operational efficiency and continuous improvement*	*Build internal capacity to integrate sustainability*
OBJECTIVES		
• Ensure high quality of service and in all areas related to our shopping center operations.	• Guarantee operational continuity and develop a management focus on quality and efficiency.	• Connect with internal areas so that they consider sustainability variables in supplier selection decisions and relationships.

OUR SUPPLIER RELATIONSHIPS

Principles of reciprocity that frame our value chain relationship

1. Respect in terms of values, ethics, free competition and responsibility in all our actions.
2. Compliance with our Code of Business Conduct, preservation of best practices and avoidance of favoritism, discrimination or decisions that are not objective.
3. Assessment, support and openness to continuous improvement, availability to identify opportunities and manage weaknesses.
4. Careful and professional use of information, especially that which is decisive for the parties involved.
5. Careful and appropriate use of our complaint channel to identify irregularities, poor practices or ethical violations.
6. Uphold laws, principles, labor and social standards on issues related to:
   - Human rights
   - Right to organize
   - Environmental responsibility
   - Risk prevention, wellbeing and safety
   - Decency, ethics and anti-corruption

PURCHASING POLICY

Our Purchasing, Payments and Suppliers Policy establishes the guidelines and conditions related to procuring goods and services, striving to make these transactions transparent, timely and under competitive market conditions. The policy provides supplier relationship guidelines, ensuring implementation of mechanisms that ensure sound, mutually beneficial business relationships.



OUR SUPPLIER RELATIONSHIPS

Composition of our supply chain

NUMBER OF SUPPLIERS

2018

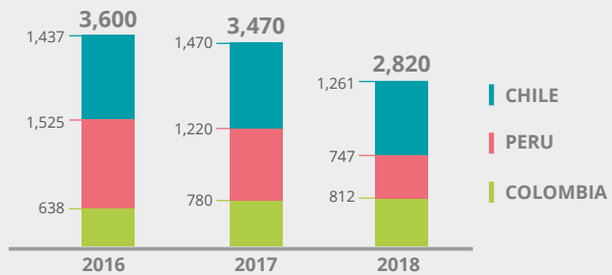
2,820

1,261 **IN CHILE**

747 **IN PERU**

812 **IN COLOMBIA**

CHANGE IN THE NUMBER OF SUPPLIERS



The number of suppliers in Chile and Peru has dropped in the last two years as we have undertaken initiatives to select the suppliers with the best service offer that is the most coherent with Parque Arauco's needs. This has been beneficial because it has also improved relationship efficiency and monitoring of service standards while enhancing the standards and practices of suppliers with a strategic role.

In Colombia, our supplier base has expanded reflecting the growth and consolidation of our operations in recent years. As our businesses in that country expand, new relationships with local suppliers have become necessary.



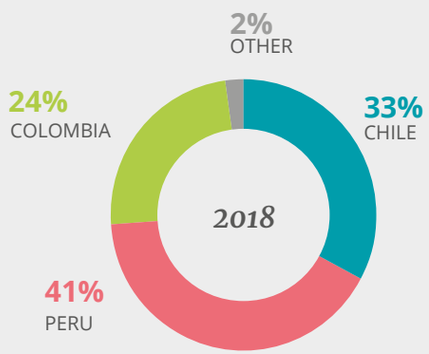
686

New suppliers in Chile, Peru and Colombia.

98%

of new suppliers in 2018 are based in the countries where we operate, which contributes to the local economy and employment.

LOCATION OF NEW SUPPLIERS



OUR SUPPLIER RELATIONSHIPS

Strategic suppliers

VARIABLES THAT DETERMINE STRATEGIC SUPPLIER STATUS

CATEGORIES	Contributes to the business's operational continuity. An interruption or service failure threatens shopping center operations or personal safety. It may also expose the company to violations of laws or regulations.	Directly involved in developing the company's future shopping centers or expanding current shopping centers.	Suppliers to whom annual payments in excess of US$1 million are made.
CRITERIA	**OPERATIONAL CONTINUITY** • Utilities • Maintenance • Janitorial services • Security • Technological infrastructure	**NEW PROJECT DEVELOPMENT** • Landbank leases • Construction, architecture and engineering • Technological infrastructure	**ANNUAL PAYMENTS IN EXCESS OF US$1 MILLION** • Utilities • Security • Construction, architecture and engineering • Maintenance • Telephone and Internet • Landbank leases • Banks • Service outsourcing • Insurance • Advisory services • Permits, licenses and property taxes



STRATEGIC SUPPLIERS

99
in 2018

112
in 2017

OUR SUPPLIER RELATIONSHIPS

Sustainability in our supplier relationships

In order to integrate sustainability standards into our supply chain, we have identified a subset of strategic suppliers. We accounted for the size of the work team, type of service provided and impact of their social and environmental practices.

This subset includes: janitorial and maintenance services (vertical transportation, climate, parking services and other maintenance), security, construction and engineering and others (landscaping, customer service, administration, health services and security at shopping centers).

The issues considered in the integration of sustainability and supplier management are:



Selection criteria and analysis of supplier data	*Crime prevention and anti-money laundering applied to suppliers*	*Timely payment*	*Monitoring and promoting best practices in sustainability*
PRACTICES			
Strategic bidding processes include a request for information on sustainability areas and practices. Furthermore, the process of creating a new supplier includes analysis of documentation in order to identify the risk of payment default or labor violations and measures are taken to mitigate those risks.	Supplier contracts include clauses on compliance and crime prevention standards.	We monitor our internal practices and aim to bring payment terms increasingly closer to 30 days, which positively impacts smaller suppliers.	We partnered with *Sistema B* to create a program for assessing our strategic suppliers' sustainability practices.
pg. 119 >	pg. 120 >	pg. 121 >	pg. 123 >

OUR SUPPLIER RELATIONSHIPS

Selection criteria and analysis of supplier data

The first filter in Parque Arauco's bidding processes includes gathering information and documentation to support the service proposal. This includes a review of certain sustainability criteria, especially when selecting suppliers for janitorial services, maintenance, parking management, security and other roles that are essential to shopping center operations.

Information control and analysis

The corporate governance area also acts as a filter for those entering our value chain. Reporting to the corporate regional services division, this unit is responsible for managing, recording and monitoring the information necessary to create each Parque Arauco service provider.

Furthermore, its management focuses on data analysis in order to detect potential risks related to payment default, labor violations and conflicts of interest.

Data gathering and analysis is linked to compliance with legal regulations on information handling. Bidding processes for strategic suppliers are more extensive and include more robust documentation gathering.

This keeps the analysis proportionate to the scope and size of the transaction or type of service contracted.

In parallel, the Safety and Security teams in each country monitor health and security indicators for some strategic suppliers.

BACKGROUND CHECKS

100%

of new suppliers in 2018 underwent the process established by the governance area for verifying data and background information.



*This information applies to all Parque Arauco companies except MegaPlaza operations in Peru in 2018.

OUR SUPPLIER RELATIONSHIPS

Crime prevention and anti-money laundering applied to suppliers

The Parque Arauco Crime Prevention Model includes a policy that establishes guidelines in accordance with legislation in Chile, Peru and Colombia. These address the criminal liability of legal entities for the crimes of money laundering, terrorism financing, corruption and handling of stolen goods, among others.

Additionally, the company has control systems in place for financial transactions, including internal audits of processes related to our supply chain.



AUDITS

10

audits of strategic suppliers in Chile, Peru and Colombia carried out in 2018.

More information on our Crime Prevention Model pg. 134 >

OUR SUPPLIER RELATIONSHIPS

Timely payment

We are focused on increasing the percentage of supplier payments made within a term of approximately 30 days.

SUPPLIER PAYMENT TERMS

Average term (days)

25 **IN CHILE**

26 **IN COLOMBIA**

48 **IN PERU**

31 **OVERALL AVERAGE**

70%
of payments to suppliers in Chile, Peru and Colombia are made within 30 days of invoice receipt.

QUICK PAYMENT TO SMES

We earned the Pro-SME Seal, awarded by Chile's Ministry of the Economy, Development and Tourism. This certification recognizes companies where at least 5% of suppliers are SMEs and at least 95% of payments to SME are made within 30 calendar days of invoice receipt.

64.1%
of Parque Arauco suppliers in Chile are classified as small and medium enterprises under the Chilean Ministry of Economy's criteria.

In order to earn the Pro-SME Seal, we submitted our practices to an audit and external assurance. Parque Arauco is the first company in the real estate sector to earn the certification. It affirms our commitment to supporting local entrepreneurship and ensuring that our payment practices do not keep suppliers from upholding their own payment obligations.

We are making progress in the same direction in Peru and Colombia. In the latter, we already manage to make a very high proportion of payments within an average term of 26 days. In 2019, we hope to make decisive progress on the metrics for this indicator for our operations in Peru.



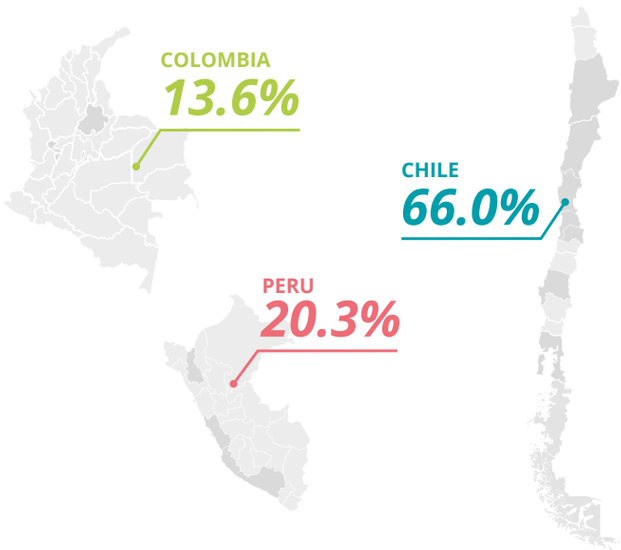
OUR SUPPLIER RELATIONSHIPS

2018 Supplier payments

PAYMENTS TO SUPPLIERS
2018

MCLP$
91,321[1]

DISTRIBUTION OF PAYMENTS TO SUPPLIERS



PAYMENTS TO CONSTRUCTION SUPPLIERS
2018

MCLP$
32,946
2018

93,449
2017

DISTRIBUTION OF PAYMENTS TO CONSTRUCTION SUPPLIERS[2]

	2017	2018
CHILE	49.4%	69.9%
COLOMBIA	24.1%	25.4%
PERU	26.5%	4.7%



1. Amount does not include construction suppliers.
2. No suppliers individually represent more than 10% of the company's purchases in 2018.

SUSTAINABILITY IN SUPPLIER RELATIONSHIPS

Monitoring and promoting best practices

Strategic supplier assessment

The role of strategic suppliers is decisive in the operational continuity of our shopping centers. As a result, their bidding processes are based on a matrix of over-arching parameters for areas including cost, efficiency, quality, operational excellence and best practices. Likewise, it is essential that all suppliers uphold the labor, environmental and security regulations in force in the countries where they operate.



MEASURE WHAT MATTERS PROGRAM

We are interested in making progress on monitoring the sustainability practices of our strategic suppliers, whose work is essential to our operations. To that end, we are working with Sistema B to develop the Measure What Matters Program, an initiative that seeks to raise company awareness of the importance of measuring and identifying sustainability gaps.

In this program, companies assess their practices using a simple, efficient, globally comparable measurement system that is inspired by international sustainability standards.

Measure What Matters helps companies of any size from any industry identify the socio-environmental impact of key business activities. It uses tools to help measure and manage impact so companies can manage impact with the same rigor they apply to their finances.

At the end of the assessment, participating companies receive a diagnostic of their social and environmental performance (using an objective, exhaustive scale). This report includes areas like:

- Governance
- Employees
- Environment
- Community and the business impact model

The B Impact Assessment, developed by the Measure What Matters Program, is the first requirement in the process of becoming a B Certified company.

We launched this initiative for the first time in 2017 with a set of strategic suppliers in Chile and Colombia. In 2018, the number of participants grew to include all strategic suppliers at our operations in Peru.

OUR SUPPLIER RELATIONSHIPS

Aspects assessed by the Measure What Matters Program

MEASURE WHAT MATTERS

Phases of program development

1. **Invitation**
   A workshop by Parque Arauco and Sistema B to explain the methodology and relevance of their efforts and provide an induction to the assessment tool.
2. **Assessment**
   Each participating company uploads information on their environmental, social and corporate governance (ESG) practices to the Sistema B platform.
3. **Scoring**
   Establishing the results and identifying weaknesses in relation to benchmarking from companies around the world that have undergone this assessment.
4. **Delivery of feedback to the participants**
   Sistema B prepares a report with detailed performance results for each company. Parque Arauco meets with individuals to formally deliver feedback and communicate priority issues.

38

of our priority suppliers in terms of sustainability have participated in the **Measure What Matters Program in 2017 or 2018.**

100%

of the suppliers assessed in 2017 received feedback on their performance in the **Measure What Matters assessment**.

GOVERNANCE

- Clarity of mission
- Governance structure
- Stakeholder participation in decision making
- Transparency



EMPLOYEES

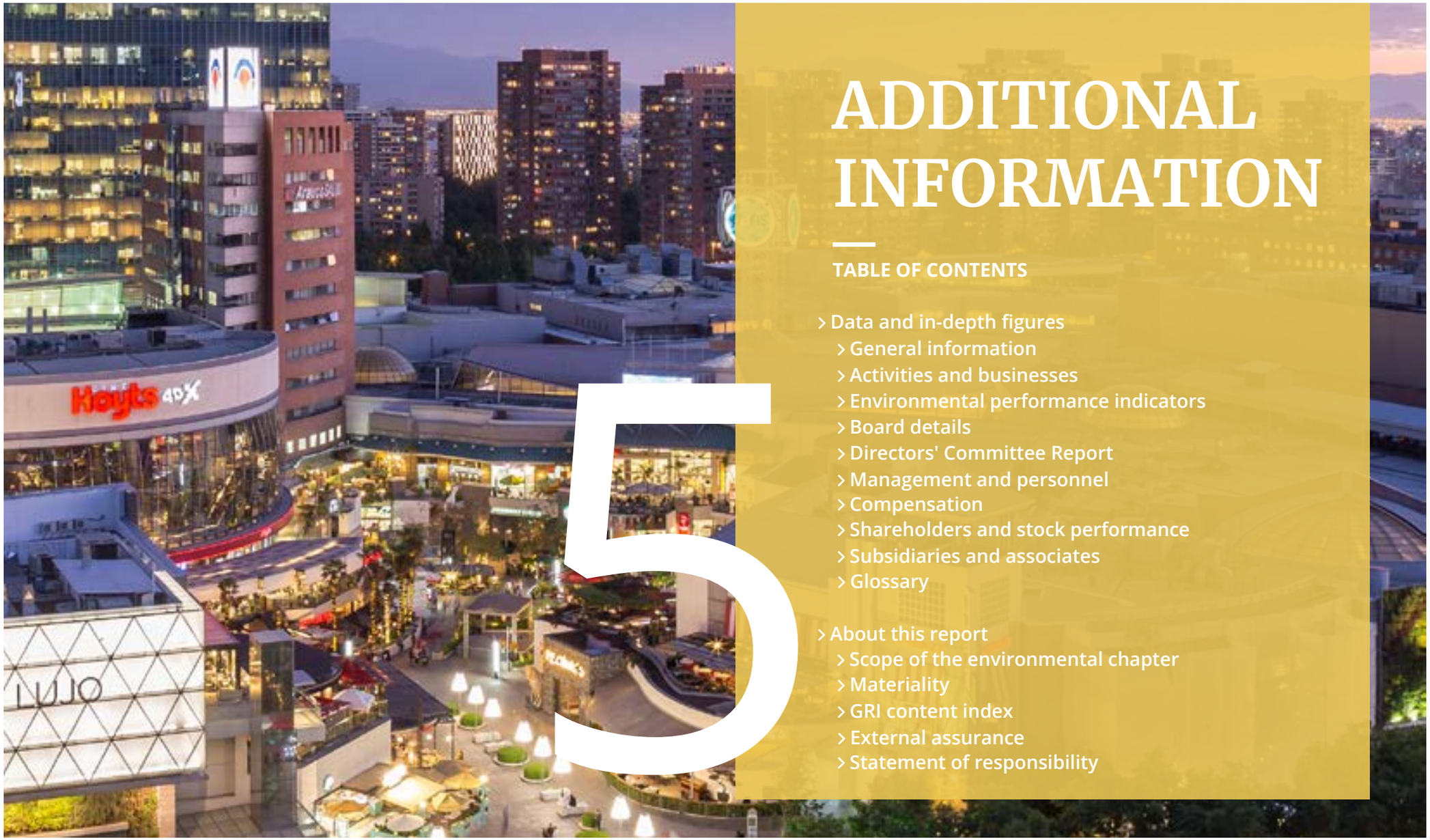
- Salary, compensation, benefits
- Training, education
- Ownership interest
- Management/employee communication
- Inclusiveness, non-discrimination

ENVIRONMENT

- Facility management
- Environmental efficiency in inputs
- Reducing negative impact of production processes
- Impact of distributors and suppliers

COMMUNITY

- Job creation
- Internal and external diversity
- Volunteering, donations
- Community outreach
- Participation by vulnerable groups (women and other historically excluded groups)
- Standards for suppliers and distributors



5 ADDITIONAL INFORMATION

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  › GRI content index
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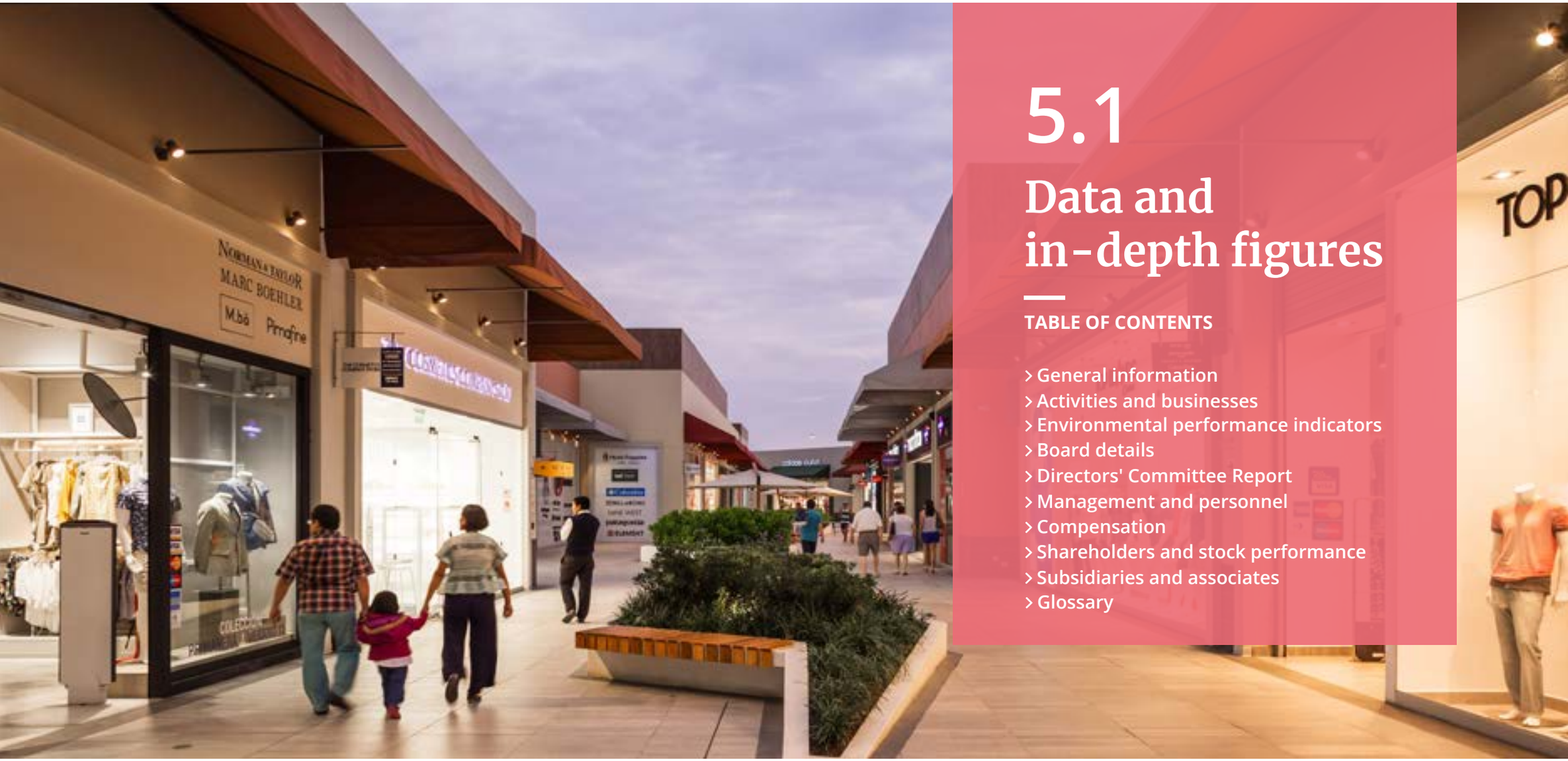
  › Statement of responsibility



5.1

Data and in-depth figures

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› Glossary

General information

BASIC INFORMATION

Name or corporate name
Parque Arauco S.A.

Type of entity
Publicly traded company

Taxpayer ID no.
94.627.000-8

Securities registration
No. 403

Registration date
November 29, 1991

Address
Cerro Colorado 5240,
Torres del Parque 1, 15th floor
Las Condes, Santiago Chile

Telephone
(56-2) 2299 0510

Website
www.parauco.com

CONTACT INFORMATION

Investor relations
Tori Creighton
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Sustainability
Ximena Bedoya
(56-2) 2299 0510
sostenibilidad@parauco.com



ARTICLES OF INCORPORATION

Parque Arauco S.A.	
Date of incorporation	11-30-1979
Articles of incorporation	Public instrument
Notary	Andrés Rubio Flores
City	Santiago
Date of modification	02-23-1981
Notary	Andrés Rubio Flores
Licensed to operate by	Superintendency of Securities and Insurance (today the Financial Market Commission)
Ruling No.	363-S
Date of ruling	06-22-1981

Registration with the Commerce Registry of the Real Estate Registrar	
City	Santiago
P.	11,408
No.	6,348
Year	1981
Published in the Official Gazette	No. 31,003
Date of publication	06-30-1981

General information

BYLAWS

The company's bylaws have been revised on several occasions.
The most recent reforms were recorded in public instruments.

Date	Santiago Notary	Extract Registered with the Commerce Registry of the Santiago Real Estate Registrar	Published in the Official Gazette No.	Date of publication
06-01-1992	Andrés Rubio Flores	p. 20,648 No. 10,800 1992	34,308	07-06-1992
07-20-1992	Andrés Rubio Flores	p. 23,842 No. 12,725 1992	34,333	08-04-1992
04-07-1994	Andrés Rubio Flores	p. 8,260 No. 6,805 1994	34,852	04-29-1994
10-21-1994	Andrés Rubio Flores	p. 25,747 No. 20,928 1994	35,024	11-24-1994
05-14-1997	Andrés Rubio Flores	p. 12,154 No. 9,722 1997	35,773	05-24-1997
10-13-2005	Andrés Rubio Flores	p. 38,425 No. 27,337 2005	38,291	10-20-2005
10-03-2006	Andrés Rubio Flores	p. 40,703 No. 28,935 2006	38,583	07-10-2006
11-05-2007	Luis Poza Maldonado	p. 20,217 No. 14,744 2007	38,771	05-25-2007
04-14-2011	Raúl Undurraga Laso	p. 20,660 No. 15,673 2011	39,942	04-21-2011
06-11-2013	Andrés Rubio Flores	p. 56,676 No. 56,768 2013	40,708	11-16-2013
05-07-2014	Andrés Rubio Flores	p. 34,602 No. 21,647 2014	40,858	05-16-2014
11-24-2015	Andrés Rubio Flores	p. 90,126 No. 52,719 2015	41,320	11-30-2015



Activities and businesses

PROPERTY AND FACILITIES

Property	Land surface area (m²)	Location district/city	Country
Arauco Chillán	6,989	Chillán	Chile
Arauco Coronel	66,463	Coronel	Chile
Arauco El Bosque	54,090	El Bosque, Santiago	Chile
Arauco Express Antofagasta	14,650	Antofagasta	Chile
Arauco Express Calama	3,671	Calama	Chile
Arauco Express Ciudad Empresarial	5,454	Huechuraba, Santiago	Chile
Arauco Express Ciudad Empresarial II	15,310	Huechuraba, Santiago	Chile
Arauco Express Colón	1,480	Las Condes, Santiago	Chile
Arauco Express Coquimbo	10,388	Coquimbo	Chile
Arauco Express El Carmen de Huechuraba	2,027	Huechuraba, Santiago	Chile
Arauco Express Irarrázaval	2,444	Ñuñoa, Santiago	Chile
Arauco Express La Reina	3,008	La Reina, Santiago	Chile
Arauco Express Luis Pasteur	1,662	Vitacura, Santiago	Chile
Arauco Express Manuel Montt	1,646	Providencia, Santiago	Chile
Arauco Express Pajaritos	14,429	Maipú, Santiago	Chile
Arauco Express Palmares	1,627	Viña del Mar	Chile
Arauco Maipú	141,413	Maipú, Santiago	Chile
Arauco Premium Outlet Buenaventura	38,272	Quilicura, Santiago	Chile
Arauco Premium Outlet Coquimbo	41,778	Coquimbo	Chile
Arauco Quilicura	75,024	Quilicura, Santiago	Chile
Arauco San Antonio	8,723	San Antonio	Chile
Parque Angamos	14,664	Antofagasta	Chile
Parque Arauco Kennedy	86,767	Las Condes, Santiago	Chile

Property	Land surface area (m²)	Location district/city	Country
El Quinde Ica	55,377	Ica	Peru
InOutlet Premium Lurín	56,638	Lurín, Lima	Peru
Plaza Jesús María	4,707	Jesús María, Lima	Peru
MegaPlaza Cañete	30,267	San Vicente de Cañete, Cañete	Peru
MegaPlaza Express Barranca	4,601	Barranca	Peru
MegaPlaza Express Chincha	32,776	Chincha Alta	Peru
MegaPlaza Express Jaén	51,577	Jaén	Peru
MegaPlaza Express Villa (Chorrillos)	15,000	Chorrillos, Lima	Peru
MegaPlaza Express Villa El Salvador	8,013	Villa El Salvador, Lima	Peru
MegaPlaza Huaral	35,208	Huaral	Peru
MegaPlaza Norte	138,312	Independencia, Lima	Peru
MegaPlaza Pisco	52,414	Pisco	Peru
Parque Lambramani	21,050	Arequipa	Peru
Viamix Chorrillos	3,224	Chorrillos, Lima	Peru
Viamix Colonial	2,945	Cercado de Lima, Lima	Peru
Viamix Malvinas	1,284	Cercado de Lima, Lima	Peru
Arauco Premium Outlet Bogotá	137,729	Sopó, Bogotá	Colombia
Parque Arboleda	15,429	Pereira	Colombia
Parque Caracolí	12,869	Bucaramanga	Colombia
Parque La Colina	53,700	Suba, Bogotá	Colombia

Activities and businesses

LEASED PROPERTIES

Property	Land surface area (m²)	Location	Country	Year lease expires
Arauco Chillán	2,585	Chillán	Chile	2042
Arauco Estación	238,860	Estación Central, Santiago	Chile	2042
Arauco Express Las Brujas	7,391	La Reina, Santiago	Chile	2043
Arauco Express Recoleta	5,347	Recoleta, Santiago	Chile	2044
Arauco Premium Outlet Curauma	30,943	Curauma, Valparaíso	Chile	2043
Arauco Premium Outlet San Pedro	35,003	San Pedro, Concepción	Chile	2053
El Quinde Cajamarca	38,118	Cajamarca	Peru	2061
InOutlet Faucett	9,364	Callao, Lima	Peru	2050
Larcomar	44,675	Miraflores, Lima	Peru	2055
MegaPlaza Chimbote	40,379	Chimbote	Peru	2040
MegaPlaza Villa El Salvador II	40,796	Villa El Salvador, Lima	Peru	2055



Activities and businesses

EXTERNAL AUDITORS

Parque Arauco rotates external auditors every five years. It also conducts an annual tendering process to select an external auditor. Deloitte has been the company's external auditor since 2015.

TRADEMARKS AND PATENTS

Parque Arauco and related trademarks have been registered with the Chilean National Institute of Industrial Property. Registered trademarks are valid for ten years, renewable indefinitely.

CUSTOMERS

Parque Arauco's direct customers are primarily the tenants leasing stores. However, its indirect customers—the general public visiting the shopping centers—are also fundamental to its operations.

In 2018, no customer individually represented 10% or more of the company's revenue.

SUPPLIERS

No suppliers individually represented more than 10% of the company's purchases in 2018.

REGULATORY FRAMEWORK

Parque Arauco S.A. and its subsidiaries in Chile, Peru and Colombia are subject to different civil, commercial, labor, administrative and tax regulations, including the applicable provisions for each country, as listed below.

Chile

Parque Arauco S.A. is a publicly traded corporation that is registered with the Financial Market Commission under number 0403 and, therefore, is supervised by the Financial Market Commissions. It is subject to the provisions of the Securities Market Law and the Corporations Law, in addition to the remainder of the Financial Market Commissions regulations.

In terms of shopping center development, the company is subject to different regulations, like the General Law on Urban Development and Construction, Law on Contributions to Public Spaces and General Environmental Law, among other applicable urban, environmental and construction regulations. Likewise, in order to operate, shopping centers must have permits and authorizations from different bodies, including building permits, business licenses and sanitary authorizations for restaurants.

Finally, the company is also subject to the Consumer Rights Protection Act, and the Anti-Monopoly and Unfair Competitive Practices Act, among others.

Peru

In Peru, the company's subsidiary operations are subject to generally applicable regulations, including: National Building Regulations, Timely Assistance Act, General Business Law, General Administrative Procedure Act, Law on Comprehensive Management of Solid Waste, Consumer Protection Regulations and the Anti-Trust Law.

Similarly, proper operation of the shopping centers requires authorization, permits and licenses, like the Building License, License to Operate and Building Safety Technical Inspection.

Finally, the company's line of business is also regulated by the Law on Productivity and Labor Competitiveness, Law on Health and Safety at Work as well as regulations on implementing a Compliance system, among others.

Colombia

In Colombia, the company operates through publicly traded corporations and simplified corporations, regulated by the Code of Commerce and overseen by the Superintendency of Corporations.

Shopping center development requires adherence to urban development standards. The main regulatory bodies include: the District and Departmental Planning Office, the Urban Development Institute and the Urban Planner. The latter is responsible for issuing urban development and construction permits.

Prior to beginning operations and opening to the public, shopping centers must obtain permits from different entities, including the local municipality, the Secretary of Health and the Fire Department, as well as certifications for vertical transportation and automatic doors, a waste management plan and a dumping management plan.

Shopping center operations are subject to the Sole Regulatory Decree on Work, the Consumer Statue, the Tax Statute, the Law on Personal Data Protection, false publicity and anti-monopoly regulations, among others.

Activities and businesses

RISK FACTORS

The following table synthesizes the risks inherent to Parque Arauco's activities, their main causes and whether they are internal or external.

Risks	Causes	Factor
Fluctuations (drops) in demand	· Political-regulatory uncertainty	External
	· Changes in the industry	External
	· Increase in supply/competition	External
	· Obsolescence of some tenants (e.g. department stores)	Internal
Financial fragility	· Increase in interest rates	External
	· Indebtedness mismatches	Internal
	· Inefficiencies/interruption in the flow of collections	Internal
Events that impact investors	· Inappropriate communication of information and disclosure to shareholders	Internal
	· Loss of share value	External
	· Incorrect selection of partners	Internal
Breach of legal obligations	· Laws	Internal
	· Litigation against the company	Internal
	· Insufficient or poorly prepared contracts	Internal
Business interruption	· Disasters (e.g. fire) or natural catastrophes (e.g. earthquakes)	External
	· Supply failure by critical suppliers	Internal
Accident and/or death of customers, suppliers and personnel	· Failure to effectively address security concerns at shopping centers	Internal
Sanctions for failure to comply with tax obligations	· Tax changes that impact customers and/or suppliers	External
	· Major transactions have significant tax consequences that must be understood	Internal

Continue >>

Activities and businesses

>> RISK FACTORS (CONTINUED)

Risks	Causes	Factor
Financial and/or reputation losses	· Fraudulent acts committed by workers	Internal
	· Poorly addressed conflict of interest	Internal
	· Crimes committed by personnel	Internal
Loss of competitiveness	· Lack of financial resources	Internal
	· Lack of human capital to improve processes	Internal
Breach of environmental requirements	· New regulations or regulatory changes	External
Loss of talent	· Inability to attract or retain human capital	Internal
	· Absence of the necessary organizational structure	Internal
	· Poor communication between supervisors and subordinates	Internal
Financial losses	· Process inefficiencies	Internal
	· Excessive process times	Internal
	· Loss due to currency mismatch	Internal
	· Lack of current guarantees	Internal
	· Inefficiencies due to inadequate IT infrastructure	Internal
Environmental costs and consequences	· Regulatory noncompliance	Internal
	· Inefficient management of environmental resources	Internal
	· Failure to plan for or respond in a timely manner to climate impact	Internal
Operating inefficiencies and/or losses	· Interruption in system services	Internal
	· Cyber attacks	External
	· Lack of informational integrity (authorization, entirety and exactness)	Internal
	· Poor customer service or poor management of outsourcing	Internal
Improper use of critical, important and/or confidential information	· Access to information (data or programs) is inappropriately granted or rejected	Internal
	· Confidential information can be accessed by unauthorized persons	Internal

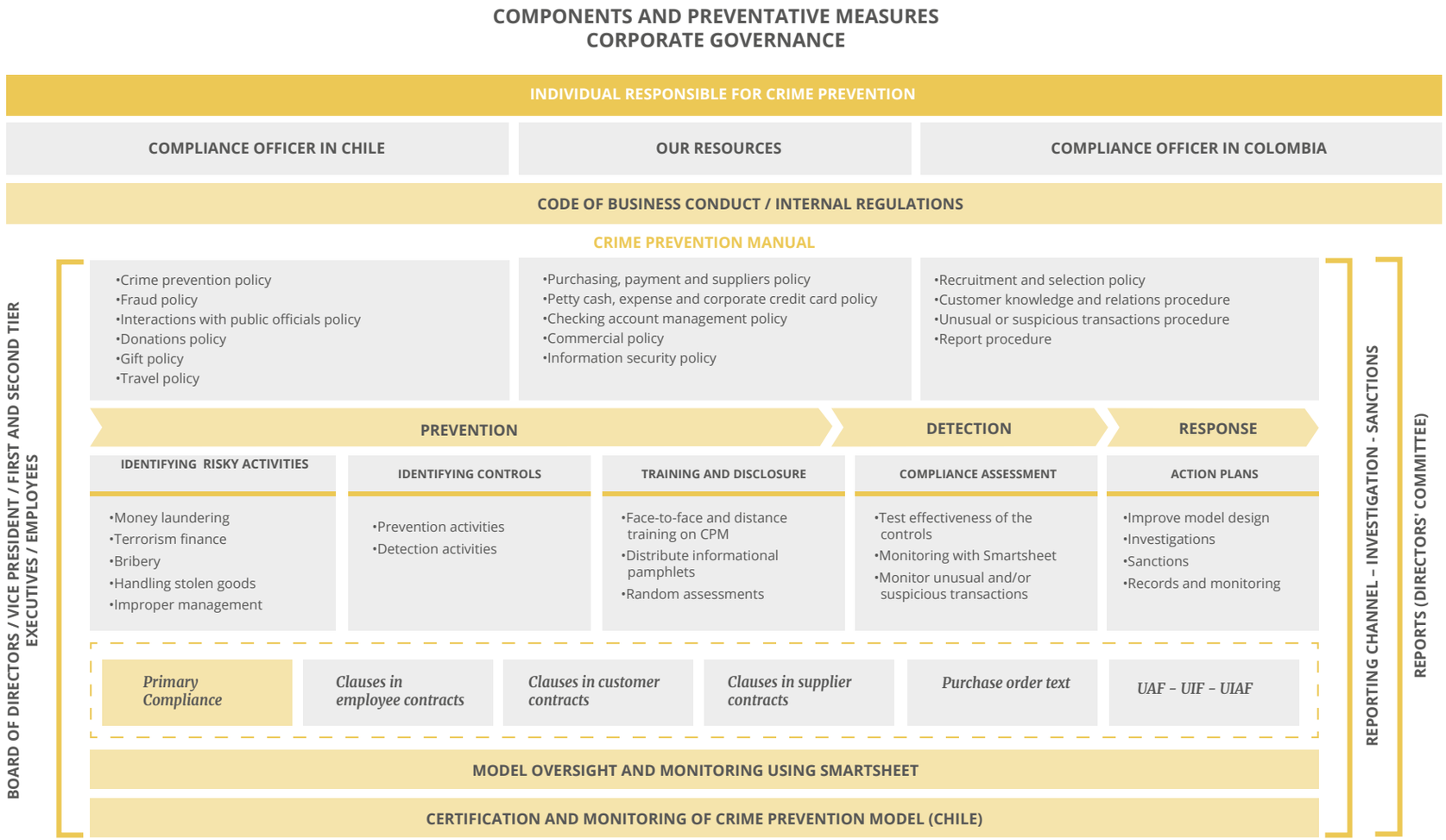
Activities and businesses

CRIME PREVENTION MODEL

The Parque Arauco Crime Prevention Model has a series of components and preventative measures for the crimes specified in local law.

As good corporate governance practice, Parque Arauco has decided not to maintain commercial relationships with customers or suppliers connected to crimes. Consequently, it has established the following mechanisms:

- All contracts (or affidavit of relationship in Peru and Colombia) between Parque Arauco and employees, customers and suppliers will include a crime prevention clause. An appendix will be added to those existing contracts that do not contain said clause.
- A crime prevention paragraph will be included in purchase and service orders.



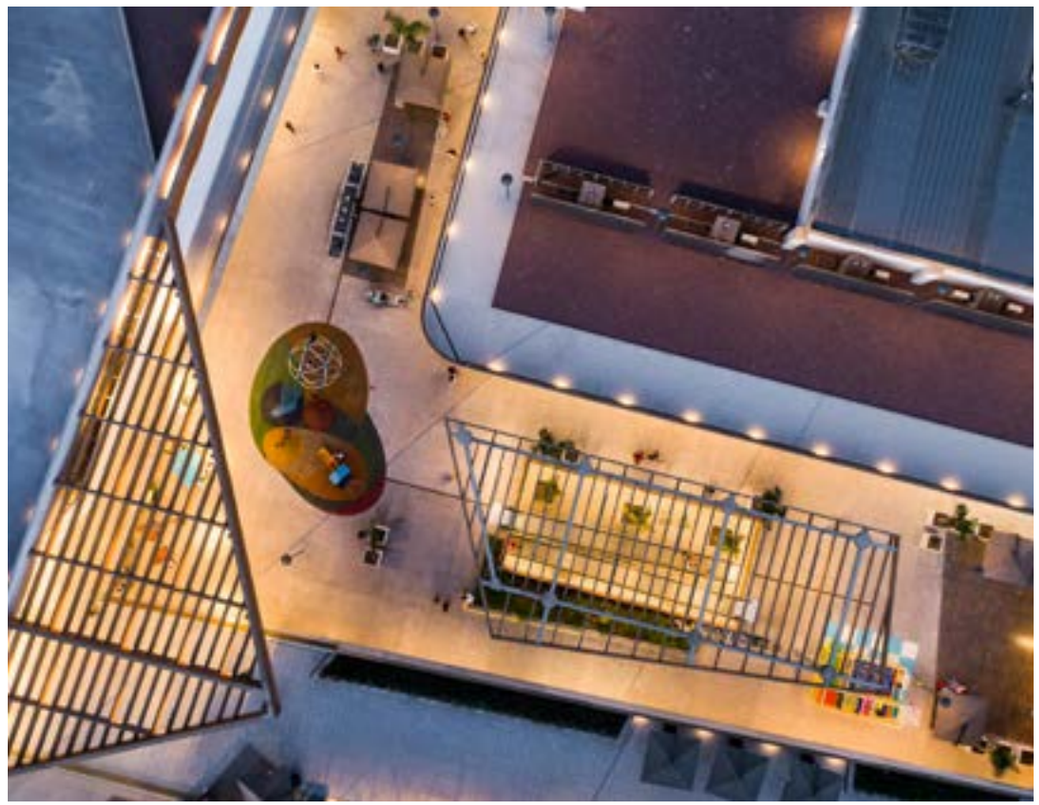
Activities and businesses

ECONOMIC VALUE GENERATED AND DISTRIBUTED (THCLP$)

Direct economic value generated	2018	2017
Revenue	189,618,287	182,215,067
Financial income	7,975,774	5,730,163
Dividends received[1]	33,857,334	6,659,209
Sales of property, plant and equipment[2]	29,949,323	-
Share of profit of associates	10,330,051	11,663,908
Total direct economic value generated	**271,730,769**	**206,268,347**

Direct economic value distributed	2018	2017
Operating expenses	32,024,978	33,697,944
Salaries and wages	22,990,803	21,989,778
Financial expenses	36,627,127	38,086,741
Dividends paid	34,749,046	31,779,351
Taxes[3]	24,111,973	13,357,167
Donations and social contributions	229,320	211,000
Total direct economic value distributed	**150,733,247**	**139,121,981**

Total economic value retained	2018	2017
Total direct value generated	271,730,769	206,268,347
Total direct economic value distributed	150,733,247	139,121,981
Total economic value retained	**120,997,522**	**67,146,367**



1. In 2018, extraordinary dividends from Inmobiliaria Mall Viña del Mar S.A. were paid.
2. Sale of San Isidro land in Lima.
3. Net tax associated with sale of San Isidro land.

Activities and businesses

SOCIAL INVESTMENT

Donations, memberships and sponsorships

Parque Arauco's social investments aim to support sustainability agenda objectives by prioritizing environmental management, support for local entrepreneurship, social integration (inclusiveness) and relationships with neighboring communities. In order to do so, we allocate resources using different tools like participation in trade unions and work groups, hiring consultants and specialized services on social and environmental issues, programs and public-private partnerships, as well as donations, sponsorships and community events held at our shopping centers.

Consequently, our contributions and donations are directly tied to social causes. Our corporate donation policy explicitly states that all social contributions must be reviewed by the Executive Sustainability Committee and that campaign contributions will not be approved. In 2018, we supported different organizations or social causes with CLP$ 229.4 million in donations and sponsorships.

2018 Donations

Institutions	Country
Peru 2021	Peru
Corporación para Ciegos	Chile
Fundación Luz (Protectora de Ciegos Santa Lucía)	Chile
Fundación Incluyamos	Chile
Art without Borders	Colombia
Fundación Pequeño Cotolengo	Chile
Fundación para el Desarrollo de Santander	Colombia
Fundación Damas Colombianas	Chile
Desafío Levantemos Chile	Chile
Fundación Abriendo Puertas	Chile
Maipú Firefighters Brigade	Chile
Fundación Mujer Impacta	Chile
Fundación Nocedal	Chile
Universidad Católica de Chile's Trabajo País program	Chile
Fundación Paso a Paso	Chile
Fundación Mano Amiga	Chile
Fundación Protectora de la Infancia	Chile
Fundación María Ayuda	Chile
Hogar de Cristo Foundation	Chile
Corporación Yo Mujer	Chile
Fundación Las Rosas	Chile
Universidad Católica de Chile's Capilla País program	Chile
Fundación Perú Champs	Peru
Fundación Chile Unido	Chile
Fundación Olimpiadas Especiales	Chile
Fundación Batuco	Chile
San Pedro de la Paz Firefighters	Chile

2018 Contributions and sponsorships

Institutions	Country
Unión Social de Empresarios Cristianos (USEC)	Chile
Center for Public Research	Chile
Chilean Chamber of Commerce	Chile
Green Building Council	Chile, Peru
ConstruVerde 2018	Colombia
Fundación Generación Empresarial	Chile
ICARE	Chile



Environmental performance indicators

Indicator		2017				2018			
		Chile	Peru	Colombia	Consolidated	Chile	Peru	Colombia	Consolidated
Energy									
Electricity consumption (MWh)	Company	36,762	17,102	11,940	**65,803**	28,695	15,125	11,735	**55,555**
	Tenants	59,147	32,106	13,484	**104,737**	60,487	32,719	13,598	**106,804**
	Total	95,909	49,208	25,423	**170,540**	89,182	47,834	25,333	**162,350**
Electricity consumption (GJ)	Company	132,343	61,566	42,982	**236,892**	103,303	54,450	42,245	**199,997**
	Tenants	212,929	115,583	48,542	**377,054**	217,752	117,788	48,954	**384,495**
	Total	345,272	177,149	91,524	**613,946**	321,055	172,204	91,199	**584,459**
Fuel consumption (liters of diesel)	Total	5,306	20,177	26,415	**51,898**	490	4,784	24,429	**29,703**
Total energy consumption (company, GJ)	Total	132,551	62,356	44,017	**238,924**	103,322	54,637	43,201	**201,176**
Intensity of energy consumption (GJ/m^2)	Total	0.21	0.23	0.17	**0.20**	0.16	0.21	0.14	**0.16**
Water									
Potable water consumption (m^3)	Company	465,222	257,518	107,397	**830,137**	535,189	237,787	105,322	**831,249**
	Tenants	529,946	275,702	91,137	**896,785**	517,340	267,477	107,334	**892,151**
	Total	995,168	533,220	198,534	**1,726,922**	1,057,849	502,497	212,656	**1,773,002**
Intensity of water consumption (m^3/m^2)	Total	0.72	0.95	0.40	**0.70**	0.76	0.90	0.33	**0.68**
Reused water (m^3)	Total	n/a	5,954	10,353	**16,307**	n/a	9,026	7,920	**16,946**
Waste Management									
Waste generation (tons)	Total	9,722	3,847	1,931	15,500	10,197	3,371	2,875	**16,443**
Intensity of generation (kg/m^2)	Total	23.06	12.39	13.60	17.73	24.11	10.96	18.49	**18.56**
Recycled waste (tons)	Total	1,322	579	359	2,260	1,864	444	861	**3,169**
Carbon Footprint									
Direct emissions (tCO_2e)	Total	14.3	54.3	71.1	**140**	1.3	13.0	67.5	**81.9**
Indirect emissions (tCO_2e)	Total	14,595	4,104	1,313	**20,012**	12,015	3,977	1,291	**17,283**
Total emissions (tCO_2e)	Total	14,609	4,159	1,384	**20,152**	12,016	3,990	1,358	**17,364**
Total emissions intensity (tCO_2e / m^2)	Total	0.023	0.015	0.005	**0.017**	0.019	0.015	0.004	**0.014**

Board of Directors

BOARD COMPOSITION

The Parque Arauco Board of Directors is comprised of nine directors elected at the shareholders' meeting, in accordance with Law No. 18,046 on Corporations and company bylaws. All board members are elected to three-year terms and may be reelected indefinitely.

Parque Arauco's bylaws do not provide for the existence of alternate directors, but establish a quorum of five directors for a session.

Minutes from the election of the current board

Director	Chilean National ID	Position	Education	Date Appointed
José Said Saffie	2.305.902-9	Chairman	Bachelor of Laws, Universidad de Chile	04/15/2016
José Domingo Eluchans Urenda	6.474.632-4	Director	Attorney, Pontificia Universidad Católica de Chile	04/15/2016
René Abumohor Touma	3.065.693-8	Director	Financial Investor	04/15/2016
Salvador Said Somavía	6.379.626-3	Director	Bachelor of Business Administration, Universidad Gabriela Mistral de Chile	04/15/2016
Rafael Aldunate Valdés	5.193.449-0	Independent Director	Bachelor of Business Administration, Pontificia Universidad Católica; AMP, Harvard University	04/15/2016
Luis Hernán Paúl Fresno	7.289.965-2	Independent Director	B.S. in Civil Engineering, Pontificia Universidad Católica de Chile and MBA, Massachusetts Institute of Technology	04/15/2016
Juan Carlos Lobos Pérez	4.567.869-5	Independent Director	Attorney, Universidad Católica de Valparaíso	04/15/2016
Orlando Sáenz Rojas	3.599.669-9	Director	B.S. in Civil Engineering, Pontificia Universidad Católica de Chile	04/15/2016
Guillermo Said Yarur	6.191.544-3	Director	B.S. in Civil Engineering, Universidad de Chile; Post graduate degree in Finance, Universidad Adolfo Ibáñez	04/15/2016



Board of Directors

Independent Directors

Three of the nine directors on the Parque Arauco Board of Directors are independent directors. In other words, prior to election they did not have ties, interests or economic, professional, credit or commercial dependence of any significant nature or volume with the company, other group companies, the controlling shareholder or senior executives of any of the companies. Furthermore, they have not been directors, managers, administrators, senior executives or advisors at Parque Arauco.

These directors also met the requirements that they: not have any kinship relationship, up to the second degree by blood or marriage, with any of the individuals referred to in the previous point; not have been a director, manager, administrator or senior executive of non-profit organizations that have received significant contributions or donations from the individuals listed in the preceding paragraph; not have been a partner or shareholder with direct or indirect possession or control over 10% or more of the capital of entities that have provided legal or consulting services for significant amounts or external auditors for the individuals referred to in the preceding paragraph, the company's principal competitors, suppliers or customers; and have not served as director, manager, administrator or senior executive of these entities.

BOARD DIVERSITY

Total number of directors	9
Gender	
Men	9
Women	0
Nationality	
Chilean	9
Foreigners	0
Age group	
Under 30	0
Between 30-40 years	0
Between 41-50 years	0
Between 51-60 years	3
Between 61-70 years	3
Over 70	3
Years of service on the board	
Less than 3	2
Between 3-6	0
Between 6-9	3
Between 9-12	1
More than 12	3



ARAUCO QUILICURA, SANTIAGO

Directors' Committee report

ANNUAL REPORT ON THE DIRECTORS' COMMITTEE

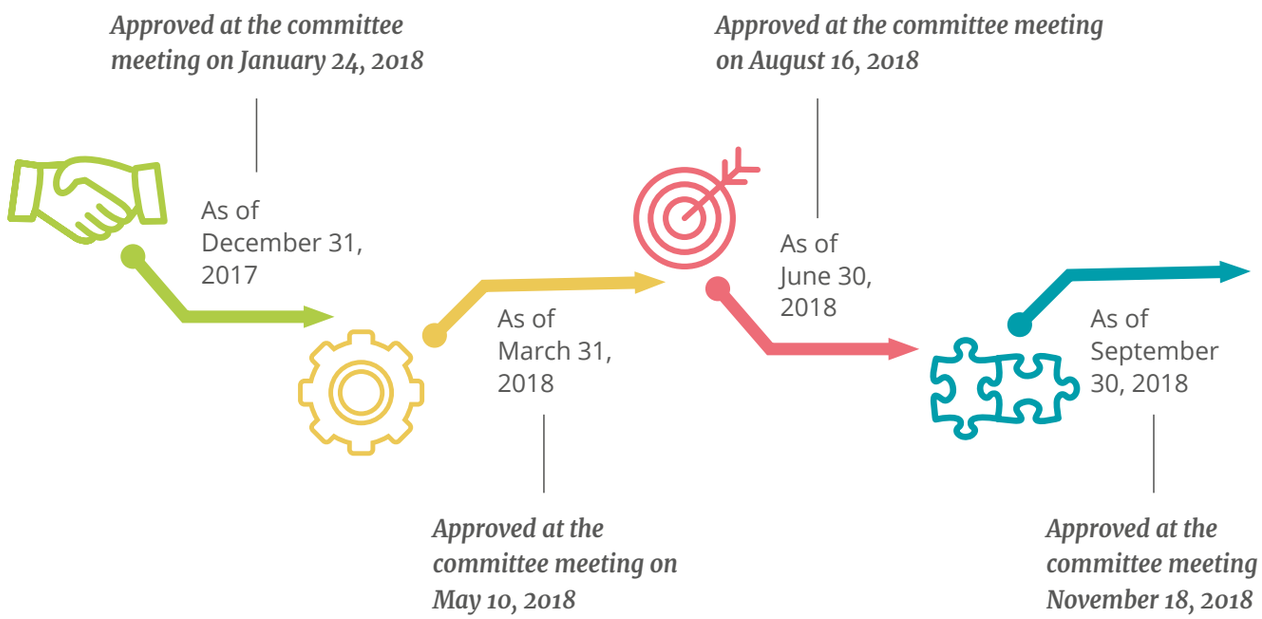
Summary of the Directors' Committee's 2018 activities

Financial reporting

The Committee paid special attention to the analysis preceding the Board of Director's review of the company's annual financial statements, quarterly statements and the information made available to the market or regulators throughout the year. Likewise, the Committee confirmed compliance with regulations and applicable accounting principles. It has also verified the company's equity and profit and loss for the year.

The Committee analyzed the balance sheet of Parque Arauco S.A. as of December 31, 2018 and financial statements (FECU format) including the consolidated statements of financial position, consolidated statements of comprehensive income, consolidated statements of changes in equity, consolidated statements of cash flows and the corresponding notes. The directors thoroughly reviewed the notes to the FECU. The company's executives answered questions posed by the directors. Then, following discussion on the matter, the Committee approved the 2018 financial statements (FECU format) on January 24, 2019.

The financial statements (FECU format) were analyzed and approved in the following meetings:



Directors' Committee report

External auditors and risk rating agencies

At the March 8, 2018 meeting, the Committee agreed on the external auditor to be proposed to the Board and subsequently the Ordinary General Shareholders meeting. Deloitte was proposed on the basis of the quality of the audit team, the reasonableness of the economic bid, its experience and knowledge of the company's line of business.

Regarding the company's risk rating agencies, the Committee agreed to authorize the Board of Directors to directly designate at least two of the following firms: Feller - Rate Clasificadora de Riesgo Ltda., Fitch Chile Clasificadora de Riesgo Ltda., Clasificadora de Riesgo Humphreys Limitada or ICR Clasificadora de Riesgo Ltda.

At the meeting held June 14, 2018, Deloitte presented the 2018 audit plan and the scope of internal control efforts, among other issues. To that effect, the firm reviewed the annual work and activities schedule.

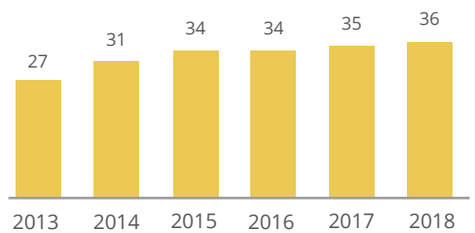
Internal Audit

The Committee oversees the Controller and Audit Division and thus is responsible for:

- Reviewing the annual audit plan.
- Ensuring the independence and effectiveness of the audit function.
- Receiving monthly reports on internal audit activities.
- Making sure that the Board of Directors takes into consideration the conclusions and recommendations in its reports.
- Analyzing and reviewing special requests.

The number of audits has grown over the past six years, as the area has matured and increased its knowledge of processes, which has in turn enabled it to maintain adequate performance levels, as described below:

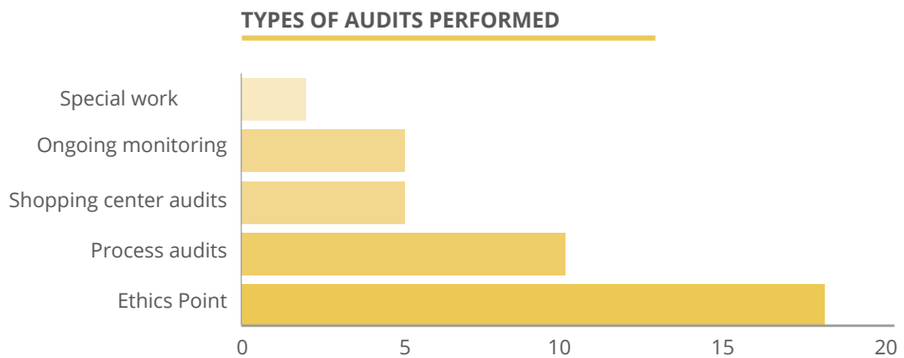
NUMBER OF INTERNAL AUDITS





Directors' Committee report





In 2018, the Committee reviewed 18 audits performed in accordance with the annual plan and 18 Ethics Point cases.

Five additional audits are complete and will be presented in the first quarter of 2019. The audit period runs from March 2018 to February 2019, thus the 9 outstanding audits will be presented in the months of April and May.

Audited issues include several Committee reports, primarily related to processes that have not previously been reviewed. The following are the most noteworthy:

CHILE
provisions, open items and payments.

COLOMBIA
financial debt and Capex.

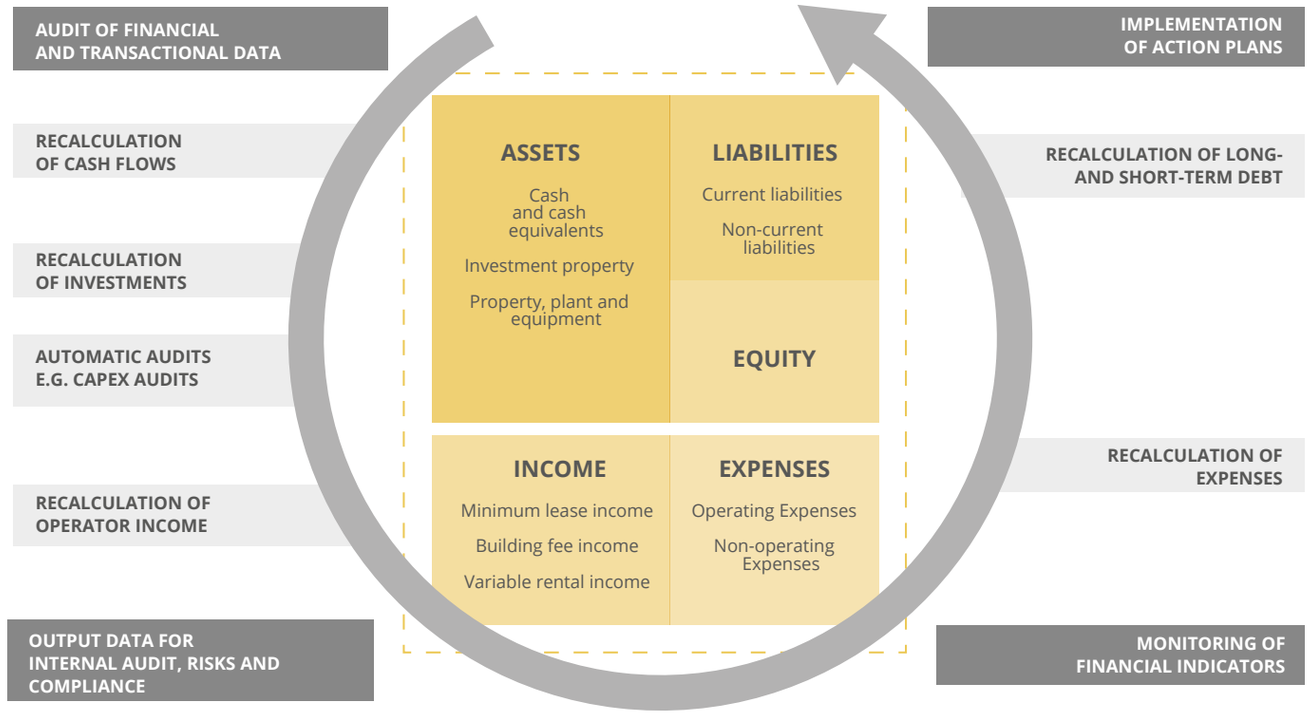
PERU
purchasing.

Directors' Committee report

Ongoing Audits
In keeping with efforts to automatize audit processes, management has implemented new methodology to efficiently analyze transactional and financial data on a regular basis.

Objectives

- Reduce information processing times and expand the scope of reports.
- Increase audits, which enables creation of a comprehensive Ongoing Audit model that facilitates complete, real-time review of different company processes.
- Provide relevant information that contributes to creation of action plans.



Directors' Committee report

Current models allow:

- Reconstruction of the main areas of the balance sheet and income statement in order to understand the company's most significant financial movements and transactions. In particular, this reconstruction enables:
  - Reconstruction of financial data: balance sheet and financial statements, which can be used to offset balance information from SAP and verify the company's consolidation movements.
  - Analysis of transactional data to detect red flags in accounting, such as: outside of working hours, sporadic use of supplier, comments section left blank, among others.
  - Estimate a rate of error for PASA financial statements.

Projects in the area's pipeline are:

- **Recalculation of operator income.** An algorithm developed to recalculate income based on data from SAP Sherpa (2018 and prior) enables us to reprocess data integrity by uploading the contractual conditions, invoicing, payments and accounting data.
- **Internal management of audit tasks.** Calculate the estimated risk for each business unit, considering all the processes that apply for those units.
- **Recalculate the company's costs and expenses.** The company's purchasing (costs and expenses) cycle is being reprocessed.
- **Recalculation of short and long-term debt.** The module aims to provide ongoing monitoring for debt stock, interest payment on all the instruments and the respective accounting.

Risk management

Based on a three-year project (2016-2018), Parque Arauco has established a risk management model that utilizes best practices backed by international standards (ISO 31000 and COSO).

2018 highlights

- Summary of heat map for 15 consolidated risks
- Creation of risk subcommittees by country
- Training in each country
- ISO 31,000 certification for responsible individual
- Implementation of the BGRC system currently being tested
- Presentation of inherent risks by the Directors' Committee and approval by the Board of Directors



Directors' Committee report



Compliance
In order to prevent crimes, sanctions and fines, Parque Arauco S.A. has implemented:

- A crime prevention model based on policies, governance structure, methodology, guidelines, procedures and necessary monitoring measures.
- A Compliance Management System, based on upholding laws and (internal and external standards), directly related on financial, operating, environmental and regulatory issues.

The Compliance Management System is in progress for Chile, Peru and Colombia. The crime prevention model has been implemented in Chile, Peru and Colombia.

2018 Highlights

- Implementation of manuals, procedures and policies:
  - Crime prevention manual
  - Crime prevention policy
  - Policy on conflicts of interest
  - Policy on interactions with public officials
  - Cash Transaction Report (CTR) procedure
  - PEP declaration forms for customers and suppliers
  - Model implementation (CPM, Chile; SARLAFT, Colombia, and SPLAFT, Peru)
  - Design and implementation of warning signs
  - Analysis of conflict of interest declarations
  - Semi-automation of cash transactions report in Chile, monitoring is performed for Peru and Colombia
  - Training (Chile, Peru and Colombia)
  - Certification of the Crime Prevention Model for Chile through August 2020

In 2018, we surveyed approximately 70 Chilean regulations in order to identify requirements, design controls and indicators, and implement different testing to provide ongoing monitoring.

We are also in the process of testing 30 continuously monitored indicators.

In 2019, we will work on:

- Implementing automatic indicator calculations
- Surveying financial, operating, environmental and legal regulations in Peru and Colombia
- Ongoing training

2017-2018 Compliance management system

Identify regulations › *Identify requirements* › *Design control* › *Monitoring*

ENVIRONMENTAL	FINANCIAL
OPERATIONAL	LEGAL AND REGULATORY

Directors' Committee Report

Other Issues
The Committee also performed other tasks inherent to its role, like: assessing a limited universe of related transactions; reviewing executive compensation plans; statistical analysis of the complaints filed with the company's Ethics Committee through the Ethics Point reporting channel.

Conclusions

In 2018, the Committee fulfilled all responsibilities assigned to it by law. It has kept in constant contact with the Executive Vice President, Chief Audit Manager and Controller, the Chief Financial Officer, the Corporate Legal Manager and external audit company. It has also verified the quality and transparency of quarterly financial data and the efficiency of its internal control systems.

In accordance with policy, the Committee proposed an external auditing firm, oversaw its work, reviewed its conclusions and assessed its independence. The external auditing firm's positive conclusions regarding the company's financial statements confirm the quality of its aforementioned financial reporting and internal control systems.

Finally, the Committee approved internal processes for ensuring proper compliance with current regulations and policies as well as the company's internal standards and procedures. It has ensured management response to observations arising from audits and analyses, which are generally related to international best practices in the areas of corporate governance, risk management, fraud detection and process documentation.

The Directors' Committee's recommendations to shareholders were communicated to the Board of Directors at the 2018 meetings and are related to the matters listed in this report.

ADVISORY SERVICES AND EXPENSES

The 2018 Directors' Committee 2018 budget was unused.

CONFLICTS OF INTEREST

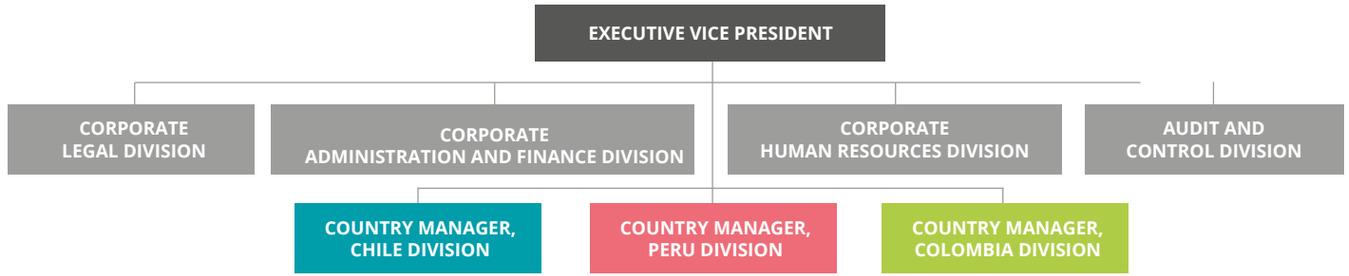
Beyond conflict of interest regulations in current laws applicable to Chile, Peru and Colombia, employees are also subject to the Parque Arauco Code of Business Conduct. This internal code regulates certain situations that could result in a conflict of interest. It also establishes a referential framework for identifying other conduct that, due to its impact on independence or impartiality, could compromise the ability to make objective decisions. To that end, standards were established on issues including commercial opportunities and external employment for employees; family relationships within Parque Arauco, competitors, customers or suppliers; and receiving gifts.

In order to prevent such conflicts, employees are obliged to submit a declaration that discloses their professional activities (performed directly or through legal entities) as well as participation of family members at public entities or companies that are Parque Arauco customers, suppliers or competitors. Employees must update this declaration annually or upon request from the company's Human Resources or Legal Managers or the Controller.

Finally, employees who find themselves in a situation that could involve or give rise to a conflict of interest must communicate the situation to their direct supervisor and/or individual responsible for the Human Resources, Legal, Control area or the Board of Directors in order to report and resolve the situation.

Management and personnel

ORGANIZATIONAL STRUCTURE



SENIOR EXECUTIVES AND OTHERS

Position	Name	Chilean National ID	Education	Date Appointed
Executive Vice President	Juan Antonio Álvarez Avendaño	7.033.770-3	Attorney, Universidad de Chile; MBA, Pontificia Universidad Católica de Chile	11-01-2011
Corporate Chief Financial Officer	Claudio Humberto Chamorro Carrizo	10.585.375-0	Bachelor of Business Administration, Pontificia Universidad Católica de Chile; MBA, University of California (UCLA)	02-01-2013
Corporate Legal Manager	Duncan Grob Urzúa	10.777.541-2	Attorney, Pontificia Universidad Católica de Chile; Master's in Corporate Law (LL.M.), Universidad de los Andes.	09-02-2015
Corporate Audit Manager and Controller	Marco Henríquez Espinoza	9.401.560-K	B.A. in Accounting, Universidad Tecnológica Metropolitana; He specialized in computer auditing at Universidad de Chile and earned a certificate in operational risk and project management.	02-01-2013
Corporate Human Resources Manager	Carolina Galletti Vernazzani Fuente-Alba	10.036.478-6	Bachelor of Business Administration, Universidad de Concepción.	08-01-2012
Country Manager, Chile Division	Andrés Torrealba Ruiz-Tagle	7.622.704-7	Bachelor of Business Administration and MBA, Pontificia Universidad Católica de Chile.	01-01-2011
Country Manager, Peru Division	Eduardo Herrera Vásquez	Foreigner	B.S. in Industrial Engineering, Pontificia Universidad Católica de Perú; M.S. in Finance, London Business School.	01-11-2008
Country Manager, Colombia Division	Eduardo Pérez Marchant	10.662.089-K	Bachelor of Business Administration, Pontificia Universidad Católica de Chile; MBA, University of Chicago; and MPP, University of Chicago.	01-29-2018
Shopping Center Manager, Chile Division	Nicolás Bennett Nualart	13.829.061-1	B.S. in Civil Engineering, Pontificia Universidad Católica de Chile; MBA, University of California, Berkley	11-01-2016
Commercial Manager, Chile Division	Felipe Castro del Río	13.434.482-2	Bachelor of Business Administration, Pontificia Universidad Católica de Chile	10-01-2012
Corporate Planning and Control Manager	Andrés Neely Erdos	14.039.604-4	B.S. in Industrial Engineering, Universidad de Chile; MBA, University of Chicago.	11-01-2016
Shopping Center Manager, Colombia Division	Diego Mauricio Bermúdez Farías	Foreigner	Bachelor of Business Administration, University of Houston; MBA, Universidad de los Andes	10-01-17
Corporate Finance Manager	Francisco Javier Moyano Pérez	9.908.134-1	B.S. in Civil Engineering, Pontificia Universidad Católica de Chile; MBA, University of California (UCLA)	02-26-2018
Administration and Finance Manager, Colombia Division	Carolina Bermúdez Rueda	Foreigner	Bachelor of Economics, Universidad de los Andes; MBA, INSEAD (France - Singapore)	11-20-2017
Shopping Center Manager, Peru Division	César Morales Guerra	Foreigner	Bachelor of Economics, Universidad de Lima; MBA, IE Business School, Spain.	10-01-2018

Management and personnel

DIVERSITY OF OUR SENIOR EXECUTIVES

Total number of senior executives	8

Gender	
Men	7
Women	1

Nationality	
Nationals	7
Foreigners	1

Age group	
Under 30	0
Between 30-40 years	2
Between 41-50 years	3
Between 51-60 years	3
Between 61-70 years	0
Over 70	0

Year of Service	
Less than 3 years	1
Between 3-6 years	1
Between 6-9 years	4
Between 9-12 years	1
Over 12	1

ORGANIZATIONAL DIVERSITY

Indicator		2017				2018			
Workforce									
Country		**Chile**	**Peru**	**Colombia**	**Consolidated**	**Chile**	**Peru**	**Colombia**	**Consolidated**
Workforce by gender	Women	110	78	36	224	112	70	50	232
	Men	158	135	24	317	174	139	24	337
	Total	**268**	**213**	**60**	**541**	**286**	**209**	**74**	**569**
Workforce by nationality	Nationals	262	213	57	532	276	208	72	556
	Foreigners	6	0	3	9	10	1	2	13
	Total	**268**	**213**	**60**	**541**	**286**	**209**	**74**	**569**
Workforce by age	< 30 years	82	66	15	163	80	46	20	146
	30-40 years	115	83	31	229	125	84	35	244
	41- 50 years	52	37	12	101	57	51	15	123
	51 - 60 years	13	20	-	33	16	23	2	41
	61- 70 years	6	6	2	14	7	4	2	13
	> 70	-	1	-	1	1	1	-	2
	Total	**268**	**213**	**60**	**541**	**286**	**209**	**74**	**569**
Workforce by years of service	< 3 years	154	113	36	303	159	98	48	305
	3-6 years	53	49	16	118	67	54	16	137
	6-9 years	36	17	7	60	33	23	9	65
	9-12 years	7	10	1	18	9	12	1	22
	>12 years	18	24	-	42	18	22	-	40
	Total	**268**	**213**	**60**	**541**	**286**	**209**	**74**	**569**
Parque Arauco workforce by type of position	Executives	57	24	12	93	59	25	15	99
	Area Managers and Professionals	187	125	48	360	211	121	59	391
	Non - Management	24	64	-	88	16	63	0	79
	Total	**268**	**213**	**60**	**541**	**286**	**209**	**74**	**569**

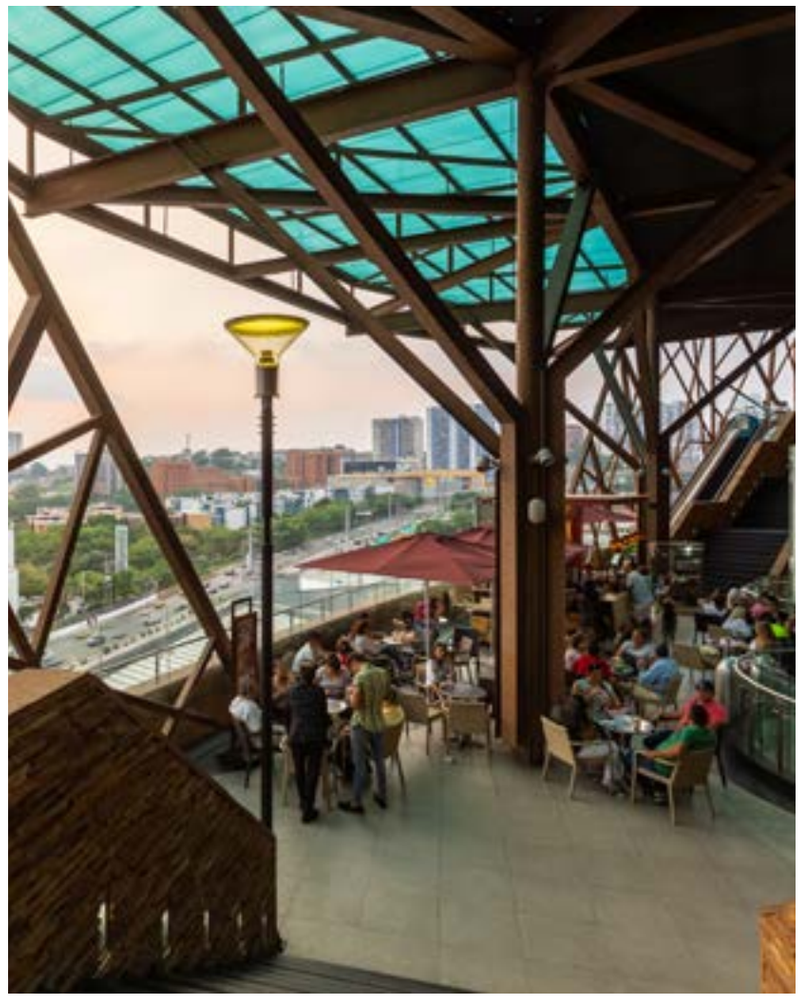
Management and personnel

NEW HIRES AND RESIGNATIONS

Indicator		2017				2018			
Country		**Chile**	**Peru**	**Colombia**	**Consolidated**	**Chile**	**Peru**	**Colombia**	**Consolidated**
New employees by gender	Women	27	17	8	**52**	26	19	20	**65**
	Men	36	38	8	**82**	39	32	9	**80**
	Total	**63**	**55**	**16**	**134**	**65**	**51**	**29**	**145**
New employees by age	Under 30 years	40	28	5	**73**	38	17	14	**69**
	30- 50	22	26	10	**58**	23	33	15	**71**
	Over 50	1	1	1	**3**	4	1	-	**5**
	Total	**63**	**55**	**16**	**134**	**65**	**51**	**29**	**145**
Turnover	Voluntary resignations	13.4%	15.5%	8.3%	**13.7%**	11.2%	19.1%	12.2%	**14.2%**
	Other	10.1%	24.9%	8.3%	**15.7%**	5.2%	7.2%	8.1%	**6.3%**
	Total	**23.5%**	**40.4%**	**16.7%**	**29.4%**	**16.4%**	**26.3%**	**20.3%**	**20.6%**

HEALTH AND SAFETY

Indicator		2017				2018			
Country		**Chile**	**Peru**	**Colombia**	**Consolidated**	**Chile**	**Peru**	**Colombia**	**Consolidated**
Fatalities	Employees	0	0	0	**0**	0	0	0	**0**
	Contractors	0	0	0	**0**	0	0	0	**0**



Compensation

BOARD COMPENSATION

At the ordinary shareholders' meeting on April 13, 2018, the shareholders agreed to set board compensation at UF 125 per director and UF 250 for the Chairman. An additional stipend of UF 65/month was assigned to members of the Directors' Committee.

Name	Chilean National ID	2017 (ThCLP$)		2018 (ThCLP$)	
		Annual stipend	Committee	Annual stipend	Committee
Guillermo Said Yarur	6.191.544-3	37,869	20,720	40,753	21,192
José Domingo Eluchans	6.474.632-4	37,869		40,753	
José Said Saffie	2.305.902-9	75,739		81,506	
Luis Hernán Paúl Fresno	7.289.965-2	37,869	20,720	40,753	21,192
Orlando Sáenz Rojas	3.599.669-9	37,869		40,753	
Rafael Aldunate Valdés	5.193.449-0	37,869	20,720	40,753	21,192
René Abumohor Touma	3.065.693-8	37,869		40,753	
Salvador Said Somavía	6.379.626-3	37,869		40,753	
Juan Carlos Lobos Pérez	4.567.869-5	37,869		40,753	
Total stipends		**378,695**	**62,161**	**407,532**	**63,575**



INCENTIVE PLANS

All employees are eligible for a performance bonus based on the annual EBITDA target. The amount of the bonus is determined based on the employee's position.

EXECUTIVE COMPENSATION

Parque Arauco executives receive fixed and variable monthly salaries in addition to an annual performance bonus tied to EBITDA.

Total compensation received by the company's senior executives for the years ended December 31, 2017 and 2018 amounted to ThCLP$ 3,834,338 and ThCLP$ 4,004,648, respectively. Variable compensation accounted for approximately 37% and 32% of those figures, respectively.

Senior executives are also offered a stock option plan, described below.

In 2010, Parque Arauco S.A. acquired 3,250,000 shares for executive compensation plans. The exercise price for these options was set at UF 0.0536. The shares were not subscribed and were written off in the fourth quarter of 2015.

During the 2011 capital increase, 10,000,000 shares were earmarked for executive compensation plans. The exercise price for these options was set at UF 0.0433. Of the shares offered, 4,967,616 shares were subscribed; the other 5,032,384 remained unsubscribed. Unsubscribed shares from 2011 were written off in the fourth quarter of 2015.

During the 2013 capital increase, the company earmarked 12,777,777 shares for executive compensation plans. The exercise price for these options was set at UF 0.0382. Of the shares offered, 12,492,546 shares were subscribed; the other 285,231 remained unsubscribed. Unsubscribed shares from 2013 were written off in the fourth quarter of 2018.

During the 2016 capital increase, the company earmarked 7,800,000 shares for executive compensation plans. The exercise price for these options was set at UF 0.0469. The options may be exercised as of 2019.

ADVISORS TO THE BOARD

No expenses were recorded for advisory services hired by the Board in 2018.

Shareholders and stock performance

SHAREHOLDERS

	% Ownership
Controlling group	26%
Foreign investment funds	21%
Local stock brokerage firms	21%
Local pension funds	17%
The Said Yarur family	5%
The Abumohor family	3%
Local mutual funds	1%
Other shareholders	6%



TWELVE LARGEST SHAREHOLDERS AS OF DECEMBER 31, 2018

As of December 31, 2018, we had 413 shareholders.

Name	Taxpayer ID No.	Shares as of 12/31/2018	% ownership
Inmobiliaria Atlantis S.A.	76.089.588	230,707,974	25.57%
Banco Itaú Corpbanca on behalf of foreign investors	97.023.000	89,495,231	9.92%
Santander Corredores de Bolsa Limitada	96.683.200	84,631,166	9.38%
Banco de Chile on behalf of non-resident third parties	97.004.000	58,292,821	6.46%
Banchile Corredores de Bolsa S.A.	96.571.220	49,155,439	5.45%
Banco Santander on behalf of foreign investors	97.036.000	35,032,461	3.88%
Chilean Electronic Stock Exchange	96.551.730	24,587,072	2.73%
AFP Habitat S.A. (Pension Fund C)	98.000.100	22,374,526	2.48%
Bci Corredor de Bolsa S.A.	96.519.800	21,196,729	2.35%
Inversiones Ranco Uno S.A.	76.002.237	19,424,114	2.15%
AFP Provida S.A. (Pension Fund C)	76.265.736	15,895,083	1.76%
Inversiones Ranco Dos S.A.	76.002.243	14,764,313	1.64%

Shareholders and stock performance

CONTROLLING GROUP OF PARQUE ARAUCO S.A.
as of December 31, 2018

Ownership interest: 25.6% of issued shares.

There is no joint action agreement between the shareholders of the parent.

Inmobiliaria Atlantis S.A. Shareholders

1. Inversiones Cabildo SpA, which holds 66.92% of Inmobiliaria Atlantis S.A., has the following shareholders and final controllers:

a) Inversiones Delfín Uno S.A., holder of 2.13% capital interest in Inversiones Cabildo SpA, the final controller of which is Mrs. Isabel Somavía Dittborn, Chilean National ID number: 3.221.015-5.

b) Inversiones Delfín Dos S.A., holder of 2.13% capital interest in Inversiones Cabildo SpA, the final controller of which is Mr. José Said Saffie, Chilean National ID number: 2.305.902-9.

c) Inversiones Delfín Tres S.A., holder of 38.30% of Inversiones Cabildo SpA, the final controller of which is Mr. Salvador Said Somavía, Chilean National ID number: 6.379.626-3.

d) Inversiones Delfín Cuatro S.A., holder of 19.15% of Inversiones Cabildo SpA, the final controller of which is Mrs. Isabel Said Somavía, Chilean National ID number: 6.379.627-1.

e) Inversiones Delfín Cinco S.A., holder of 19.15% of Inversiones Cabildo SpA, the final controller of which is Mrs. Constanza Said Somavía, Chilean National ID number: 6.379.628-K.

f) Inversiones Delfín Seis S.A., holder of 19.15% interest in Inversiones Cabildo SpA, the final controller of which is Mrs. Loreto Said Somavía, Chilean National number: 6.379.629-8.

2. Sociedad Constructora Jardines del Bosque Limitada, holder of an 18.19% interest in Inmobiliaria Atlantis S.A. Its majority shareholder is Inversiones Orlí Limitada, which holds 70.00% of rights. Its final controllers are Mr. Orlando Sáenz Rojas, Chilean National ID number: 3.599.669-9, and Mrs. Liliana Rica López, Chilean National ID number: 3.870.985-2.

3. Inversiones Innova S.A., holder of a 5.62% interest in Inmobiliaria Atlantis S.A. The Eluchans Barreda family, represented by Mr. José Domingo Eluchans Urenda, Chilean National ID number: 6.474.632-4, are the shareholders and final controllers.

4. Inversiones E.U. S.A. holder of a 2.64% interest in Inmobiliaria Atlantis S.A. Its shareholders are Mrs. Florencia Eluchans Urenda, Chilean National ID number: 4.695.623-0; Mrs. Celia Eluchans Urenda, Chilean National ID number: 4.727.634-9; Mrs. Marcela Eluchans Urenda, Chilean National ID number: 6.065.798-K; Mrs. Ana María Eluchans Urenda, Chilean National ID number: 6.374.216-3; Mrs. Andrea Eluchans Urenda, Chilean National ID number: 6.374.217-1; Mrs. María Angélica Eluchans Urenda, Chilean National ID number: 6.065.725-4; and Mr. Edmundo Eluchans Urenda, Chilean National ID number: 4.721.073-9.

5. Palmas Lo Curro S.A., holder of a 1.67% interest in Inmobiliaria Atlantis S.A. Its main shareholder is Mr. José Said Saffie, Chilean National ID number: 2.305.902-9.

6. Inversiones Carma SpA., holder of a 0.50% interest in Inmobiliaria Atlantis S.A. The Eluchans Aninat family, represented by Mr. José Domingo Eluchans Urenda, Chilean National ID number: 6.474.632-4, are the shareholders.

7. Inversiones Bravo Eluchans Uno Limitada holds 0.53% capital interest in Inmobiliaria Atlantis S.A. The Bravo Eluchans family, represented by Mr. José Domingo Eluchans Urenda, Chilean National ID number: 6.474.632-4, are the shareholders.

8. Inversiones F.E.U. S.A., holder of a 0.47% interest in Inmobiliaria Atlantis S.A. The Eluchans Urenda family, represented by Mr. José Domingo Eluchans Urenda, Chilean National ID number: 6.474.632-4, are the shareholders.

9. Inversiones C.E.U. S.A., holds 0.51% capital interest in Inmobiliaria Atlantis S.A. The Eluchans Urenda family, represented by Mr. José Domingo Eluchans Urenda, Chilean National ID number: 6.474.632-4, are the shareholders.

10. Inversiones A.E.U. S.A., holder of a 0.55% interest in Inmobiliaria Atlantis S.A. The Eluchans Urenda family, represented by Mr. José Domingo Eluchans Urenda, Chilean National ID number: 6.474.632-4, are the shareholders.

Shareholders and stock performance

11. Inversiones M.A.E.U. S.A., holder of a 0.51% interest in Inmobiliaria Atlantis S.A. The Eluchans Urenda family, represented by Mr. José Domingo Eluchans Urenda, Chilean National ID number: 6.474.632-4, are the shareholders.

12. Inversiones Ana María Eluchans Urenda E.I.R.L., holder of a 0.51% interest in Inmobiliaria Atlantis S.A. The Eluchans Urenda family, represented by Mr. José Domingo Eluchans Urenda, Chilean National ID number: 6.474.632-4, are the shareholders.

13. Inversiones Innova Limitada holds 0.00001% capital interest in Inmobiliaria Atlantis S.A. The Eluchans Urenda family, represented by Mr. José Domingo Eluchans Urenda, Chilean National ID number: 6.474.632-4, are the shareholders.

14. Sociedad de Inversiones E.B. S.A., holder of a 1.38% interest in Inmobiliaria Atlantis S.A. The Eluchans Barreda family, represented by Mr. José Domingo Eluchans Urenda, Chilean National ID number: 6.474.632-4, are the shareholders.

Equity	ThCLP$
Issued capital	420,016,646
Retained earnings	497,557,779
Share premium	289,355
Other reserves	1,962,545
Non-controlling interest	158,201,415
Total equity	1,078,027,740
Other shareholders	6%

SHARE SERIES

Parque Arauco S.A. issues single-series shares.

DIVIDEND POLICY

Our dividend policy mandates distribution of at least 30% of distributable net profits each year.

DIVIDENDS PAID

Dividend No.	Date of Distribution	CLP$/Share in Currency at Each Date	Charged to Year
18	05.06.08	9.5	2007
19	05.12.09	9.5	2008
20	05.05.10	29	2009
21	05.04.11	39	2010
22	05.10.12	27	2011
23	05.10.13	27	2012
24	05.14.14	27	2013
25	05.13.15	30	2014
26	05.10.16	30	2015
27	05.04.17	32	2016
28	04.26.18	35	2017

MARKET SNAPSHOT

Parque Arauco S.A. shares are listed on Santiago Exchange and the Chilean Electronic Exchange.

Ticker symbol: Parauco
Outstanding shares: 902,157,216

Data as of December 31, 2018
Market capitalization (MCLP$): 1,393,833
Closing price per share: CLP$ 1,544.9

SUMMARY OF TRANSACTIONS

Santiago Exchange

Period	Number of shares traded	Total value of shares traded ($)	Average price per share ($)
1st quarter	57,182,121	108,693,699,508	1,896.36
2nd quarter	48,917,660	90,680,079,103	1,856.99
3rd quarter	40,747,576	71,490,559,807	1,757.67
4th quarter	44,445,143	71,277,996,113	1,605.89

Chilean Electronic Stock Exchange

Period	Number of shares traded	Total value of shares traded ($)	Average price per share ($)
1st quarter	1,140,005	2,179,000,690	1,911.40
2nd quarter	1,642,861	3,067,905,334	1,867.42
3rd quarter	1,478,046	2,583,685,032	1,748.04
4th quarter	1,732,886	2,808,798,472	1,620.88

Shareholders and stock performance

MATERIAL EVENTS

In 2018, Parque Arauco communicated the following material events to the Chilean Financial Market Commission on the dates listed.

February 14, 2018
Issue: Sale of assets in Peru
Content (extract):

Subsidiary company PASA, Inmuebles Comerciales del Perú S.A.C. ("ICP") sold all of its shares in Inmobiliaria San Silvestre S.A. ("San Silvestre") and Administradora Camino Real S.A.C to Inversiones Centenario S.A.A. Likewise, ICP and subsidiary company, Parque el Golf S.A.C. ("PEG"), signed public purchase deeds through which they sold their interest in five adjacent properties, located in the San Isidro district in the Province and Department of Lima to Centenario and San Silvestre.

To date, ICP and PEG have received the entire sale price of US$78 million, thereby completing the transaction described in the previously reported material event. The sale generated an after-tax gain of approximately US$31 million.

February 19, 2018
Issue: Business combination with the Wiese Group
Content (extract):

Parque Arauco S.A. (PASA) is in preliminary conversations regarding a possible business combination that would involve the Wiese family's 50% capital interest in Megaplaza shopping centers in Peru. The remaining 50% is indirectly owned by PASA. To date, no preliminary or definitive agreements have been signed.

March 9, 2018
Issue: Ordinary Shareholders' Meeting
Content (extract):

At the March 8, 2018 session, the Board of Directors announced their decision to call an Ordinary Shareholders Meeting scheduled for April 13, 2018, for the company's shareholders to decide on the following matters:

1. Approve the annual report and financial statements, as well as the external auditor's report for the year ended December 31, 2017.
2. Set board compensation for 2018 and review board expenses from 2017.
3. Report on Directors' Committee 2017 activities and expenses and set Directors' Committee 2018 compensation and expense budget.
4. Announce information stipulated in Title XVI of Law No. 18,046.
5. Appoint external auditors.
6. Appoint risk rating agency.
7. Designate newspaper for corporate publications.
8. Distribution of earnings and dividend policy.

Also, in compliance with Commission Ruling No. 660, I hereby inform you that the Board agreed to propose at the aforementioned Ordinary Shareholders' Meeting, payment of a dividend in the amount of CLP$ 35 (thirty-five pesos) per share, charged to 2017 earnings. If approved, distribution of said dividend would begin on April 26, 2018, to those shareholders registered in the company's shareholder registry as of midnight on April 20, 2018.

April 13, 2018
Issue: Ordinary Shareholders' Meeting
Content (extract):

Today, April 13, 2018, the Parque Arauco S.A. Ordinary Shareholders' Meeting was called to order with quorum of 85.662588% of the company's subscribed and paid shareholders. At the Ordinary Shareholder Meeting, shareholders:

1. Approved the annual report, financial statements and the report from external auditor, Deloitte Auditores y Consultores Ltda. for the year ended December 31, 2017.
2. Approved board compensation for 2018 and reviewed board expenses from 2017.
3. Heard reports on Directors' Committee 2017 activities and expenses and approved the Directors' Committee 2018 compensation and expense budget.
4. Heard reports on the transactions referred to in Title XVI of the Corporations Law.

Shareholders and stock performance

5. Agreed to appoint Deloitte Auditores y Consultores Ltda. as the company's external auditor.

6. Agreed to authorize the Board of Directors to designate at least two of the following risk rating agencies: Feller - Rate Clasificadora de Riesgo Ltda., Fitch Chile Clasificadora de Riesgo Ltda., Clasificadora de Riesgo Humphreys Limitada or ICR Clasificadora de Riesgo Ltda.

7. Agreed to use *El Diario Financiero* for corporate publications.

8. Approved the distribution of earnings as a final, minimum, mandatory dividend of CLP$ 17.63 (seventeen point sixty-three pesos) and an additional CLP$ 17.37 (seventeen point thirty-seven pesos) per share, for a total dividend of CLP$ 35 per share, to be paid as of April 26, 2018, to those shareholders registered in the company's shareholder registry as of midnight on April 20, 2018. Furthermore, they approved maintaining the company's Dividend Policy in the sense of distributing at least 30% of distributable net profits as dividends each year.

June 1, 2018
Issue: Business combination with the Wiese Group
Content (extract):
On this date, PASA subsidiaries, Parque Arauco Internacional S.A. and Arauco Holding Perú S.A.C. (formerly Inmuebles Comerciales del Perú S.A.C.), collectively called "PASA Group", have signed a binding memorandum of understanding with different companies and individuals related to the Wiese Group (together, "Wiese Group"), through which they have agreed to a business combination (the "transaction") that includes the following:

(i) Incorporation of a new company ("Newco I") to which the PASA Group and Wiese Group contribute the following assets via corporate reorganizations:

- Larcomar, Parque Lambramani, InOutlet Faucett and Lurín, Viamix Colonia, Chorrillos and Maldivas, El Quinde Ica, El Quinde Cajamarca and Jesús María (the "PASA Peru Shopping Centers"), which have a total of 165,500 square meters of GLA (gross leasable area) and are directly and indirectly wholly owned (100%) by PASA.

- MegaPlaza Norte, Chimbote, Cañete, Pisco, Jaén, Huaral, Express Villa El Salvador I and II, Villa Chorrillos, Chincha and Barranca (the "MegaPlaza Shopping Centers"), which have a total of 239,500 square meters of GLA. PASA directly and indirectly owns 50% of these centers while the Wiese Group directly and indirectly owns the remaining 50%.

- As a result, the PASA Group will control Newco I with approximately 70% and the Wiese Group will own approximately 30%.



Shareholders and stock performance

(ii) In addition, both parties grant a sale option to the Wiese Group and a purchase option to the PASA Group over the Wiese Group's indirect interest in Newco I. The price of this purchase and sale option will be S/. 583,450,000 (five hundred eighty-three million, four hundred fifty thousand Peruvian soles). Either option may be exercised as of one year after this date, subject to implementation of the aforementioned corporate reorganizations and fulfillment of certain conditions precedent that are common in this type of transactions.

(iii) Finally, the PASA Group and the Wiese Group will each maintain, directly or indirectly, 50% ownership in the real estate projects located in Huaraz and San Juan de Lurigancho, which the parties will continue to develop jointly. They have agreed to put the other directly or indirectly jointly owned land up for sale.

The transaction outlined in the binding agreement is subject to a series of conditions that are common for this type of transaction.

The potential financial effects of this transaction on PASA's results cannot be determined at this time.

August 30, 2018
Issue: Bond issuance
Content (extract):
Parque Arauco S.A. issued bonds (series T and V) today through a Dutch auction on Santiago Exchange.

The series T bonds were placed for a total value of UF1,000,000, maturing on August 5, 2025 at a placement rate of 1.69% annually, charged to line number 906. The V series bonds were placed for a total value of UF4,000,000, maturing on August 5, 2028 at a placement rate of 2.34% annually, charged to number 906.

November 13, 2018
Issue: Acquisition of Open Plaza El Bosque
Content (extract):
On the same date, Arauco Centros Comerciales Regionales SpA, a subsidiary of PASA, signed a purchase agreement with Sociedad de Rentas Falabella S.A., to acquire the "Open Plaza El Bosque" shopping center. This shopping center has more than 30,000 m 2 of GLA and is located at Gran Avenida Jose Miguel Carrera 10,375, El Bosque.

The acquisition price was UF 1,750,000 (one million, seven hundred fifty thousand) plus VAT.

While PASA believes that the transaction will positively impact its earnings, the effects of this investment cannot be quantified at this time.



Subsidiary and associate information

CHILE

(Capital figures in Chilean pesos)

NAME: Bulevar Rentas Inmobiliarias S.A.
CAPITAL: 4,892,710,301.-
LINE OF BUSINESS: Construction and leasing of real estate projects
BOARD AND DIRECT MANAGEMENT:
Board of Directors: Andrés Torrealba Ruiz-Tagle (Chairman), Nicolás Bennett Nualart, Claudio Chamorro Carrizo, Matías Chomalí Kattan and Duncan Grob Urzúa.
Direct management: Nicolás Bennett Nualart (Chief Executive Officer)
DIRECT/INDIRECT INTEREST (%): 100.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 0.6%

NAME: Parque Angamos SpA
CAPITAL: 13,489,963,908.-
LINE OF BUSINESS: Construction and leasing of real estate projects
BOARD AND DIRECT MANAGEMENT:
Board of Directors: Nicolás Bennett Nualart (Chairman), Andrés Torrealba Ruiz-Tagle and Cristián Sironvalle Cordero.
Direct management: Andrés Torrealba Ruiz-Tagle (Chief Executive Officer),
DIRECT/INDIRECT INTEREST (%): 55.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 0.4%

NAME: Comercial Arauco Ltda.
CAPITAL: 100,000.-
LINE OF BUSINESS: Construction and leasing of real estate projects
BOARD AND DIRECT MANAGEMENT:
Board of Directors: N/A
Direct management: Parque Arauco S.A.
Chief Executive Officer: Andrés Torrealba Ruiz-Tagle
DIRECT/INDIRECT INTEREST (%): 100.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 0.0%

NAME: Desarrollos Inmobiliarios San Antonio S.A.
CAPITAL: 16,493,728,579.-
LINE OF BUSINESS: Construction and leasing of real estate projects
BOARD AND DIRECT MANAGEMENT:
Board of Directors: Andrés Torrealba Ruiz-Tagle (Chairman), Nicolás Bennett Nualart, Drago Gluscevic Vermehren, Duncan Grob Urzúa and Matías Chomalí Kattan.
Direct management: Nicolás Bennett Nualart (Chief Executive Officer)
DIRECT/INDIRECT INTEREST (%): 70.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 0.7%

NAME: Inmobiliaria Paseo de la Estación S.A.
CAPITAL: 15,266,108,051.-
LINE OF BUSINESS: Construction and leasing of real estate projects
BOARD AND DIRECT MANAGEMENT:
Board of Directors: Andrés Torrealba Ruiz-Tagle (Chairman), Claudio Chamorro Carrizo, Cecilia Araya Catalán, Nicolás Bennett Nualart and Duncan Grob Urzúa.
Direct management: Nicolás Bennett Nualart (Chief Executive Officer)
DIRECT/INDIRECT INTEREST (%): 83.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 4.1%

NAME: Inversiones Parque Arauco Uno S.A.
CAPITAL: 8,500,479,600.-
LINE OF BUSINESS: Construction and leasing of real estate projects
BOARD AND DIRECT MANAGEMENT:
Board of Directors: Andrés Torrealba Ruiz Tagle (Chairman), Claudio Chamorro Carrizo, Duncan Grob Urzúa, Nicolás Bennett Nualart and Matías Chomalí Kattan.
Direct management: Nicolás Bennett Nualart (Chief Executive Officer)
DIRECT/INDIRECT INTEREST (%): 100.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 0.4%

NAME: Arauco Malls Chile S.A.
CAPITAL: 95,237,269,798.-
LINE OF BUSINESS: Construction and leasing of real estate projects
BOARD AND DIRECT MANAGEMENT:
Board of Directors: Andrés Torrealba Ruiz-Tagle (Chairman), Claudio Chamorro Carrizo and Nicolás Bennett Nualart
Direct management: Nicolás Bennett Nualart (Chief Executive Officer)
DIRECT/INDIRECT INTEREST (%): 100.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 6.9%

NAME: Arauco Centros Comerciales Regionales SpA
CAPITAL: 36,144,660,746.-
LINE OF BUSINESS: Construction and leasing of real estate projects
BOARD AND DIRECT MANAGEMENT:
Board of Directors: Andrés Torrealba Ruiz-Tagle (Chairman), Francisco Moyano Pérez, Nicolás Bennett Nualart, Duncan Grob Urzúa y Pablo Menchaca Fernández.
Direct management: Nicolás Bennett Nualart (Chief Executive Officer)
DIRECT/INDIRECT INTEREST (%): 100.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 2.5%

NAME: Arauco Chillán SpA
CAPITAL: 36,606,409,141.-
LINE OF BUSINESS: Construction and leasing of real estate projects
BOARD AND DIRECT MANAGEMENT:
Board of Directors: Andrés Torrealba Ruiz-Tagle (Chairman), Francisco Moyano Pérez, Nicolás Bennett Nualart, Duncan Grob Urzúa y Pablo Menchaca Fernández.
Direct management: Nicolás Bennett Nualart (Chief Executive Officer)
DIRECT/INDIRECT INTEREST (%): 100.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 2.9%

NAME: Parque Arauco Internacional S.A.
CAPITAL: US$791,645,147.-
LINE OF BUSINESS: Investment company
BOARD AND DIRECT MANAGEMENT:
Board of Directors: Claudio Chamorro Carrizo (Chairman), Andrés Neely Erdos and Duncan Grob Urzúa.
Direct management: Francisco Moyano Pérez (Chief Executive Officer).
DIRECT/INDIRECT INTEREST (%): 100.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 26.7%

Subsidiary and associate information

NAME: Todo Arauco S.A.
CAPITAL: 53,653,536,260.-
LINE OF BUSINESS: Publicity events and advertising
BOARD AND DIRECT MANAGEMENT:
Board of Directors: Nicolás Bennett Nualart (Chairman), Andrés Torrealba Ruiz-Tagle and Claudio Chamorro Carrizo
Direct management: Ariel Benzaquen Grosz (Chief Executive Officer)
DIRECT/INDIRECT INTEREST (%): 100.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 4.7%

NAME: Inmobiliaria Mall Viña del Mar S.A.
CAPITAL: 17,783,008,000.-
LINE OF BUSINESS: Construction and leasing of real estate projects
BOARD AND DIRECT MANAGEMENT:
Board of Directors: Andrés Torrealba Ruiz-Tagle, Claudio Chamorro Carrizo (alternate), Sergio Hidalgo Herazo (Chairman), Alejandro Fridman Pirozansky (alternate), Juan Antonio Álvarez Avendaño, vacant alternate director position, and Miguel Núñez Sfeir, vacant alternate director position.
Direct management: Sergio Novoa Balmaceda (Chief Executive Officer)
DIRECT/INDIRECT INTEREST (%): 50.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 3.6%

NAME: Centros Comerciales Vecinales Arauco Express S.A.
CAPITAL: 37,091,931,659.-
LINE OF BUSINESS: Construction and leasing of real estate projects
BOARD AND DIRECT MANAGEMENT:
Board of Directors: Andrés Torrealba Ruíz-Tagle (Chairman), Felipe Castro del Río (alternate), Claudio Chamorro Carrizo, Eduardo Pérez Marchant (alternate), Duncan Grob Urzúa, Matías Chomalí Kattan (alternate), Sebastián Oddó Gómez, Jaime Oliveira Sánchez-Moliní and Andrea Larraín Soza (alternate).
Direct management: Ariel Benzaquen Grosz (Chief Executive Officer)
DIRECT/INDIRECT INTEREST (%): 53.34%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 1.1%

NAME: Centro Comercial Arauco Express Ciudad Empresarial S.A.
CAPITAL: 2,067,161,388.-
LINE OF BUSINESS: Design, construction, development, operation, management and marketing of groups of stores or connected service centers, managed as a unit. It performs these roles for itself and third parties.
BOARD AND DIRECT MANAGEMENT:
Board of Directors: Andrés Torrealba Ruíz-Tagle (Chairman), Felipe Castro del Río (alternate), Claudio Chamorro Carrizo, Francisco Moyano Pérez (alternate), Benjamín Labra Zelaya, Pablo Elgueta Aspillaga (alternate), Manuel Bulnes Muzard, Sebastián Caronni (alternate), Jaime Oliveira Sánchez-Moliní and Andrea Larraín Soza (alternate).
Direct management: Ariel Benzaquen Grosz (Chief Executive Officer)
DIRECT/INDIRECT INTEREST (%): 80.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 0.2%

NAME: Nueva Arauco SpA.
CAPITAL: 2,442,846.-
LINE OF BUSINESS: Investment company
BOARD AND DIRECT MANAGEMENT:
Board of Directors: N/A
Direct management: N/A
DIRECT/INDIRECT INTEREST (%): 100.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 0.0%

NAME: Plaza Estación S.A.
CAPITAL: 43,191,520.-
LINE OF BUSINESS: Construction and leasing of real estate projects
BOARD AND DIRECT MANAGEMENT:
Board of Directors: Andrés Torrealba Ruiz-Tagle (Chairman), Claudio Chamorro Carrizo and Nicolás Bennett Nualart
Direct management: Nicolás Bennett Nualart (Chief Executive Officer)
DIRECT/INDIRECT INTEREST (%): 100.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 1.3%

PERU

(Capital figures in Peruvian soles)

NAME: Arauco Holding Perú S.A.C.
CAPITAL: 1,241,720,671.-
LINE OF BUSINESS: Construction and leasing of real estate projects
BOARD AND DIRECT MANAGEMENT:
Board of Directors: Emilio Rodríguez Larraín (Chairman), Juan Antonio Álvarez Avendaño, José Domingo Eluchans Urenda, Guillermo Said Yarur, Salvador Said Somavía, Claudio Chamorro Carrizo.
Direct management: Arauco Malls Perú S.A.C.
DIRECT/INDIRECT INTEREST (%): 100.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 19.4%

NAME: Parque Lambramani S.A.C.
CAPITAL: 256,207,861.-
LINE OF BUSINESS: Construction and leasing of real estate projects
BOARD AND DIRECT MANAGEMENT:
Board of Directors: Juan Antonio Álvarez Avendaño, José Domingo Eluchans Urenda and Guillermo Said Yarur
Direct management: Arauco Malls Perú S.A.C.
DIRECT/INDIRECT INTEREST (%): 100.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 4.0%

NAME: Inversiones Vilna S.A.C.
CAPITAL: 19,437,773.-
LINE OF BUSINESS: Construction and leasing of real estate projects
BOARD AND DIRECT MANAGEMENT:
Board of Directors: N/A
Direct management: Arauco Malls Perú S.A.C.
DIRECT/INDIRECT INTEREST (%): 100%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 0.5%
NAME: Strip Centers del Perú S.A.
CAPITAL: 135,952,589.-
LINE OF BUSINESS: Construction and leasing of real estate projects

Subsidiary and associate information

BOARD AND DIRECT MANAGEMENT:
Board of Directors: N/A
Direct management: Arauco Malls Perú S.A.C.
DIRECT/INDIRECT INTEREST (%): 100.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 1.8%

NAME: Sercenco S.A.C.
CAPITAL: 51,423,835.-
LINE OF BUSINESS: Construction and leasing of real estate projects
BOARD AND DIRECT MANAGEMENT:
Board of Directors: N/A
Direct management: Arauco Malls Perú S.A.C.
DIRECT/INDIRECT INTEREST (%): 100.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 0.1%

NAME: Ekimed S.A.C.
CAPITAL: 97,743,300.-
LINE OF BUSINESS: Construction and leasing of real estate projects
BOARD AND DIRECT MANAGEMENT:
Board of Directors: N/A
Direct management: Arauco Malls Perú S.A.C.
DIRECT/INDIRECT INTEREST (%): 100.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 2.2%

NAME: El Piquero Shopping Plaza S.A.C.
CAPITAL: 9,890,515.-
LINE OF BUSINESS: Construction and leasing of real estate projects
BOARD AND DIRECT MANAGEMENT:
Board of Directors: N/A
Direct management: Arauco Malls Perú S.A.C.
DIRECT/INDIRECT INTEREST (%): 100.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 0.1%

NAME: Inmobiliaria El Quinde S.A.C.
CAPITAL: 63,617,996.-
LINE OF BUSINESS: Construction and leasing of real estate projects
DIRECT MANAGEMENT:
Board of Directors: N/A
Direct management: Arauco Malls Perú S.A.C.
DIRECT/INDIRECT INTEREST (%): 100.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 1.6%

NAME: El Quinde Shopping Plaza S.A.C.
CAPITAL: 28,986,162.-
LINE OF BUSINESS: Construction and leasing of real estate projects
BOARD AND DIRECT MANAGEMENT:
Board of Directors: N/A
Direct management: Arauco Malls Perú S.A.C.
DIRECT/INDIRECT INTEREST (%): 100.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 0.4%

NAME: Arauco Malls Perú S.A.C.
CAPITAL: 21,783,250.-
LINE OF BUSINESS: Construction and leasing of real estate projects
BOARD AND DIRECT MANAGEMENT:
Board of Directors: N/A
Direct management: Eduardo Herrera Vásquez (Chief Executive Officer)
DIRECT/INDIRECT INTEREST (%): 100.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 0.1%

NAME: Altek Trading S.A.C.
CAPITAL: 94,804,200.-
LINE OF BUSINESS: Construction and leasing of real estate projects
BOARD AND DIRECT MANAGEMENT:
Board of Directors: Marco Aveggio Merello, Gonzalo de la Puente Wiese, Alonso Fernando Gamero Eguiluz, Eduardo Martín Herrera Vásquez, Detlef Wolfgan Mauer, Enrique Manuel Miyasato
Direct management: Inmuebles Panamericana S.A. (Chief Executive Officer)
DIRECT/INDIRECT INTEREST (%): 50.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 0.5%
NAME: Inmobiliaria Colomera S.A.C.
CAPITAL: 5,453,612.-
LINE OF BUSINESS: Construction and leasing of real estate projects
BOARD AND DIRECT MANAGEMENT:
Board of Directors: N/A
Direct management: Inmuebles Panamericana S.A. (Chief Executive Officer)
DIRECT/INDIRECT INTEREST (%): 50.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 0.0%

NAME: Inmuebles Panamericana S.A.
CAPITAL: 375,981,257.-
LINE OF BUSINESS: Construction and leasing of real estate projects
BOARD AND DIRECT MANAGEMENT:
Board of Directors: Marilu Wiese Moreyra, José Domingo Eluchans Urenda, Gonzalo de la Puente Wiese, José Said Saffie, César Emilio Rodríguez Larraín Salinas, Marco Aveggio Merello and Juan Antonio Álvarez Avendaño.
Direct management: Percy Vigil Vidal (Chief Executive Officer)
DIRECT/INDIRECT INTEREST (%): 50.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 5.0%

NAME: Inversiones Villa el Salvador S.A.C.
CAPITAL: 33,672,497.-
LINE OF BUSINESS: Construction and leasing of real estate projects
BOARD AND DIRECT MANAGEMENT:
Board of Directors: N/A
Direct management: Inmuebles Panamericana S.A. (Chief Executive Officer)
DIRECT/INDIRECT INTEREST (%): 50.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 0.2%

Subsidiary and associate information

NAME: Inversiones Alameda Sur S.A.C.
CAPITAL: 17,527,278.-
LINE OF BUSINESS: Construction and leasing of real estate projects
BOARD AND DIRECT MANAGEMENT:
Board of Directors: N/A
Direct management: Inmuebles Panamericana S.A. (Chief Executive Officer)
DIRECT/INDIRECT INTEREST (%): 50.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 0.2%

NAME: Administradora Panamericana S.A.C.
CAPITAL: 5,350.-
LINE OF BUSINESS: Managing, marketing and advertising shopping centers and all related, derivative or associated activities.
BOARD AND DIRECT MANAGEMENT:
Board of Directors: N/A
Direct management: Inmuebles Panamericana S.A. (Chief Executive Officer)
DIRECT/INDIRECT INTEREST (%): 50.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 0.0%

NAME: Gerencia de Centros Comerciales S.A.C.
CAPITAL: 11,699,651.-
LINE OF BUSINESS: Construction and leasing of real estate projects
BOARD AND DIRECT MANAGEMENT:
Board of Directors: N/A
Direct management: Inmuebles Panamericana S.A. (Chief Executive Officer)
DIRECT/INDIRECT INTEREST (%): 50.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 0.1%

NAME: Sociedad de Inversiones y Gestión S.A.C.
CAPITAL: 11,306,984.-
LINE OF BUSINESS: Construction and leasing of real estate projects
BOARD AND DIRECT MANAGEMENT:
Board of Directors: N/A
Direct management: Inmuebles Panamericana S.A. (Chief Executive Officer)
DIRECT/INDIRECT INTEREST (%): 50.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 0.3%

NAME: Corporación Andaman S.A.C.
CAPITAL: 365,331.-
LINE OF BUSINESS: Domestic and international sale of all types of goods as well as offering entertainment and amusement services.
BOARD AND DIRECT MANAGEMENT:
Board of Directors: N/A
Direct management: Percy Luis Vidal V (Chief Executive Officer)
DIRECT/INDIRECT INTEREST (%): 50.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 0.0%

NAME: Inversiones Bairiki S.A.C.
CAPITAL: 13,254,540.-
LINE OF BUSINESS: Construction and leasing of real estate projects
BOARD AND DIRECT MANAGEMENT:
Board of Directors: N/A
Direct management: Fernando Rodríguez Angobaldo (Chief Executive Officer)
DIRECT/INDIRECT INTEREST (%): 50.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 0.0%

NAME: Inmobiliaria Botafogo S.A.C.
CAPITAL: 35,672,357.-
LINE OF BUSINESS: Construction and leasing of real estate projects
BOARD AND DIRECT MANAGEMENT:
Board of Directors: N/A
Direct management: Inmuebles Panamericana S.A. (Chief Executive Officer)
DIRECT/INDIRECT INTEREST (%): 50.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 0.2%

NAME: Inmobiliaria Costa Nueva S.A.C.
CAPITAL: 43,682,894.-
LINE OF BUSINESS: Construction and leasing of real estate projects
BOARD AND DIRECT MANAGEMENT:
Board of Directors: N/A
Direct management: Inmuebles Panamericana S.A. (Chief Executive Officer)
DIRECT/INDIRECT INTEREST (%): 50.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 0.2%

NAME: Inmobiliaria Pisac S.A.C.
CAPITAL: 47,319,936.-
LINE OF BUSINESS: Construction and leasing of real estate projects
BOARD AND DIRECT MANAGEMENT:
Board of Directors: N/A
Direct management: Inmuebles Panamericana S.A. (Chief Executive Officer)
DIRECT/INDIRECT INTEREST (%): 50.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 0.3%

Subsidiary and associate information

NAME: Inversiones Lendipo S.A.C.
CAPITAL: 50,304,237.-
LINE OF BUSINESS: Construction and leasing of real estate projects
BOARD AND DIRECT MANAGEMENT:
Board of Directors: N/A
Direct management: Inmuebles Panamericana S.A. (Chief Executive Officer)
DIRECT/INDIRECT INTEREST (%): 50.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 0.2%

NAME: Inmobiliaria Kotare S.A.C.
CAPITAL: 5,903,496.-
LINE OF BUSINESS: Construction and leasing of real estate projects
BOARD AND DIRECT MANAGEMENT:
Board of Directors: N/A
Direct management: Inmuebles Panamericana S.A. (Chief Executive Officer)
DIRECT/INDIRECT INTEREST (%): 50.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 0.0%

NAME: Inversiones Kandoo S.A.C.
CAPITAL: 48,321,455.-
LINE OF BUSINESS: Construction and leasing of real estate projects
BOARD AND DIRECT MANAGEMENT:
Board of Directors: N/A
Direct management: Inmuebles Panamericana S.A. (Chief Executive Officer)
DIRECT/INDIRECT INTEREST (%): 50.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 0.3%

NAME: Inmobiliaria Eburns S.A.C.
CAPITAL: 71,401,342.-
LINE OF BUSINESS: Construction and leasing of real estate projects
BOARD AND DIRECT MANAGEMENT:
Board of Directors: N/A
Direct management: Inmuebles Panamericana S.A. (Chief Executive Officer)
DIRECT/INDIRECT INTEREST (%): 50.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 0.4%

NAME: Inversiones Diamanda S.A.C.
CAPITAL: 21,711,353.-
LINE OF BUSINESS: Construction and leasing of real estate projects
BOARD AND DIRECT MANAGEMENT:
Board of Directors: N/A
Direct management: Inmuebles Panamericana S.A. (Chief Executive Officer)
DIRECT/INDIRECT INTEREST (%): 50.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 0.1%

NAME: Inmobiliaria Nueva Centuria S.A.C.
CAPITAL: 613,058.-
LINE OF BUSINESS: Construction and leasing of real estate projects
BOARD AND DIRECT MANAGEMENT:
Board of Directors: N/A
Direct management: Inmuebles Panamericana S.A. (Chief Executive Officer)
DIRECT/INDIRECT INTEREST (%): 50.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 0.0%

NAME: Inversiones Innsmouth S.A.C.
CAPITAL: 37,814,672.-
LINE OF BUSINESS: Construction and leasing of real estate projects
BOARD AND DIRECT MANAGEMENT:
Board of Directors: N/A
Direct management: Inmuebles Panamericana S.A. (Chief Executive Officer)
DIRECT/INDIRECT INTEREST (%): 50.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 0.2%

NAME: Inmobiliaria Castell S.A.C.
CAPITAL: 400.-
LINE OF BUSINESS: Construction and leasing of real estate projects
BOARD AND DIRECT MANAGEMENT:
Board of Directors: N/A
Direct management: José Ballon Espejo (Chief Executive Officer)
DIRECT/INDIRECT INTEREST (%): 50.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 0.0%

NAME: Inversiones Termasia S.A.C.
CAPITAL: 15,830,709.-
LINE OF BUSINESS: Construction and leasing of real estate projects
BOARD AND DIRECT MANAGEMENT:
Board of Directors: N/A
Direct management: Inmuebles Panamericana S.A. (Chief Executive Officer)
DIRECT/INDIRECT INTEREST (%): 50.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 0.1%

NAME: Inversiones Lambore S.A.C.
CAPITAL: 42,648,775.-
LINE OF BUSINESS: Construction and leasing of real estate projects
BOARD AND DIRECT MANAGEMENT:
Board of Directors: N/A
Direct management: Inmuebles Panamericana S.A. (Chief Executive Officer)
DIRECT/INDIRECT INTEREST (%): 50.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 0.1%

NAME: Inversiones Inmobiliarias Puerto Pizarro S.A.C.
CAPITAL: 400.-
LINE OF BUSINESS: Construction and leasing of real estate projects
BOARD AND DIRECT MANAGEMENT:
Board of Directors: N/A
Direct management: Inmuebles Panamericana S.A. (Chief Executive Officer)
DIRECT/INDIRECT INTEREST (%): 50.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 0.0%

Subsidiary and associate information

COLOMBIA

(Capital figures in Colombian pesos)

NAME: Inversiones Colombianas Arauco S.A.S.
CAPITAL: 38,191,516,000.-
LINE OF BUSINESS: Construction and leasing of real estate projects
BOARD AND DIRECT MANAGEMENT:
Board of Directors: N/A
Direct management: Carolina Bermúdez Rueda (Chief Executive Officer), Diego Bermúdez Farías and Tatiana Montealegre McMichen (alternates).
DIRECT/INDIRECT INTEREST (%): 100.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS:1.7%

NAME: Parque Arauco Colombia S.A. (Formerly Inversiones Inmobiliarias Arauco Alameda S.A.S.)
CAPITAL: 76,344,385,000.-
LINE OF BUSINESS: Construction and leasing of real estate projects
BOARD AND DIRECT MANAGEMENT:
Board of Directors: Eduardo Pérez Marchant (director), Olga Tatiana Peña De La Rosa (alternate), Duncan Grob Urzua (director), Tatiana Montealegre McMichen (alternate), Claudio Chamorro Carrizo (director), Juan Miguel Pinto Andrade (alternate), Carolina Bermúdez Rueda (principal), Francisco Javier Moyano Pérez (alternate), Diego Mauricio Bermúdez Farías (director), Rafael Eusebio Labarca Guajaro (alternate).
Direct management: Eduardo Pérez Marchant (Chief Executive Officer), Carolina Bermúdez Rueda and Diego Bermúdez Farías (alternates).
DIRECT/INDIRECT INTEREST (%): 100.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 6.4%

NAME: Inmobiliaria La Colina Arauco S.A.S.
CAPITAL: 40,930,824,000.-
LINE OF BUSINESS: Construction and leasing of real estate projects
BOARD AND DIRECT MANAGEMENT:
Board of Directors: N/A
Direct management: Tatiana Jaramillo Sarcar (Chief Executive Officer), Diego Bermúdez Farías and Carolina Bermúdez Rueda.
DIRECT/INDIRECT INTEREST (%): 100.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 3.5%

NAME: Eje Construcciones S.A.S.
CAPITAL: 392,156,000.-
LINE OF BUSINESS: Construction and leasing of real estate projects
BOARD AND DIRECT MANAGEMENT:
Board of Directors: Eduardo Pérez Marchant, Tatiana Montealegre McMichen (alternate), Diego Mauricio Bermúdez Farías, Olga Tatiana Peña De La Rosa (alternate), Carolina Bermúdez Rueda, Juan Miguel Pinto Andrade (alternate), José Farid Merheg Sabbagh, Eduardo Merheg Sabbach (alternate), and Ricardo Merheg Sabbagh, Alberto de Jesús Velásquez Uribe (alternate).
Direct management: Mildred Patiño Suarez (Chief Executive Officer), Juanita Villate Sabogal and Martha Patricia Calderón Cardozo.
DIRECT/INDIRECT INTEREST (%): 55.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 1.2%

NAME: Inversiones Inmobiliarias Bucaramanga Arauco S.A.S.
CAPITAL: 9,747,418,000.-
LINE OF BUSINESS: Construction and leasing of real estate projects
BOARD AND DIRECT MANAGEMENT:
Board of Directors: N/A
Direct management: Olga Cecilia Luna Rojas (Chief Executive Officer), Diego Bermúdez Farías and Carolina Bermúdez Rueda
DIRECT/INDIRECT INTEREST (%): 100.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 1.1%

ARGENTINA

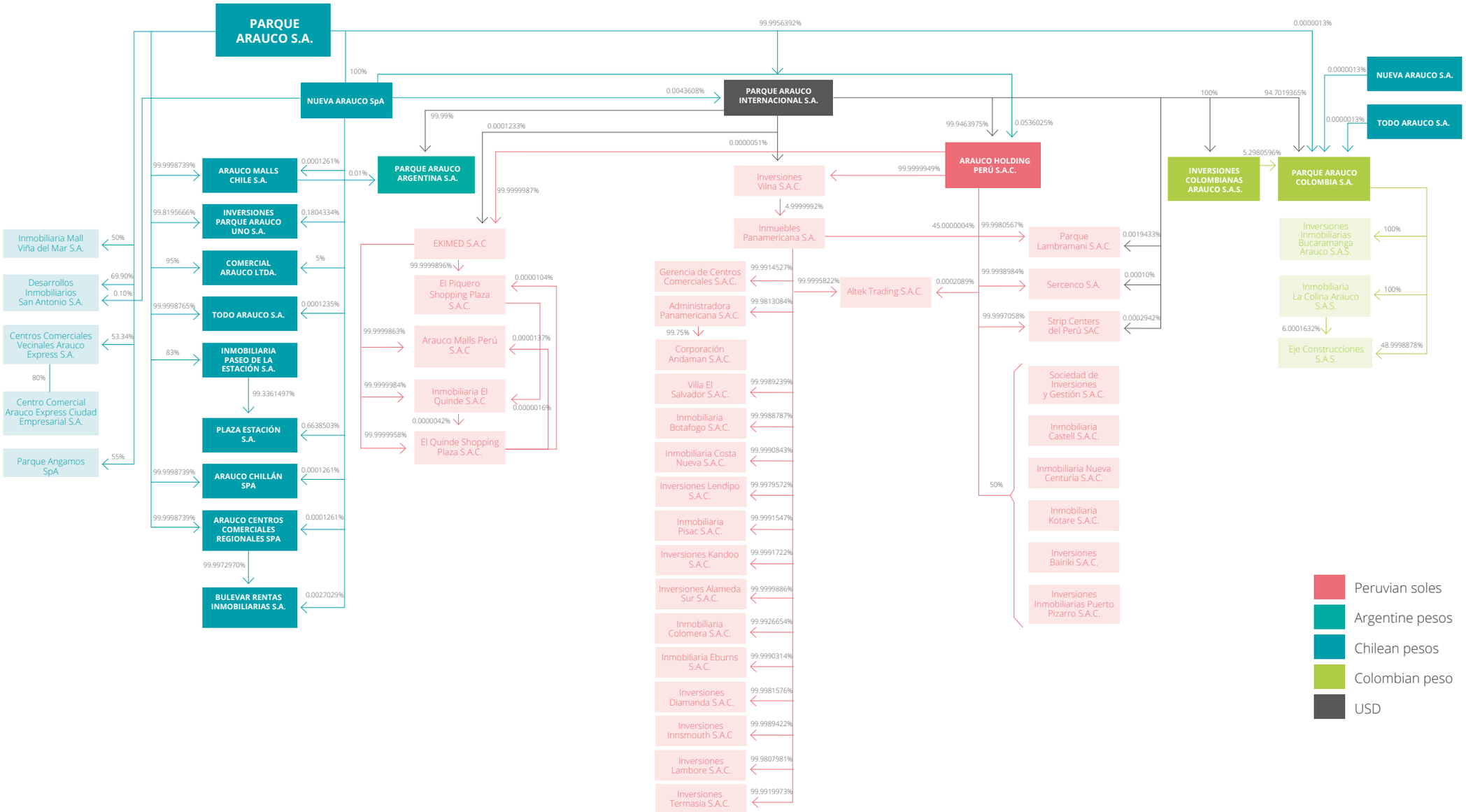
(Capital figures in Argentine pesos)

NAME: Parque Arauco Argentina S.A.
CAPITAL: 7,031.-
LINE OF BUSINESS: Construction and leasing of real estate projects
BOARD AND DIRECT MANAGEMENT:
Board of Directors: Fabián Cainzos (One director position is vacant.)
Direct management: Eduardo Pérez Marchant (Chairman) and Leonardo Fernández (Vice Chairman)
DIRECT/INDIRECT INTEREST (%):100.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 0.0%



Subsidiary and associate information

COMPANY STRUCTURE



Glossary

GLA: Gross Leasable Area: equals the sum of areas available for lease

COMPANY-OWNED GLA: Total GLA multiplied by Parque Arauco's ownership interest in the shopping center

ADJUSTED FFO MARGIN: AFFO / revenue

AFFO: Adjusted Funds From Operations: Net Profit - Depreciation & Amortization - Share of Profit (Loss) - Other Gains (Losses) - Foreign Exchange Differences - Indexation Units - Fair Value of Investment Properties + Associates Adjusted FFO

LAND BANKS: Land the company maintains for future development

REGIONAL SHOPPING CENTER: Shopping center with GLA in excess of 20,000m^2

NEIGHBORHOOD SHOPPING CENTER: Shopping center with GLA between 6,000-20,000m^2

CONTROLLING ADJUSTED FFO: AFFO attributable to the shareholders of the company

CONTROLLING FFO: FFO attributable to the shareholders of the company

TENANT COST: (Minimum rent + variable rent + building fees + cost of advertisement fund paid by Parque Arauco tenants) / tenant sales

EBITDA: Earnings Before Income Tax Depreciation and Amortization: Revenue + Cost of Sales + Administrative Expenses - Depreciation and Amortization

FFO: Funds From Operations: Total gains (losses) - Depreciation and Amortization - Share of Profit (Loss) + Associates FFO

MONTHLY REVENUES / M^2: Monthly revenues divided by GLA weighted by occupancy for the period

EBITDA MARGIN: EBITDA / Revenue

NET INCOME MARGIN: Net Profit / Revenue

NOI: Net Operating Income: Revenue + Cost of Sales + Administrative Expenses - Depreciation & Amortization + Associates NOI

OCCUPANCY: GLA paying rent divided by total GLA

PIPELINE: Greenfield and expansion projects under development

PREMIUM OUTLET: Shopping center located outside the city offering clothing and goods at reduced prices

GREENFIELD PROJECTS: Organic development of new shopping centers

SSR: Same Store Rent: Percentage change in the rent collected from tenants who paid rent in both of the periods being compared

SSS: Same Store Sales: Percentage change in the sales reported by tenants who reported sales in both of the peri being compared

STRIP CENTER: A shopping center with GLA of less than 6,000 m^2

LTM: Last Twelve Months: Refers to information from the last twelve months

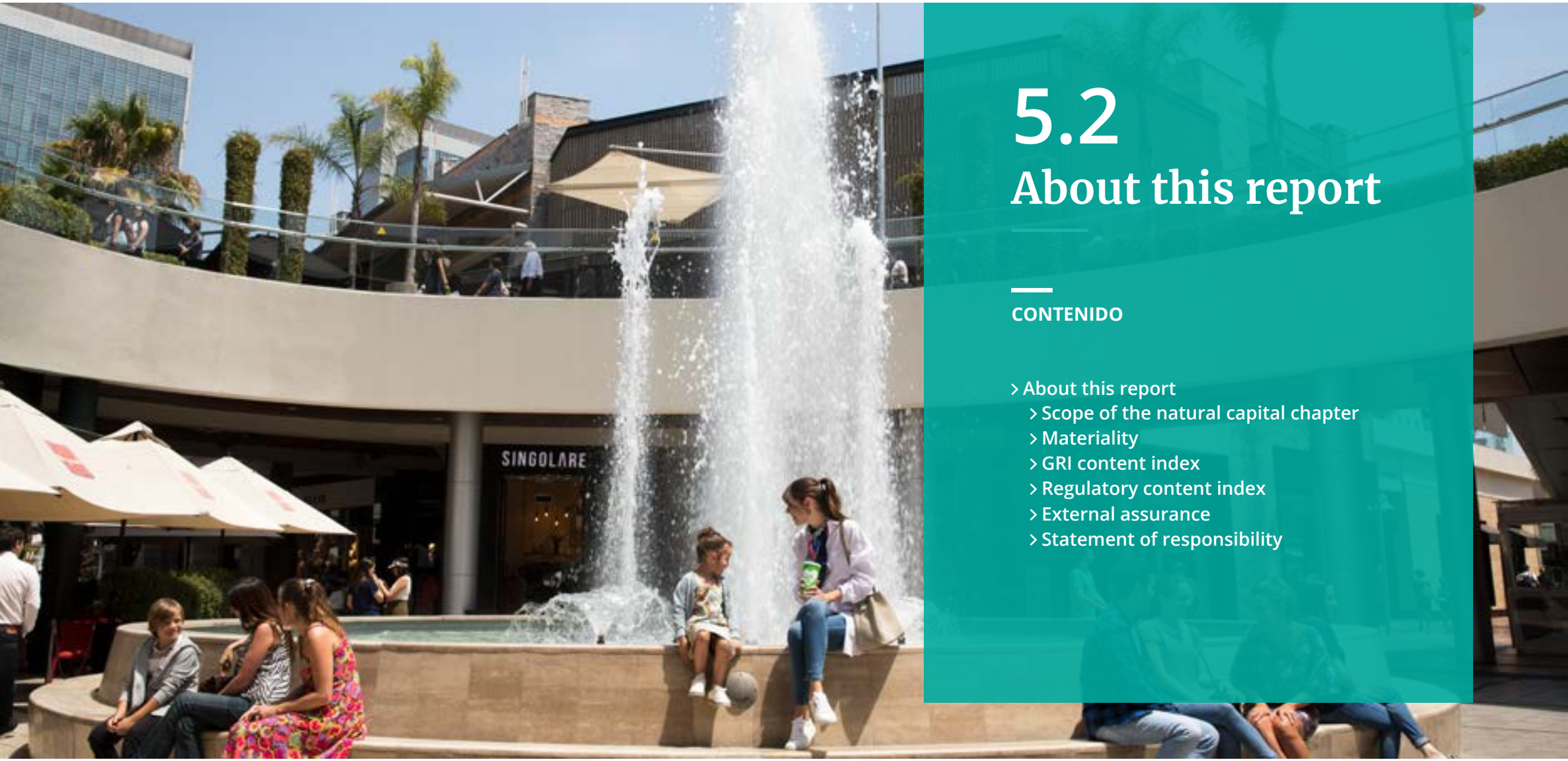
UF: *Unidad de Fomento:* A Chilean unit of account indexed to daily inflation

EARNINGS PER SHARE: Earnings attributable to equity holders / average weighted number of shares over last twelve months

TENANT SALES: Consolidated sales by tenants at shopping centers

MONTHLY SALES/M^2: Monthly tenant sales divided by GLA weighted by occupancy for the period





5.2
About this report

CONTENIDO

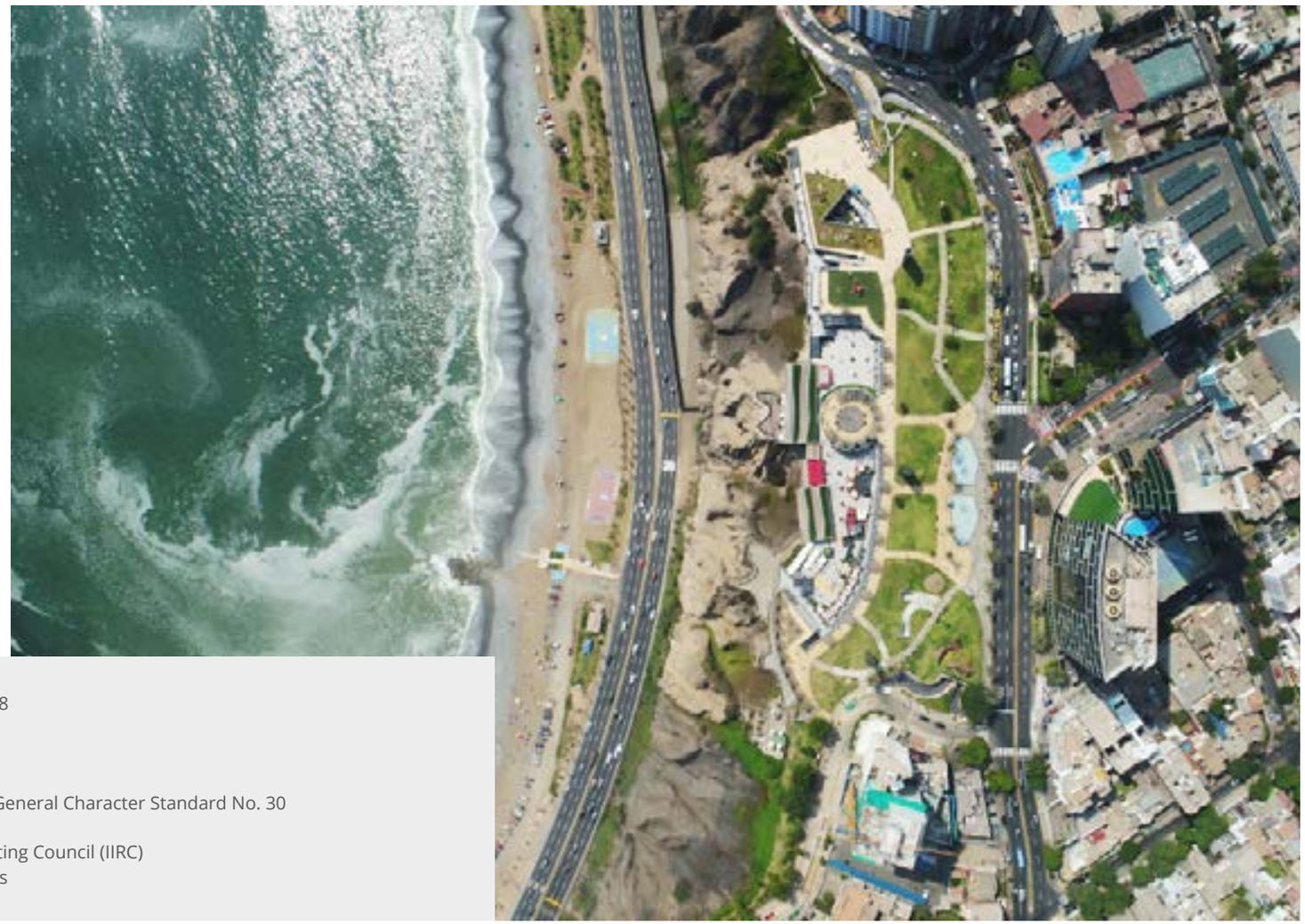
› About this report
  › Scope of the natural capital chapter
  › Materiality
  › GRI content index
  › Regulatory content index
  › External assurance
  › Statement of responsibility

About this report

Our 2018 annual report was produced, for the second straight year, as an integrated report that presents financial and non-financial information about Parque Arauco related to the economic, social, environmental and corporate governance matters that are most important to our business. The content of this report includes relevant indicators that enable us to learn about, manage and improve our operations and stakeholder relations. This report describes Parque Arauco's contributions to achieving the United Nation's Sustainable Development Goals by 2030. We focused on four of these goals: SDG 8, Decent work and economic growth; SDG 11, Sustainable cities and communities; SDG 13, Climate action; and SDG 17 Partnerships for the goals.

This report was prepared in accordance with the Core Option of the GRI Standards. It includes the principles and elements of the International Integrated Reporting Council (IIRC).

Financial reporting is based on the Chilean Financial Market Commission's General Character Standard No. 30.



PERIOD	January 1 to December 31, 2018
FREQUENCY	Annual
RULES AND STANDARDS CONSIDERED	Financial Market Commission General Character Standard No. 30 GRI Standards International Integrated Reporting Council (IIRC) Sustainable Development Goals

Scope of the natural capital chapter

The information presented in this report includes Parque Arauco's corporate offices as well as its operations in Chile, Peru and Colombia. However, the natural capital chapter focuses on shopping centers with the largest gross leasable area (GLA) in each country (see table). The indicators in the natural capital chapter were calculated on the basis of 27 shopping centers, representing 84.1% of total GLA as of December 31, 2018 and 92.8% of revenue.



SHOPPING CENTERS (GLA) INCLUDED IN THE SCOPE OF THE NATURAL CAPITAL CHAPTER

	GLA (m^2)
Chile	**423,000**
Parque Arauco Kennedy	112,000
Arauco Maipú	72,500
Arauco Chillán	35,000
Arauco Estación	67,000
Arauco San Antonio	28,500
Arauco Quilicura	32,000
Arauco Coronel	30,000
Arauco Premium Outlet Buenaventura	24,000
Outlet Arauco Concepción	9,000
Outlet Arauco Curauma	7,000
Outlet Arauco Coquimbo	6,000

	GLA (m^2)
Peru	**307,500**
Larcomar	27,000
Parque Lambramani	30,000
El Quinde Ica	36,500
El Quinde Cajamarca	32,500
Premium Outlet Lurín	8,500
InOutlet Faucett	7,500
Viamix Chorrillos	4,000
Viamix Colonial	3,000
Viamix Las Malvinas	2,000
MegaPlaza Norte	112,000
MegaPlaza Chimbote	28,000
MegaPlaza Cañete	16,500

	GLA (m^2)
Colombia	**155,500**
Parque Arboleda	41,000
Parque Caracolí	38,500
Parque La Colina	62,500
Premium Outlet Arauco (Sopó)	13,500

	GLA (m^2)
Scope of the natural capital chapter	
Scope	84.10%
Total PASA portfolio	1,053,000
Total scope	886,000

Materiality

1. IDENTIFICATION OF MATERIAL EVENTS

To prioritize topics for inclusion in this report and the company's sustainability management, we conducted an organization-wide survey. Analysis included identification of the most relevant themes for the different stakeholders in economic, environmental and social realms; real estate industry trends related to sustainable management; best international practices; the assessment criteria for different sustainability indexes and interaction with stakeholders.

SOURCES OF INFORMATION

Sustainability indexes
We accounted for the topics that are most important for the Dow Jones Sustainability Index, Vigeo Eiris and GRESB in the real estate industry.

Meetings and direct communication with investors
Our Investor Relations Area addressed sustainability issues in meetings, conference calls and emails with different capitals market representatives.

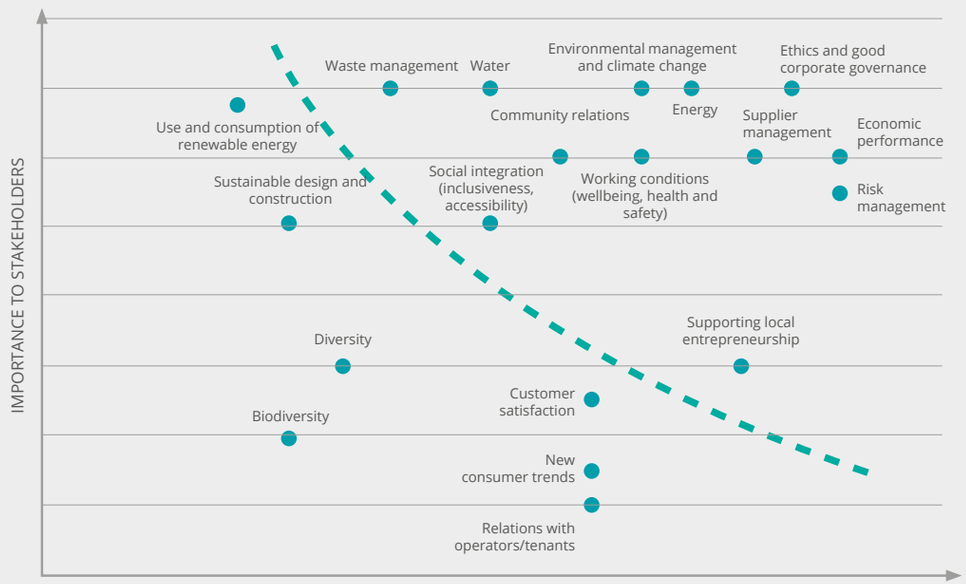
2018 Materiality Survey
A survey gathered general information to complement analyses from other information sources. Of the 87 survey respondents, 76% were employees and the remaining 24% were suppliers, NGOs and financial market representatives.

Press
Press coverage in Chile, Peru and Colombia between January 1 and October 23, 2018, was analyzed with the support of CORPO communications agency.

2. ANALYSIS AND IDENTIFICATION OF MATERIAL TOPICS

These sources were reviewed in order to identify the topics that are of greatest interest and are repeatedly cited as key areas of value creation for companies in our industry. Issues were prioritized by frequency of mention or relevance for the sources consulted as well as the issue's ties or impact on our line of business. We identified the most important topics in order to define the content of our report, then created a materiality matrix that illustrates the results of the entire process.

2018 MATERIALITY MATRIX



Materiality

The following table shows the topics, grouped by management area, that we prioritized using the materiality matrix.

Each material topic's potential impact and ties to our line of business is included in this synthesis.

Scope	Material topic	Potential impact or ties to the line of business
Economic performance	Ethics and good corporate governance Risk management Supplier management	These issues influence the capacity to anticipate and respond to potential risks as well as their impact on the company's results.
Environmental management and climate change	Energy Water Waste management	These issues are related to opportunities for efficiency, cost reduction and anticipation of potential environmental risks.
Relationships with neighboring communities	Support for local entrepreneurship Social integration (accessibility) Relations with neighbors	These issues influence the business's reputation, customer experience and stakeholders' positive perceptions.
Attracting and retaining talent	Good working conditions Health and safety Wellbeing	These issues optimize opportunities for the internal team to perform excellently and to attract and retain talent, impacting good business performance.

3. VALIDATION AND VERIFICATION

The content of this report is based on direct information sources and was reviewed and validated by executives from different areas of the company. Furthermore, the data included in this report was independently verified by PwC.



GRI content index

UNIVERSAL STANDARDS

Code	Content	Section	Page	Verified	SDG
Organizational profile					
102-1	Name of the organization	Our company	15	Yes	
102-2	Activities, brands, products and services	Our company	16	Yes	
102-3	Location of headquarters	Our company	15	Yes	
102-4	Location of operations	Our company	17	Yes	
102-5	Ownership and legal form	Our company	14	Yes	
102-6	Markets served	Our company	16	Yes	
102-7	Scale of the organization	Our company	15	Yes	
102-8	Information on employees and other workers	Human capital	104-147	Yes	8; 10
102-9	Supply chain	Supplier relationships	116	Yes	
102-10	Significant changes to the organization and its supply chain	Supplier relationships	116	Yes	
102-11	Precautionary principle or approach	Natural capital	89	Yes	
102-12	External initiatives	How we create value	40	Yes	17
102-13	Membership of associations	How we create value	46	Yes	17
Strategy					
102-14	Statement from senior decision-maker	Letter from the Chairman and EVP	9-10	Yes	
102-15	Key impacts, risks and opportunities	How we create value	36-37	Yes	
Ethics and integrity					
102-16	Values, principles, standards, and norms of behavior	Our company	13	Yes	16
102-17	Mechanisms for advice and concerns about ethics	Our company	28	Yes	16

GRI content index

UNIVERSAL STANDARDS

Code	Content	Section	Page	Verified	SDG
Corporate governance					
102-18	Governance structure	Our company	22	Yes	
102-19	Delegation of authority	Our company	23	Yes	
102-20	Executive-level positions with responsibility for economic, environmental and social topics	Our company	27	Yes	
102-21	Processes for consultation with stakeholders on economic, environmental and social topics.	About this report	167	Yes	16
102-22	Composition of highest governance body	Our company / Additional information	24, 138	Yes	5; 16
102-23	Chair of the highest governance body	Our company	24	Yes	16
102-24	Nominating and selecting the highest governance body	Additional information	138	Yes	5; 16
102-25	Conflicts of interest	Additional information	146	Yes	16
102-26	Role of highest governance body in setting purpose, values, and strategy	Our company	22	Yes	
102-29	Identifying and managing economic, environmental, and social impacts	Our company	23	Yes	16
102-30	Effectiveness of risk management processes	Our company	32	Yes	
102-31	Evaluation of economic, environmental and social topics	Our company	27	Yes	
102-32	Highest governance body's role in sustainability reporting	About this report	167	Yes	
102-33	Communicating critical concerns	Our company	23, 27, 28	Yes	
102-35	Remuneration policies	Additional information	150	Yes	
Stakeholder engagement					
102-40	List of stakeholder groups	How we create value	45	Yes	17
102-41	Collective bargaining agreements	Human capital	111	Yes	8
102-42	Identifying and selecting stakeholders	How we create value	45	Yes	
102-43	Approach to stakeholder engagement	How we create value	45	Yes	
102-44	Key topics and concerns raised	About this report	167-168	Yes	

GRI content index

UNIVERSAL STANDARDS

Code	Content	Section	Page	Verified	SDG
Reporting practice					
102-45	Entities included in the consolidated financial statements	Financial statements	200	Yes	
102-46	Defining report content and topic boundaries	About this report	167	Yes	
102-47	List of material topics	About this report	167,168	Yes	
102-48	Restatements of information		168		
102-49	Changes in reporting	About this report	no changes	Yes	
102-50	Reporting period	About this report	165	Yes	
102-51	Date of most recent report	About this report	165	Yes	
102-52	Reporting cycle	About this report	165	Yes	
102-53	Contact point for questions regarding the report	Additional information	127	Yes	
102-54	Claims of reporting in accordance with the GRI Standards	About this report	165	Yes	
102-55	GRI content index	GRI index	169	Yes	
102-56	External assurance	Additional information	168	Yes	

TOPIC-SPECIFIC STANDARDS

Economic standards

Code	Content	Section	Page	Verified	SDG
Economic performance					
201-1	Direct economic value generated and distributed	Additional information	135	Yes	8; 9
202-2	Proportion of senior management hired from the local community	Additional information	147		

GRI content index

TOPIC-SPECIFIC STANDARDS

Environmental standards

Code	Content	Section	Page	Verified	SDG
Materials					
301-2	Recycled input materials used	Natural capital and additional information	99, 137	Yes	8; 12
Energy					
302-1	Total energy consumption within the organization	Additional information	137	Yes	7; 8; 12; 13
302-2	Total energy consumption outside the organization	Annex	137	Yes	7; 8; 12; 13
302-3	Energy intensity	Natural capital	97, 137	Yes	7; 8; 12; 13
302-4	Reduction of energy consumption	Natural capital and natural capital annex	97, 137	Yes	7; 8; 13
302-5	Reduction in energy requirements of products and services.	Natural capital	97	Yes	7; 8; 13
Water					
303-1	Interactions with water as a shared resource	Natural capital	98		6
303-2	Management of water discharge related impacts	Natural capital	98	Yes	6
303-3	Water withdrawal	Natural capital	98	Yes	6; 8; 12
303-5	Water consumption	Natural capital	98, 137	Yes	
Biodiversity					
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Natural capital	100	Yes	6; 14; 15
304-3	Habitats protected or restored	Natural capital	100	Yes	

GRI content index

TOPIC-SPECIFIC STANDARDS

Environmental standards

Code	Content	Section	Page	Verified	SDG
Emissions					
305-1	Direct GHG emissions (Scope 1)	Natural capital	137	Yes	3; 12; 13; 14; 15
305-2	Energy indirect (Scope 2) GHG emissions	Natural capital	137	Yes	3; 12; 13; 14; 15
305-4	Greenhouse gas emissions intensity	Natural capital	99, 137	Yes	13; 14; 15
305-5	Greenhouse gas emissions reduction	Natural capital	99, 137	Yes	13; 14; 15
Waste					
306-2	Waste by type and disposal method	Natural capital	99, 137	Yes	3; 6; 12
Supplier environmental assessment					
308-1	New suppliers that were screened using environmental criteria	Supplier relationships	124		



GRI content index

SOCIAL STANDARDS: MATERIAL TOPICS

Code	Content	Section	Page	Verified	SDG
Employment					
	Percentage of vacancies filled with internal candidates (internal promotion)	Human capital	106	Yes	
401-1	New employee hires and employee turnover	Human capital	105, 148	Yes	5; 8; 10
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Human capital	110	Yes	3; 5; 8
Occupational health and safety					
403-1	Occupational health and safety management system	Real estate assets	64-65	Yes	8
403-4	Worker participation, consultation, and communication on occupational health and safety	Human capital	109	Yes	8
403-5	Worker training on occupational health and safety	Human capital	107	Yes	
403-6	Promotion of worker health	Human capital	109	Yes	
403-9	Work-related injuries	Human capital/ Additional information	109, 148	Except contractor accidents in Colombia	
Training and education					
404-1	Average hours of training per year per employee	Human capital	107	Yes	4; 5; 8; 10
404-2	Programs for upgrading employee skills and transition assistance programs	Human capital	108	Yes	8
Diversity and equal opportunity					
405-1	Diversity of governance bodies and employees	Additional information	147, 148	Yes	5; 8
405-2	Ratio of basic salary and remuneration of women to men	Human capital	105	Yes	5; 8; 10
Human Rights					
412-1	Operations that have been subject to human rights reviews or impact assessments	How we create value	40	Yes	

GRI content index

SOCIAL STANDARDS

Code	Content	Section	Page	Verified	SDG
Local communities					
	Support for local and emerging entrepreneurship	Social capital	85	Yes	
	Number of free activities for the community in Chile, Peru and Colombia	Social capital	79	Yes	
	Number of participants in these activities	Social capital	82	Yes	
	Number of free sports and healthy living activities hosted in our spaces	Social capital	79, 82	Yes	
	Number of fairs and initiatives to support emerging entrepreneurs	Social capital	85	Yes	
	Number of inclusiveness activities for people with disabilities and number of participants	Social capital	84	Yes	
	Number of community education initiatives related to environmental issues and recycling and number of participants	Social capital	101	Yes	
	Number of practices and/or job opportunities for people with disabilities	Social capital	84	Yes	
	Number of foundations or organizations that received with space donations	Social capital	79	Yes	
413-1	Operations with local community engagement, impact assessments and development programs	Social capital	79, 82	Yes	
Social assessment of suppliers					
414-1	New suppliers that were screened using social criteria	Supplier relationships	124	Yes	5; 8; 16

Regulatory content index

Financial Market Commission General Character Standard No. 30

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Regulatory content index

Financial Market Commission General Character Standard No. 30

Content	Section	Page
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Executive compensation	Additional information	150
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Directors and executives with ownership interests	Our company	24, 26
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External assurance

(A free translation from the original in Spanish)

INDEPENDENT PROFESSIONALS' REVIEW REPORT

Santiago, April 9th, 2019

Messrs. Shareholders and Directors
Parque Arauco S.A.

We have reviewed the sustainability information of Parque Arauco S.A., for the year finalized on December 31, 2018 included in their 2018 Integrated Report. Parque Arauco S.A.'s management is responsible for the presentation of sustainability information in accordance with the "core" option of the sustainability reporting standards of the Global Reporting Initiative (GRI standards). Our responsibility is to express a conclusion on the sustainability information based on our review.

Our review was conducted in accordance with attestation standards established by the Chilean Institute of Public Accountants A.G. Those standards require that we plan and perform the review to obtain limited assurance about whether any material modifications should be made to the sustainability information in order for it to be in accordance with the "core" option of the GRI standards. A review is substantially less in scope than an examination, the objective of which is to obtain reasonable assurance about whether the Sustainability information is in accordance with the "core" option of the GRI standards, in all material respects, in order to express an opinion. Accordingly, we do not express such an opinion. We believe that our review provides a reasonable basis for our conclusion.

We performed the following procedures:

- work planning according to relevance and volume of the sustainability information presented in the 2018 Integrated Report draft;
- understanding of the materiality process conducted by Parque Arauco S.A., the material aspects identified, management approaches and selected indicators, in accordance with the "core" option under the GRI standards;
- interviews with different executives responsible for the sustainability information in the 2018 Integrated Report;
- review, based on testing, that the sustainability data included in the 2018 Integrated Report is consistent with the documentary evidence reviewed and/or comes from verifiable supporting information sources;
- review that the financial information included in the sustainability information is derived from accounting records or from financial statements as of December 31, 2018 audited by an independent firm of auditors.

The information reviewed is detailed in pages 168 to 175 of Parque Arauco S.A.'s 2018 Integrated Report.

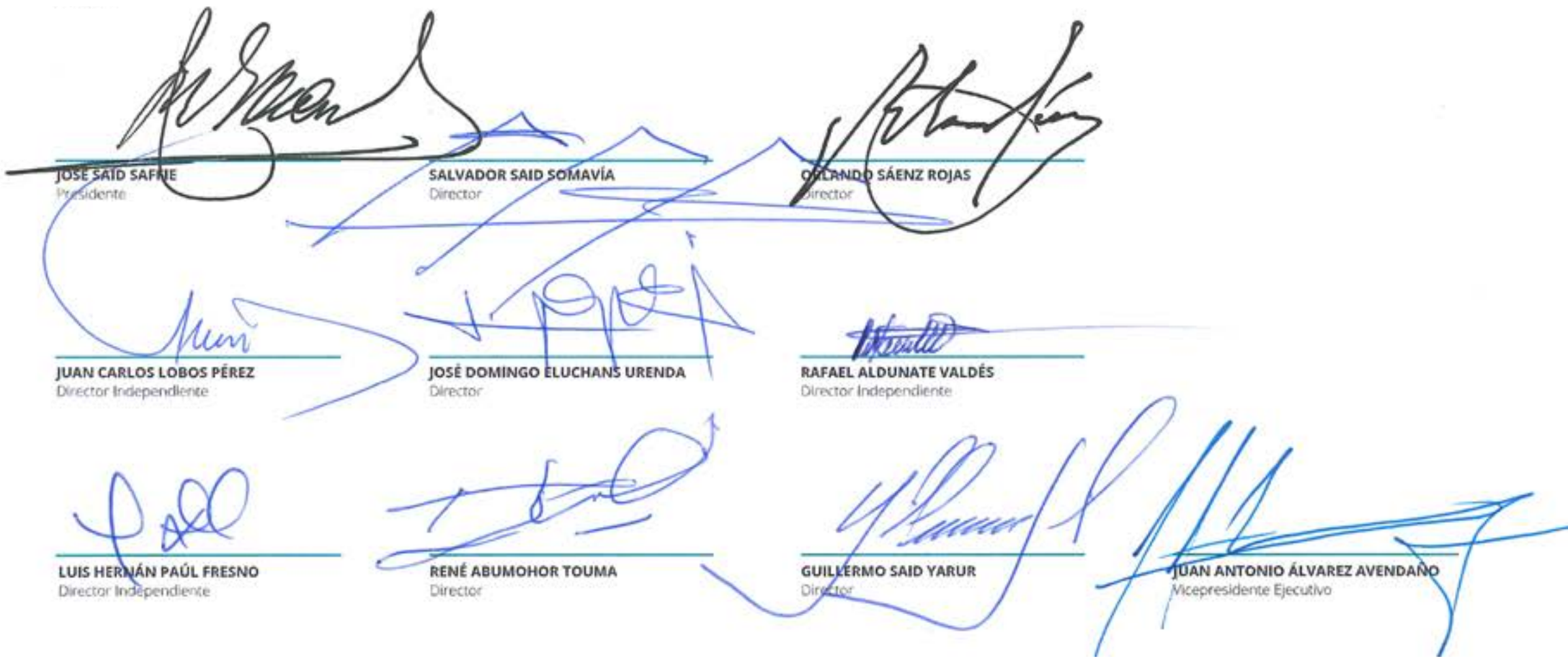
Based on our review, we are not aware of any material modifications that should be made to the sustainability information of Parque Arauco S.A., for the year ended December 31, 2018, included in their 2018 Integrated Report, in order for it to be in accordance with the "core" option of the sustainability reporting standards of the Global Reporting Initiative.

Andrew de la Mare

PricewaterhouseCoopers, Av. Andrés Bello 2711 – Pisos 2, 3, 4 y 5, Las Condes – Santiago, Chile
RUT: 81.513.400-1 – Teléfono: (56) (2) 940 0000 – www.pwc.cl

Statement of responsibility

In accordance with Financial Market Commissions General Character Standard No. 30, the undersigned declare themselves responsible for the veracity of the information contained herein as of December 31, 2018.



JOSÉ SAID SAFFIE
Presidente

SALVADOR SAID SOMAVÍA
Director

ORLANDO SÁENZ ROJAS
Director

JUAN CARLOS LOBOS PÉREZ
Director Independiente

JOSÉ DOMINGO ELUCHANS URENDA
Director

RAFAEL ALDUNATE VALDÉS
Director Independiente

LUIS HERNÁN PAÚL FRESNO
Director Independiente

RENÉ ABUMOHOR TOUMA
Director

GUILLERMO SAID YARUR
Director

JUAN ANTONIO ÁLVAREZ AVENDAÑO
Vicepresidente Ejecutivo



6 STATEMENTS FINANCIAL

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› Summarized financial statements of subsidiaries



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- Summarized Cash Flow
- Main Financial Indicators
- Asset Level Results
- Property Level Results
- Highlights by Country
- Future Developments
- Land Bank
- Case Study
- Consolidated Financial Statements
- Market Risk Analysis

CONFERENCE CALL:
Date: January 25, 2019 | Time: 9:00 am EST / 11:00 am Santiago
Participants calling from the US (toll free): 1-888-317-6003 | Chile (toll free): 1230-020-0479
International: 1-412-317-6061
Participant Elite Entry Number: 2426480
https://services.choruscall.com/links/parque190125.html

CONTACTS:
Tori Creighton (Head of Investor Relations)
Francisco Moyano (Corporate Finance Manager)
Claudio Chamorro Carrizo (CFO)
Tel: (562) 22990510 | Email: ir@parauco.com

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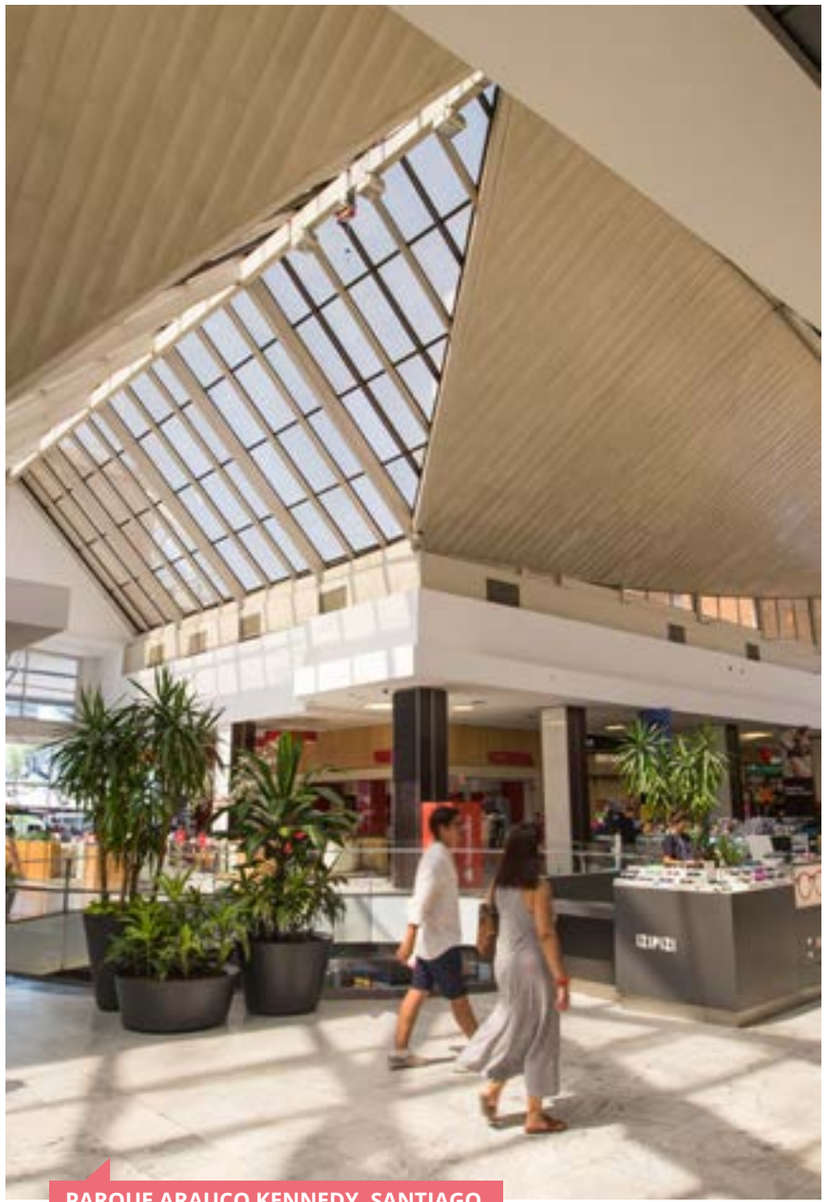


PARQUE ARAUCO KENNEDY, SANTIAGO

Executive Summary

- Tenant sales, lead by Peru and Colombia, increased 3.5% during the year of 2018 and amounted to a total of Ch$ 1,904,661 millon.
- Revenues also increased by a solid 4.1% during 2018, reaching Ch$ 189,618 million.
- EBITDA increased 5.8% during 2018, amounting to Ch$ 137,717 million. Despite weak consumption in Chile, the Company improved its EBITDA as a result of financial flexibility, control of costs, and strong growth in the Colombian operation.
- The EBITDA margin improved from 71.5% in 2017 to 72.6% at the close of 2018, an improvement of 116 basis points during the year.
- Net Operating Income (NOI) increased 6.1% during the year, amounting to Ch$ 152,499 million.
- AFFO attributable to the shareholders increased 12.0% during 2018, amounting to Ch$ 94,267 million, an increase in line with EBITDA growth. During the fourth quarter the AFFO attributable to shareholders increased 17.2%.
- Profit attributable to shareholders amounted to Ch$ 117,863 million, increasing 32.4% during 2018.
- Owned Gross Leasable Area (GLA) increased 6.2%, amounting to 937,092 m2, compared with 2017, as a result of the incorporation of Viamix Colonial, Arauco Express Coquimbo, Parque Angamos, Arauco El Bosque, and Bazar Gourmet.
- Consolidated Gross Leasable Area (GLA) increased 4.1%, reaching 1,053,000 m2, due to the recently incorporated assets mentioned above.
- Consolidated occupancy levels have maintained stable at 94.7% at the end of 2018.
- Highlights of the year include the acquisition of Arauco El Bosque, a 30,000 m2 regional mall located in Santiago,Chile, for 1,750,000 UF, and the announcement of a business combination with the Wiese Group in Peru in order to purchase the minority interest in MegaPlaza malls.
- In 2018, we issued bonds in Chile, Series T and V, for UF 5 million. The seven-year T bond was issued for UF 1 million at a 1.69% yield and the ten-year V bond was issued for UF 4 million at a 2.34% yield, the lowest yield for a Chilean corporate bond issuance for 10-year duration bonds (excluding banks and state-owned companies).
- Following the close of 2018, Parque Arauco announced the sale of 49% participation for 2,721,394 UF in four of its malls: Arauco Quilicura, Arauco Coronel, Arauco San Antonio y Arauco El Bosque. Additionally, the Company received an offer from Larrain Vial for the purchase or sale of the Arauco Express strip centers.
- In January, the Company was included in the FTSE4Good Emerging Markets and Latin America indices, making Parque Arauco the only real estate company in Latin America to be included in both the FTSE4Good and Dow Jones Sustainability (Chile, MILA, EM) indices.

FINANCIAL AND OPERATING RESULTS

Consolidated Income Statement

ThCh$

Consolidated Income Statement	4Q18	4Q17	Chg, %	2018	2017	Chg, %
Revenues	54,825,663	51,569,848	6.3%	189,618,287	182,215,067	4.1%
(+) Cost of sales	(9,915,215)	(9,926,449)	(0.1%)	(39,437,276)	(39,346,715)	0.2%
Gross profit	44,910,448	41,643,399	7.8%	150,181,012	142,868,352	5.1%
(+) Administrative expenses	(4,844,726)	(4,501,969)	7.6%	(15,807,825)	(16,552,007)	(4.5%)
(+) Other gains, by function	636,635	2,227,986	(71.4%)	32,646,712	2,989,491	992.0%
(+) Other losses, by function	(5,131,589)	(2,660,033)	92.9%	(10,021,080)	(6,543,741)	53.1%
Operational results	35,570,768	36,709,383	(3.1%)	156,998,818	122,762,095	27.9%
(+) Financial income	2,738,016	1,189,629	130.2%	7,975,774	5,730,163	39.2%
(+) Financial expenses	(10,124,797)	(8,775,485)	15.4%	(36,627,127)	(38,086,741)	(3.8%)
(+) Share of profit (loss) of associates accounted	4,237,367	4,951,458	(14.4%)	10,330,051	11,663,908	(11.4%)
(+) Foreign exchange differences	-15,121	3,066	N/A	-5,862	-80,514	(92.7%)
(+) Income (loss) for indexed assets and liabilities	(5,897,760)	(3,230,883)	82.5%	(18,148,557)	(10,713,993)	69.4%
(+) Gains (losses) from the difference between the previous book value and the fair value of financial assets	50,325,495	51,569,506	(2.4%)	50,325,495	51,569,506	(2.4%)
Profit before income tax	76,833,968	82,416,674	(6.8%)	170,848,592	142,844,424	19.6%
(+) Current taxes	(2,843,014)	(3,240,730)	(12.3%)	(24,111,973)	(13,357,167)	80.5%
(+) Deferred taxes	(16,238,898)	(24,158,173)	(32.8%)	(23,347,206)	(30,019,688)	(22.2%)
Net profit (loss)	57,752,056	55,017,771	5.0%	123,389,413	99,467,569	24.1%
Net profit (loss) attributable to:						
Equity holders of the company	57,463,349	49,559,241	15.9%	117,863,488	88,989,529	32.4%
Non-controlling interests	288,711	5,458,531	(94.7%)	5,525,925	10,478,040	(47.3%)
EBITDA	4Q18	4Q17	Chg. %	2018	2017	Chg. %
Revenues	54,825,663	51,569,848	6.3%	189,618,287	182,215,067	4.1%
(+) Cost of sales	(9,915,215)	(9,926,449)	(0.1%)	(39,437,276)	(39,346,715)	0.2%
(+) Administrative expenses	(4,844,726)	(4,501,969)	7.6%	(15,807,825)	(16,552,007)	(4.5%)
(-) Amortization and depreciation	(1,292,387)	(1,013,578)	27.5%	(3,343,892)	(3,909,654)	(14.5%)
EBITDA	41,358,109	38,155,008	8.4%	137,717,078	130,225,999	5.8%

FINANCIAL AND OPERATING RESULTS

Key Performance Indicators

Key Performance Indicators	4Q18	4Q17	Chg.	2018	2017	Chg.
EBITDA margin (%)	75.4%	74.0%	145	72.6%	71.5%	116
Net income margin (%)	105.3%	106.7%	-135	65.1%	54.6%	1.048
Adjusted FFO margin (%)	61.8%	58.5%	325	55.4%	52.1%	335
Owned mall NOI (Ch$ million) [1]	47,602	43,551	9.3%	160,972	150,002	7.3%
Owned GLA (m²) [2]	937,092	882,769	6.2%	894,667	858,553	4.2%
Controlling FFO (Ch$ million) [3]	58,646	50,147	16.9%	100,637	92,566	8.7%
Controlling Adjusted FFO (Ch$ million) [4]	30,661	26,16	17.2%	94,267	84,191	12.0%
NOI (Ch$ million) [5]	45,934	42,087	9.1%	152,499	143,751	6.1%
Consolidated GLA (m²) [6]	1,053,000	1,012,000	4.1%	1,053,000	1,012,000	4.1%
Total tenant sales (Ch$ million) [7]	561,297	541,372	3.7%	1,904,661	1,840,031	3.5%
Weighted average shares basic (million)	900.0	895.4	0.5%	900.0	895.4	0.5%
EPS (Ch$) [8]	63,85	55,35	15.4%	130.97	99.39	31.8%
Stock Price (Ch$)	1,545	1,907	-19.4%	1,545	1,907	-19.0%
Market Capitalization (Ch$ million)	1,393,833	1,712,.003	-18.6%	1,393,833	1,712,003	-18.6%
Daily traded volume (Ch$ million)	1,215	2,172	-44.1%	1,437	2,217	(35.2%)

(1) The sum of the controlled portion of the NOI of our malls, in addition to the NOI proportional to our participation in the Marina Group. This does not include corporate overhead.
(2) GLA of Grupo Marina is included.
(3) FFO = Net Profit - Depreciation & Amortization - Share of Profit (Loss) of Associates Accounted + Associates Accounted FFO.
(4) Adjusted FFO = Net Profit - Depreciation & Amortization - Other Income/expenses - Share of Profit (Loss) of Associates Accounted - Foreign Exchange Differences - Income (Loss) for indexed assets and liabilities - Gains (losses) from the difference between the previous book value and the fair value of financial assets - Deferred tax+ Associates accounted Adjusted FFO.
(5) NOI = Revenues + Cost of Sales + Administration Expenses - Depreciation & Amortization + Associates accounted NOI.
(6) GLA of Grupo Marina not included.
(7) Total tenant sales = sales of tenants in our malls
(8) EPS = Net income attributable to the equity holders of the company/weighted average number of shares outstanding.

FINANCIAL AND OPERATING RESULTS

NOI And FFO Reconciliation

ThCh$

NOI	4Q18	4Q17	Chg, %	2018	2017	Chg, %
Revenues	54,825,663	51,569,849	6.3%	189,618,287	182,215,067	4.1%
(+) Cost of sales	(9,915,215)	(9,926,449)	(0.1%)	(39,437,276)	(39,346,714)	0.2%
(+) Administrative expenses	(4,844,726)	(4,501,969)	7.6%	(15,807,825)	(16,552,007)	(4.5%)
(-) Depreciation & amortization	(1,292,387)	(1,013,578)	27.5%	(3,343,892)	(3,909,654)	(14.5%)
(+) Associates accounted NOI	4,575,974	3,931,527	16.4%	14,782,007	13,524,773	9.3%
NOI	45,934,083	42,086,535	9.1%	152,499,085	143,750,773	6.1%

FFO	4Q18	4Q17	Var. %	2018	2017	Var. %
Net profit (loss)1	57,752,059	55,017,772	5.0%	103,211,040	99,467,569	3.8%
(-) Depreciation & amortization	(1,292,387)	(1,013,578)	27.5%	(3,343,892)	(3,909,654)	(14.5%)
(-) Share of profit (loss) of associates accounted	4,237,367	4,951,458	(14.4%)	10,330,051	11,663,908	(11.4%)
(+) Associates accounted FFO	4,283,816	5,007,688	(14.5%)	10,503,197	11,812,774	(11.1%)
FFO	59,090,895	56,087,579	5.4%	106,728,078	103,526,088	3.1%
Attributable to:						
FFO minority interests	444,407	5,940,557	(92.5%)	6,091,349	10,959,320	(44.4%)
FFO equity holders of the company	58,646,488	50,147,022	16.9%	100,636,729	92,566,767	8.7%

Adjusted FFO	4Q18	4Q17	Var. %	2018	2017	Var. %
EBITDA	41,358,109	38,155,009	8.4%	137,717,079	130,226,000	5.8%
(+) Financial income	2,738,016	1,189,629	130.2%	7,975,774	5,730,163	39.2%
(+) Financial expenses	(10,124,797)	(8,775,485)	15.4%	(36,627,127)	(38,086,741)	(3.8%)
(+) Current taxes2	(2,843,014)	(3,240,730)	(12.3%)	(14,360,776)	(13,357,167)	7.5%
(+) Associates Accounted Adjusted FFO	2,726,913	2,841,220	(4.0%)	10,409,017	10,397,768	0.1%
Adjusted FFO	33,855,230	30,169,642	12.2%	105,113,966	94,910,022	10.8%
Attributable to:						
Adjusted FFO minority interests	3,194,555	4,009,849	(20.3%)	10,847,238	10,719,463	1.2%
Adjusted FFO equity holders of the company	30,660,672	26,159,794	17.2%	94,266,728	84,190,558	12.0%

(1) Does not include profit related to the sale of the land in Peru during the first quarter of 2018.
(2) Does not inlcude current taxes related to the sale of land in Peru during the first quarter of 2018.

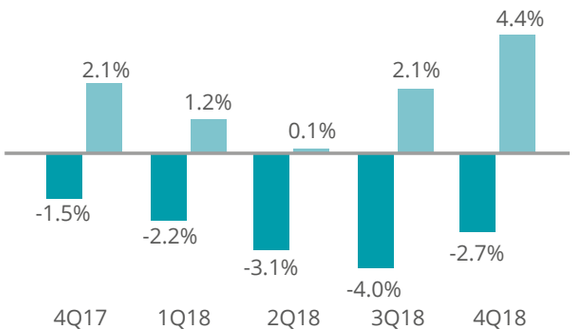
FINANCIAL AND OPERATING RESULTS

Same store sales & same store rent

Same Store Sales (SSS) during the fourth quarter of 2018 had a positive performance in Peru and Colombia, increasing 4.2% and 8.6% respectively. In Chile, SSS decreased 2.7%, mainly due to slowdown in tourism that affected some of our malls in the country during the fourth quarter of 2018 compared to the fourth quarter of 2017.

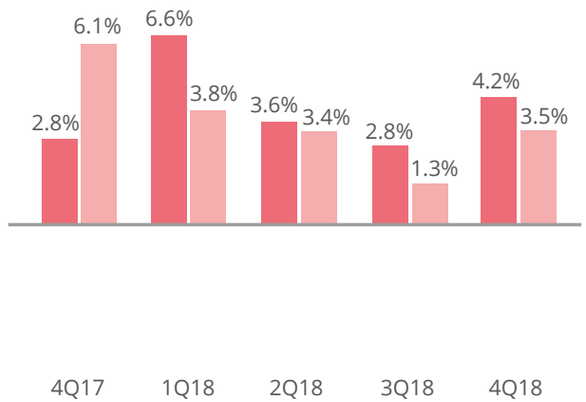
Same Store Rent (SSR) was positive in all three countries, increasing 3.5% in Peru, 7.1% in Colombia and 4.4% in Chile, reversing the negative trend of the past quarters.

CHILE



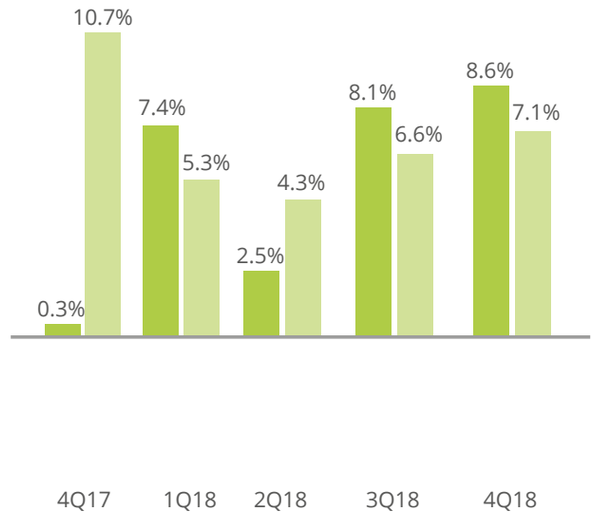
Nominal Same Store Sales (Chg%)
Nominal Same Store Rent (Chg%)

PERU [1]



Nominal Same Store Sales (Chg%)
Nominal Same Store Rent (Chg%)

COLOMBIA



Nominal Same Store Sales (Chg%)
Nominal Same Store Rent (Chg%)

(1) Same Store Sales and Same Store Rent in the 2017 do not include Larcomar due to a contingency.

FINANCIAL AND OPERATING RESULTS

Occupancy cost

Occupancy Cost is a relevant performance measurement in the real estate industry as it allows the measurement of our tenant's financial health.

This indicator measures the relevance of what tenants pay in rent in relation to their sales. Specifically, it is calculated as the minimum rent, plus variable rent, plus common expenses, plus the promotion fund tenants pay to Parque Arauco divided by the sales of the tenant.

Compared with the fourth quarter of 2017, occupancy costs increased slightly in Chile to 10.4% and decreased in Peru to 6.8% and Colombia to 10.0%.

The differences between countries are explained mainly by the relevance of anchor stores in the three countries. In countries where there is an important portion of the GLA rented out to anchor stores, such as Peru, the occupancy cost is lower because anchor stores normally pay a lower rent as a percentage of their sales.

OCCUPANCY COST [1] (%)





(1) Occupancy cost calculation: (fixed rent + variable rent + common expenses + promotion fund)/ sales.

FINANCIAL AND OPERATING RESULTS

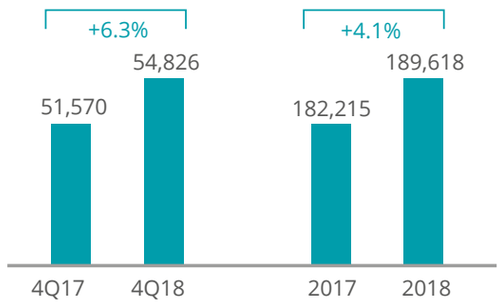
Revenues

During the year, revenues increased 4.1% compared to 2017, amounting to Ch$ 189,618 million. During the fourth quarter the increase was 6.3%, or Ch$ 54,826 million. The average Colombian peso depreciated 1.4% during the year and the average Peruvian sol depreciated 2.1% with respect to the Chilean peso.

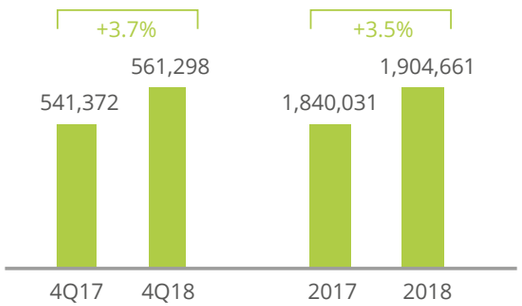
The higher revenues during the year and quarter are mainly related to the increase in GLA. The total GLA of 1,053,000 m2 at the end of 2018 represents a 4.1% increase compared to the end of the previous year. During 2018 we have incorporated several new assets including Arauco El Bosque, Arauco Express Coquimbo, Viamix Colonial, and Parque Angamos.

Total tenant sales during the year increased by 3.5% compared to the previous year, amounting to Ch$1,904,661 million. Colombia's results stand out, as tenant sales grew 18.9% during the year in local currency, due to the especially strong performance of La Colina. The consolidated occupancy level improved to 94.7% from 94.1% at the end of 2017.

REVENUES (Ch$ Million)



TENANT SALES (Ch$ Million)





* Tenant sales in Peru and Colombia are expressed in CLP using the following exchange rates: US$1 = CLP 640.62 US$1 = PEN 3.28 ; US$1 = COP2,952.26.

FINANCIAL AND OPERATING RESULTS

Revenues

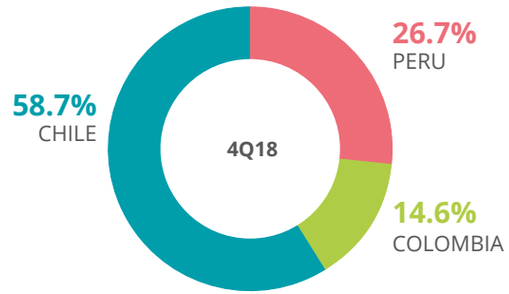
In line with the regional expansion strategy, Parque Arauco has increased the importance of GLA and revenues that come from assets located outside of Chile. As of the close of 2018, the combined GLA of Peru and Colombia represented 52.5% of total GLA.

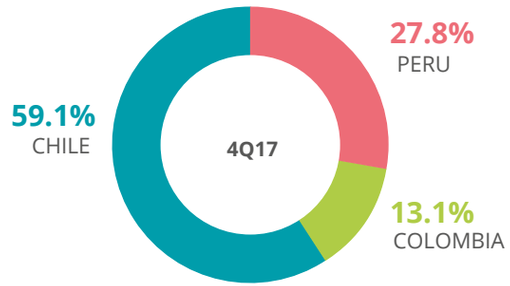
During 2018, revenues from Peru and Colombia represented 40.8% of the total, a slight decrease from the 41.0% from 2017. This year, Colombia has continued its trend from last year and increased its participation in our consolidated revenues from 12.7% in 2017 to 14.0% in 2018.

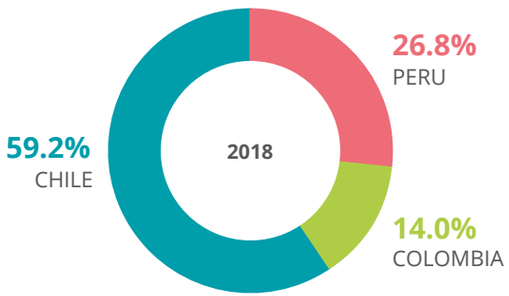
During the 2018, revenues in Chile were Ch$ 112,289 million, in Peru Ch$ 50,719 million and in Colombia Ch$ 26,610 million. This quarter, total revenues in Chile were Ch$ 32,187 million, in Peru Ch$ 14,658 million, and in Colombia were Ch$ 7,981 million.

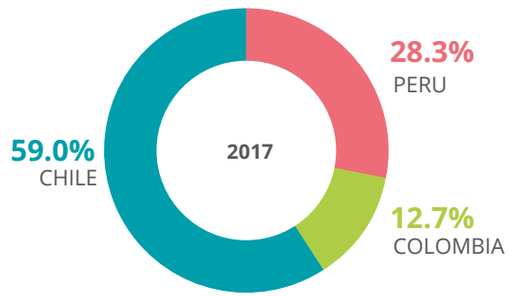
Revenue diversification

REVENUES BY COUNTRY









FINANCIAL AND OPERATING RESULTS

Operational result

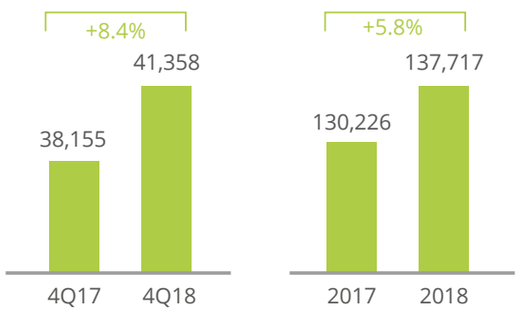
The fourth quarter 2018 EBITDA was Ch$ 41,358 million, increasing 8.4% from the fourth quarter in 2017. During the 2018, the EBITDA grew 5.8%, amounting to Ch$ 137,717 million. In the fourth quarter of 2018, the consolidated EBITDA margin reached 75.4%, an improvment of 145 basis points compared with 74.0% from the third quarter of 2017. During the year, the EBITDA margin improved 116 basis points, reaching 72.6%.

The improvement in the EBITDA margin during the year is explained by an overall increase in net revenue, which amounted to Ch$ 189,618 million, and stable administrative expenses and cost of sales, which helped the EBITDA margin to 72.6%.

In 2018, the account other gains by function reached Ch$ 32,647 million, which is mostly related to the sale of Parque El Golf, a piece of land in Peru. The account other losses, by function amounted to Ch$ 10,021 million and the variation is mainly due to costs related to new projects.

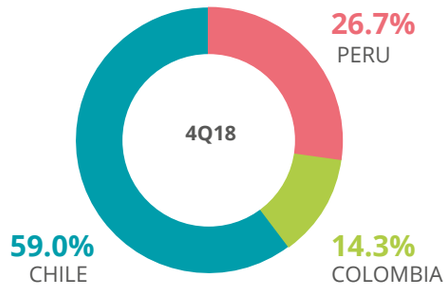
Peru and Colombia's contribution to the company's consolidated EBITDA remained stable during the year, reaching 39.8% in 2018. During the period, EBITDA from our Chilean operation reached Ch$ 82,867 million, EBITDA from Peru was Ch$ 36,187 million and EBITDA from Colombia was Ch$ 18,663 million.

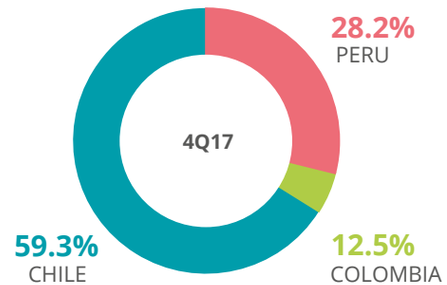
EBITDA (Ch$ million)

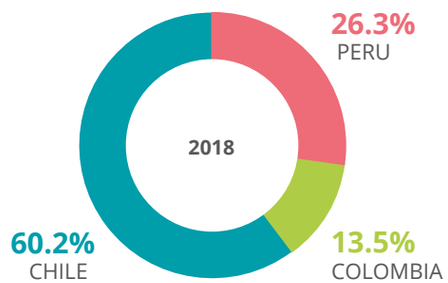


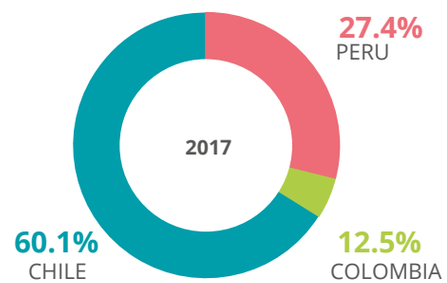
EBITDA diversification

EBITDA BY COUNTRY









FINANCIAL AND OPERATING RESULTS

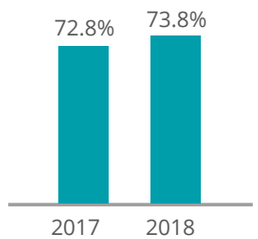
Operational excellence

In the past years we have put forth many initiatives to improve efficiency levels in our Company. In the last year, these initiatives have begun to bear fruit. During 2018 Chile's EBITDA margin improved from 72.8% to 73.8%. In Peru, the EBITDA margin improved from 69.2% in 2017 to 71.3%. In Colombia, however, the EBITDA margin remained stable at 70.1% by the end of 2018. At a consolidated level, the EBITDA margin improved 116 basis points to 72.6% for the year.

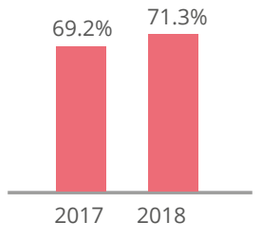
The most relevant item in Parque Arauco's cost is maintenance, cleaning and security. Recently, we have focused on improving the bidding process for these services, by looking to improve service levels and at the same time reduce costs. Specifically, in Chile we have improved the conditions for our maintenance services, and in Peru and Colombia we have improved the conditions for cleaning and security.

Another relevant item in Parque Arauco's cost structure is energy. We have been improving our competitiveness in the energy bidding process, achieving significant savings in this matter.

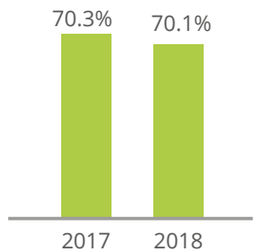
EBITDA MARGIN (%)



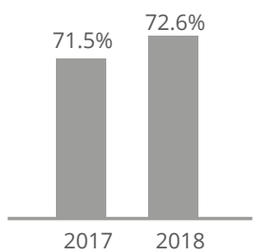
CHILE



PERU



COLOMBIA



CONSOLIDADO



FINANCIAL AND OPERATING RESULTS

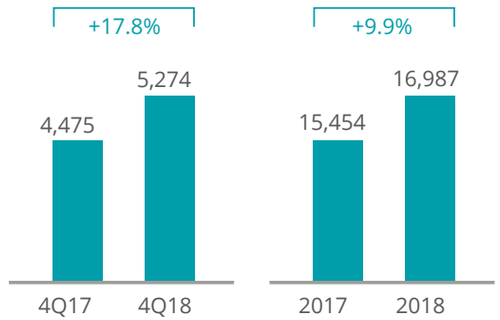
Equity method investments

"Share of profit (loss) of associates accounted" mainly reflects our investment in Inmobiliaria Mall Viña del Mar S.A ("Grupo Marina"). This Chilean entity, controlled equally by Parque Arauco S.A. and Ripley Corp. S.A. is the owner of the Mall Marina (71,500 m2 of GLA), Boulevard Marina Arauco (10,500 m2 of GLA) and Curicó Mall (53,000 m2 of GLA).

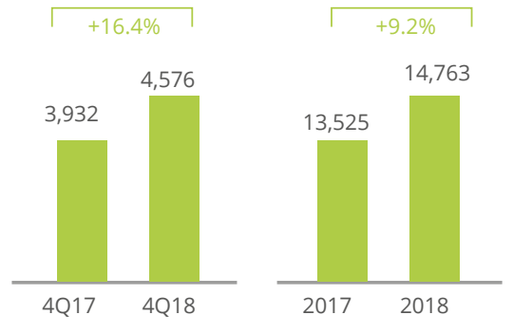
According to International Financial Reporting Standard N°11 (IFRS 11), and International Accounting Standards N° 28 (IAS 28), the investment in Inmobiliaria Mall Viña del Mar S.A. is not consolidated in the financial statements of Parque Arauco S.A. This entity is accounted for using the equity method of accounting and is presented in Parque Arauco's income statement in the line "Share of profit (loss) of associates accounted" and in the balance sheet under "investments in associates".

During 2018, proportional revenues of Mall Viña del Mar S.A. increased 9.9% compared to the same period of the previous year, amounting to Ch$ 16,986 million. The proportional EBITDA of the year reached Ch$ 14,763 million, an increase of 9.2% from the prior year. Finally, the proportional profit year on year fell 11.5% to Ch$ 10,330 million.

PROPORTIONAL REVENUES (Ch$ million)



PROPORTIONAL EBITDA (Ch$ million)



Inm, Viña del Mar (ThCh$)	4Q18	4Q17	Chg. %	2018	2017	Chg. %
Proportional revenue	5,273,722	4,474,995	17.8%	16,986,951	15,453,910	9.9%
Proportional EBITDA	4,575,974	3,931,527	16.4%	14,763,419	13,524,772	9.2%
Proportional profit	4,237,367	4,952,115	-14.4%	10,330,052	11,668,532	-11.5%
Proportional Net Financial Debt	74,864,261	38,540,199	94.2%	74,864,261	38,540,199	94.2%

FINANCIAL AND OPERATING RESULTS

Non-operational results

The account financial income increased by 39.2% with respect to 2017, reaching Ch$ 7,976 million. The increase in financial income is mainly due to the fact that the average cash during the second quarter was 98% greater than in the third quarter of 2017, driven largely by the issuance of two series of bonds in Chile.

Financial costs decreased by 3.8% during the year, amounting to Ch$ 36,627 million. Our gross financial debt during the quarter increased 14.8% to Ch$ 996,133 million. Our financial expenses have decreased despite the increase in debt because we have been able to take on new debt at lower rates.

Gain from associates accounted is related to our investment in Inmobiliaria Mall Viña del Mar S.A. decreased 11.4% to Ch$ 10,330 million during 2018. This lower profit from Inmobiliaria Viña del Mar is largely due to higher loss for indexed assets as a result of the higher inflation throughout the year.

Foreign exchange differences amounted to Ch$ 6 million, reflecting little change during the quarter in our respective positions in foreign currencies.

Loss for indexed assets increased 69.4% in comparison to 2017, amounting to negative Ch$ 18,149 million, due to higher inflation and an increase in debt in UF compared to the same period in the previous year.

Current taxes increased 80.5% during the year, primarily due to a higher corporate income tax rate and taxes due to the sale of land in Peru. Deferred taxes decreased 22.2% during 2018, amounting to Ch$ 23,347 million.

Profit attributable to the equity holders increased by 32.4%, similarly to earnings per share, which increased by 31.8%, from Ch$99.39 to Ch$ 130.97. The average number of shares during the quarter increased 0.5% in comparison with the same period of the last year.



PARQUE ARAUCO KENNEDY, SANTIAGO

SUMMARIZED BALANCE SHEET

Assets

Current assets increased from Ch$ 232,706 million as of December 31, 2017, amounting to Ch$ 364,168 million as of December 31, 2018, which is primarily explained by the account cash and cash equivalents. This account increased Ch$ 134,625 million during the period, mainly due to the funds received from the sale of a piece of land in Peru during the first quarter of the year and the issuance of bonds, Series T and V, in the third quarter.

Non-current assets increased from Ch$ 1,848,307 million as of December 31, 2017, reaching Ch$ 2,013,932 million at the end of the fourth quarter 2018. This increase is explained by the account investment properties, which increased Ch$ 191,620 million during the period due to investments the company made in all three countries.

Ch$ Million	12.31.2018	12.31.2017	Chg. %
Current assets	364,168	232,706	56.5%
Non-current assets	2,013,932	1,848,307	9.0%
Total Assets	2,378,100	2,081,014	14.3%



SUMMARIZED BALANCE SHEET

Liabilities and equity

Current liabilities increased from Ch$ 96,846 million as of December 31, 2017 to Ch$ 190,332 million as of December 31, 2018. This increase is largely due to the increase of the account other current financial liabilities, which increased Ch$ 86,738 million during the period due to the reclassification of long-term debt to short-term debt.

Non-current liabilities increased from Ch$1,043,399 million as of December 31, 2017 to Ch$ 1,109,740 million by December 31, 2018. This is mainly a result of the increase of the account other non-current financial liabilities, which reached Ch$ 41,479 million after the issuance of bonds in Chile during the third quarter.

Total equity increased from Ch$ 940,769 million as of December 31, 2017 to Ch$ 1,078,028 million as of December 31, 2018.

Ch$ Million	12.31.2018	12.31.2017	Chg. % 12.31.2018-12.31.2017
Current liabilities	190,332	96,846	96.5%
Non-current liabilities	1,109,740	1,043,399	6.4%
Total liabilities	1,300,072	1,140,245	14.0%
Equity	1,078,028	940,769	14.6%
Total liabilities and equity	2,378,100	2,081,014	14.3%



Summarized Cash Flow

During the year, the AFFO attributable to equity holders increased 12,0%, reaching Ch$ 94.267 million. In the fourth quarter the AFFO increased 17.2% compared to the same quarter of 2017. This inflow of cash from operations was a result of higher EBITDA, though compensated by a higher tax cost.

Ch$ Millon	4T18	4T17	Var. %	2018	2017	Var. %
Controlling FFO	58.646	50.147	16,9%	100.637	92.567	8,7%
Controlling Adjusted FFO	30.661	26.160	17,2%	94.267	84.191	12,0%

Ch$ Million	4Q18	4Q17	Chg. %	2018	2017	Chg. %
From operating activities	33,886	30,276	11.9%	135,748	116,388	16.6%
From investment activities	-66,181	-28,806	129.7%	-23,178	-98,736	(76.5%)
From financing activities	626	39,741	(98.4%)	19,184	-27,497	(169.8%)
Eff, of chg, exchange rate on cash and cash equiv,	277	-3,055	(109.1%)	2,87	-2,364	(221.4%)
Net cash flow during the period	-31,392	38,155	(182.3%)	134,625	-12,21	(1.202.6%)
Cash and cash equivalents at beginning of period	312,615	108,444	188%	146,599	158,809	-8%
Cash and cash equivalents at end of period	281,224	146,599	92%	281,224	146,599	92%

Cash flows from operating activities during 2018 increased by 16.6%, amounting to Ch$ 135,748 million. During the fourth quarter of 2018, the cash flows from operating activities increased 11.9%, reaching Ch$ 33,886 million. This increase in the quarter and the first half of the year is explained by an increase in receipts from sales of goods and services, in line with the increase in GLA during the period.

Cash flows from investing activities during the fourth quarter were negative, amounting to Ch$ 66,181 million, principally due to the acquisition of Arauco El Bosque.

Cash flows from investing activities during the year were negative and amounted to Ch$ 23,178 million. In addition to the purchase of Arauco El Bosque, the account includes the dividends received in the second quarter, as well as the inflows from the sale of the land in San Isidro during the first quarter of the year, which is reflected in the account inflows from long-term assets, classified as investment activities.

Finally, cash flows increased overall during the year as a result of the issuance of two series of bonds in Chile.



PARQUE ARAUCO KENNEDY, SANTIAGO

Main financial indicators

Net financial debt amounted to Ch$ 714.910 million as of December 31, 2018. The company continues to comply with its financial convenants, with a liabilities/ equity indicator of 1.21x, below the upper limit of 1.4x ; with a net financial debt/ equity indicator of 0.66, below the limit of 1.5x; and with an EBITDA/financial expenses indicator of 3.76, above the lower limit of 2.5x. The net financial debt/ EBITDA indicator reached 5.19x, a decrease explained by the increase in cash after the sale of the land in Peru and the issuance of bonds in Chile.

Financial Indicators	Unit	12.31.2018	12.31.2017	Covenant Limit
Gross financial debt	Ch$ million	996.133	867.916	
Net financial debt	Ch$ million	714.910	721.317	
Owned net financial debt	Ch$ million	643.463	643.091	
Net financial debt / EBITDA (LTM)	times	5,19	5,54	
EBITDA / financial expenses (LTM)	times	3,76	3,42	>2.5
Liabilities / equity	times	1,21	1,21	<1.4
Net financial debt / equity	times	0,66	0,77	<1.5
Current liabilities	%	15%	8%	
Non current liabilities	%	85%	92%	



Other relevant indicators

Indicator	Description	Unit	12.31.2018	12.31.2017
Liquidity level	Current assets / current liabilities	times	1,91	2,40
Short term debt	Current liabilities / total liabilities	%	14,60%	8,49%
Long term debt	Non current liabilities / total liabilities	%	85,40%	91,50%
Net profit	Net profit	Ch$ MM	123.389	99.467
Basic EPS	Net profit att. equity holders / N° shares - treasury shares	Ch$	130,97	99,37
Return on equity	Net profit att. equity holders / average sareholders equity[1]	%	13,81%	11,44%
Return on assets	Net profit / average total assets[1]	%	5,69%	4,99%
Return on operating assets	Net profit / average operating assets (IP+PPE)[2]	%	7,50%	6,32%
Dividend yield	Dividends paid LTM / last share price	%	2,27%	1,68%
Gross profit margin	Operating profit / revenues	%	64,88%	71,18%

(1) The operational and financial indicators presented are calculated based on standards set out by the Chilean Financial Markets Comission, and they do not necessarily coincide with the calculations used to calculate the company´s debt covenants.
(2) Calculated using results from the last twelve months



Asset Level Results

CHILE / PERU / COLOMBIA

Portfolio

Nombre	Total GLA (m2)	% ownership	Owned GLA (m2)	Occupancy %
Parque Arauco Kennedy	112	100%	112	98.5%
Arauco Maipú	72,5	100%	72,5	98.3%
Arauco Chillán	35	100%	35	92.8%
Arauco Estación	67	83%	55,61	96.6%
Arauco San Antonio	28,5	70%	19,922	95.5%
Arauco Express (Stripcenters Chile)[1]	37	53%	19,736	90.3%
Arauco Premium Outlets [2]	46	100%	46	98.6%
Arauco Quilicura	32	100%	32	99.7%
Arauco Coronel	30	100%	30	97.4%
Parque Angamos	10,500	55%	5,775	65.0%
Arauco El Bosque	30,000	100%	30	100.0%
Total Chile	500,500	91%	458,542	96.4%
MegaPlaza Norte	112	50%	56	98.2%
MegaPlaza Express Villa	8	50%	4	98.1%
Larcomar	27	100%	27	80.7%
Parque Lambramani	30	100%	30	93.6%
MegaPlaza Chimbote	28	50%	14	94.7%
MegaPlaza Express Villa El Salvador	9	50%	4,5	93.8%
MegaPlaza Express Chincha	10,5	50%	5,25	94.1%
InOutlet (Premium Outlets) and Viamix (Strip Centers)[3]	25	100%	25	86.8%
MegaPlaza Cañete	16,5	50%	8,25	99.4%
MegaPlaza Express Barranca	10	50%	5	82.9%
MegaPlaza Pisco	14,5	50%	7,25	95.4%
El Quinde Cajamarca	32,5	100%	32,5	96.1%
El Quinde Ica	36,5	100%	36,5	98.3%
MegaPlaza Express Jaén	14,5	50%	7,25	96.5%
MegaPlaza Huaral	14	50%	7	80.5%
MegaPlaza Villa El Salvador II	9,000	50%	4,5	84.3%
Total Peru	397,000	70%	274,000	94.0%
Parque Arboleda	41	55%	22,55	97.9%
Parque Caracolí	38,5	100%	38,5	87.1%
Parque La Colina	62,5	100%	62,5	97.2%
Premium Outlet Arauco (Sopó)	13,5	100%	13,5	51.4%
Total Colombia	155,500	88%	137,050	90.9%
Marina Group [4]			67,5	
Total	1,053,000	83%	937,092	94.7%

(1) Includes 15 strip centers located in: Santiago (11), Viña del Mar(1), Calama (1) Coquimbo (1) and Antofagasta (1).
(2) Includes four Premium Outlets located in: Santiago, Concepcion, Coquimbo y Curauma.
(3) Includes InOutlet Premium Faucett, InOutlet Premium Lurín, Viamix Chorillos, Viamix Las Malvinas and Viamix Colonial
(4) Owned GLA corresponds to 50% of Marina Group.



PARQUE LA COLINA, BOGOTÁ

QUARTERLY

Property level results

Chile in MCLP/ Peru in ThPEN / Colombia in MCOP	GLA			Tenant Sales			Revenues			NOI		
	12.31.18	12.31.17	Chg. %	4Q18	4Q17	Chg. %	4Q18	4Q17	Chg. %	4Q18	4Q17	Chg. %
Parque Arauco Kennedy	112	111,5	0.4%	111,118	115,74	(4.0%)	13,612	13,234	2.9%	14,01	12,776	9.7%
Arauco Maipu	72,5	74	(2.0%)	60,357	62,187	(2.9%)	4,515	4,239	6.5%	4,5	4,068	10.6%
Arauco Chillan	35	32	9.4%	23,939	24,028	(0.4%)	1,811	1,769	2.4%	1,534	1,524	0.7%
Arauco Estacion	67	66,5	0.8%	33,603	35,257	(4.7%)	4,346	4,224	2.9%	3,804	3,649	4.2%
Arauco San Antonio	28,5	28,5	0.0%	12,478	12,014	3.9%	1,196	1,134	5.5%	745	749	(0.5%)
Arauco Express (Strip Centers Chile)	37	33	12.1%	13,369	11,147	19.9%	1,486	1,199	23.9%	909	812	11.9%
Arauco Premium Outlets	46	47	(2.1%)	29,377	30,135	(2.5%)	2,641	2,667	(1.0%)	1,933	2,141	(9.7%)
Arauco Quilicura	32	32	0.0%	15,439	15,72	(1.8%)	1,22	1,148	6.3%	1,081	945	14.4%
Arauco Coronel	30	30	0.0%	13,639	12,813	6.4%	992	877	13.1%	796	789	0.9%
Parque Angamos	10,5	-	-	2,926	-	-	235	-	-	105	-	-
Arauco El Bosque	30	-	-	-	-	-	-	-	-	-	-	-
Total Chile	500,500	454,500	10.1%	316,245	319,041	(0.9%)	32,054	30,491	5.1%	29,417	27,453	7.2%
MegaPlaza Norte	112	111,5	0.4%	376,851	366,224	2.9%	25,426	27,113	(6.2%)	24,749	25,975	(4.7%)
MegaPlaza Express Villa	8	8	0.0%	23,408	21,936	6.7%	1,672	1,542	8.4%	1,608	1,381	16.4%
Larcomar	27	26,5	1.9%	70,478	67,494	4.4%	12,83	12,815	0.1%	11,792	10,4	13.4%
Parque Lambramani	30	30	0.0%	36,718	36,885	(0.5%)	3,513	2,952	19.0%	2,416	1,802	34.1%
MegaPlaza Chimbote	28	28	0.0%	72,772	68,284	6.6%	3,56	3,406	4.5%	3,124	3,034	3.0%
MegaPlaza Express Villa El Salvador	9	9,5	(5.3%)	15,985	15,434	3.6%	1,284	1,476	(13.0%)	942	1,109	(15.1%)
MegaPlaza Express Chincha	10,5	9	16.7%	10,379	7,945	30.6%	1,199	1,027	16.7%	990	709	39.6%
InOutlet (Premium Outlets) and Viamix (Strip Centers)	25	23	8.7%	58,78	47,91	22.7%	5,276	5,2	1.5%	4,131	4,187	(1.3%)
MegaPlaza Cañete	16,5	16,5	0.0%	34,778	33,773	3.0%	1,707	1,627	4.9%	1,485	1,216	22.1%
MegaPlaza Express Barranca	10	10	0.0%	13,693	12,617	8.5%	1,193	1,216	(1.9%)	871	788	10.5%
MegaPlaza Pisco	14,5	14,5	0.0%	26,975	24,227	11.3%	1,882	1,617	16.4%	1,729	1,341	28.9%
El Quinde Cajamarca	32,5	31,5	3.2%	42,612	37,669	13.1%	4,331	3,878	11.7%	4,163	2,891	44.0%
El Quinde Ica	36,5	36	1.4%	70,862	67,137	5.5%	6,077	5,626	8.0%	5,891	5,606	5.1%
Plaza Jesus María	-	14,5	-	-	-	-	-	406	-	-	-330	-
MegaPlaza Express Jaen	14,5	14,5	0.0%	28,798	23,716	21.4%	1,321	1,146	15.3%	714	706	1.1%
MegaPlaza Huaral	14	9	55.6%	8,516	7,71	10.5%	155	631	(75.4%)	-268	345	N/A
MegaPlaza Villa El Salvador II	9	10	(10.0%)	9,168	-	-	511	-	-	-171	-	-
Total Peru	397,000	402,000	(1.2%)	900,773	838,961	7.4%	71,937	71,678	0.4%	64,166	61,160	4.9%
Parque Arboleda	41	41	0.0%	89,933	83,356	7.9%	8,753	8,179	7.0%	7,77	6,719	15.6%
Parque Caracolí	38,5	38,5	0.0%	57,021	52,786	8.0%	7,012	5,596	25.3%	3,498	2,689	30.1%
Parque La Colina	62,5	62,5	0.0%	192,667	162,92	18.3%	20,544	17,304	18.7%	19,485	16,798	16.0%
Premium Outlet Arauco (Sopó)	13,5	13,5	0.0%	10,996	-	-	798	-	-	34	-	-
Total Colombia	155,500	155,500	0.0%	350,617	299,062	17.2%	37,107	31,079	19.4%	30,787	26,206	17.5%

QUARTERLY

Property level results

Chile in CLP/ Peru in PEN / Colombia in COP	Occupancy			NOI Margin			Monthly tenant sales per m²			Monthly revenue per m²		
	12.31.18	12.31.17	Chg. b.p.	4Q18	4Q17	Chg. b.p.	4Q18	4Q17	Chg. %	4Q18	4Q17	Chg. %
Parque Arauco Kennedy	98.5%	99.3%	-82	102.9%	96.5%	638	336,169	350,716	(4.1%)	41,182	40,1	2.7%
Arauco Maipú	98.3%	99.4%	-105	99.7%	96.0%	370	281,581	281,993	(0.1%)	21,066	19,221	9.6%
Arauco Chillán	92.8%	99.9%	-713	84.7%	86.2%	-145	245,442	251,152	(2.3%)	18,563	18,493	0.4%
Arauco Estación	96.6%	97.8%	-125	87.5%	86.4%	114	173,612	180,822	(4.0%)	22,452	21,666	3.6%
Arauco San Antonio	95.5%	95.8%	-31	62.3%	66.0%	-376	152,788	146,759	4.1%	14,648	13,849	5.8%
Arauco Express (Stripcenters Chile)	90.3%	83.6%	672	61.2%	67.7%	-655	141,732	136,1	4.1%	15,757	14,643	7.6%
Arauco Premium Outlets	98.6%	95.9%	264	73.2%	80.3%	-709	217,969	223,986	(2.7%)	19,597	19,821	(1.1%)
Arauco Quilicura	99.7%	100.0%	-25	88.6%	82.3%	629	161,228	163,752	(1.5%)	12,744	11,961	6.5%
Arauco Coronel	97.4%	94.8%	254	80.2%	90.0%	-972	155,813	150,733	3.4%	11,33	10,316	9.8%
Parque Angamos	65.0%	-	-	44.7%	-	-	143,662	-	-	11,525	-	-
Arauco El Bosque	100.0%	-	-	-	-	-	-	-	-	-	-	-
Average Chile	96.4%	97.2%	-75	91.8%	90.0%	174	226,633	241,606	(6.2%)	22,971	23,090	(0.5%)
MegaPlaza Norte	98.2%	98.9%	-67	97.3%	95.8%	153	1,154	1,108	4.2%	78	82	(4.9%)
MegaPlaza Express Villa	98.1%	96.1%	196	96.2%	89.6%	661	998	951	4.9%	71	67	6.0%
Larcomar	80.7%	92.6%	-1,192	91.9%	81.2%	1,075	1,08	905	19.3%	197	172	14.5%
Parque Lambramani	93.6%	89.1%	450	68.8%	61.0%	773	441	459	(3.9%)	42	37	13.5%
MegaPlaza Chimbote	94.7%	93.1%	167	87.8%	89.1%	-133	928	873	6.3%	45	44	2.3%
MegaPlaza Express Villa El Salvador	93.8%	95.6%	-182	73.4%	75.1%	-177	634	563	12.6%	51	54	(5.6%)
MegaPlaza Express Chincha	94.1%	76.9%	1.715	82.6%	69.0%	1,353	350	384	(8.9%)	40	50	(20.0%)
InOutlet (Premium Outlets) and Viamix (Strip Centers)	86.8%	85.1%	171	78.3%	80.5%	-222	952	859	10.8%	85	93	(8.6%)
MegaPlaza Cañete	99.4%	97.6%	182	87.0%	74.7%	1,226	705	701	0.6%	35	34	2.9%
MegaPlaza Express Barranca	82.9%	89.3%	-642	73.0%	64.8%	821	563	457	23.2%	49	44	11.4%
MegaPlaza Pisco	95.4%	95.0%	37	91.9%	82.9%	894	635	586	8.4%	44	39	12.8%
El Quinde Cajamarca	96.1%	93.4%	269	96.1%	74.5%	2,157	461	461	0.0%	47	47	0.0%
El Quinde Ica	98.3%	98.8%	-57	96.9%	99.6%	-271	657	630	4.3%	56	53	5.7%
Plaza Jesus María	-	38.4%	-	-	-81.3%	-	-	-	-	-	24	-
MegaPlaza Express Jaén	96.5%	93.8%	277	54.0%	61.6%	-756	695	618	12.5%	32	30	6.7%
MegaPlaza Huaral	80.5%	66.8%	1,370	-172.9%	54.7%	-22,758	254	431	(41.1%)	5	35	(85.7%)
MegaPlaza Villa El Salvador II	84.3%	-	-	-33.5%	-	-	403	-	-	22	-	-
Average Peru	94.0%	89.5%	437	89.2%	85.3%	387	807	785	2.8%	64	67	(4.5%)
Parque Arboleda	97.9%	92.8%	506	88.8%	82.1%	662	752,411	726,386	3.6%	73,234	71,273	2.8%
Parque Caracolí	87.1%	85.9%	121	49.9%	48.1%	183	565,473	530,684	6.6%	69,536	56,255	23.6%
Parque La Colina	97.2%	92.7%	452	94.8%	97.1%	-223	1,083,264	950,617	14.0%	115,506	100,968	14.4%
Premium Outlet Arauco (Sopó)	51.4%	-	-	4.3%	-	-	558,944	-	-	40,55	-	-
Average Colombia	90.9%	83.0%	791	83.0%	84.3%	(1.6%)	839,008	740,231	13.3%	88,794	76,925	15.4%

LAST TWELVE MONTHS

Property level results

Chile in MCLP/ Peru in MPEN / Colombia in MCOP	GLA			Tenant Sales			Revenues			NOI		
	12.31.18	12.31.17	Chg. %	2018	2017	Chg. %	2018	2017	Chg. %	2018	2017	Chg. %
Parque Arauco Kennedy	112	111,5	0.4%	381,488	407,556	(6.4%)	46,252	45,198	2.3%	46,647	43,675	6.8%
Arauco Maipú	72,5	74	(2.0%)	198,087	202,7	(2.3%)	15,241	14,592	4.4%	15,063	14,327	5.1%
Arauco Chillán	35	32	9.4%	86,414	86,214	0.2%	6,613	6,408	3.2%	5,499	5,353	2.7%
Arauco Estación	67	66,5	0.8%	121,086	124,804	(3.0%)	15,974	15,69	1.8%	13,948	14,133	(1.3%)
Arauco San Antonio	28,5	28,5	0.0%	46,003	43,163	6.6%	4,696	4,344	8.1%	3,234	3,064	5.5%
Arauco Express (Stripcenters Chile)	37	33	12.1%	49,366	38,788	27.3%	5,431	4,764	14.0%	3,356	3,378	(0.7%)
Arauco Premium Outlets	46	47	(2.1%)	104,571	102,754	1.8%	9,584	9,198	4.2%	7,438	7,43	0.1%
Arauco Quilicura	32	32	0.0%	55,29	55,324	(0.1%)	4,416	4,264	3.6%	3,785	3,424	10.5%
Arauco Coronel	30	30	0.0%	50,859	47,348	7.4%	3,589	3,161	13.5%	2,858	2,409	18.6%
Parque Angamos	10,5	-	-	3,86	-	-	362	-	-	191	-	-
Arauco El Bosque	30	-	-	-	-	-	-	-	-	-	-	-
Total Chile	500,500	454,500	10.1%	1,097,024	1,108,651	(1.0%)	112,158	107,619	4.2%	102,019	97,193	5.0%
MegaPlaza Norte	112	111,5	0.4%	1,326,017	1,279,283	3.7%	95,139	96,261	(1.2%)	87,664	87,472	0.2%
MegaPlaza Express Villa	8	8	0.0%	87,677	82,19	6.7%	6,069	5,933	2.3%	5,31	4,923	7.9%
Larcomar	27	26,5	1.9%	259,757	241,212	7.7%	39,019	40,233	(3.0%)	33,327	30,178	10.4%
Parque Lambramani	30	30	0.0%	136,988	132,2	3.6%	11,522	11,487	0.3%	7,482	6,853	9.2%
MegaPlaza Chimbote	28	28	0.0%	261,862	244,306	7.2%	12,802	13,292	(3.7%)	10,619	11,358	(6.5%)
MegaPlaza Express Villa El Salvador	9	9,5	(5.3%)	58,101	61,899	(6.1%)	5,343	5,762	(7.3%)	3,844	4,43	(13.2%)
MegaPlaza Express Chincha	10,5	9	16.7%	34,939	29,92	16.8%	4,273	4,154	2.9%	3,156	2,836	11.3%
InOutlet (Premium Outlets) and Viamix (Strip Centers)	25	23	8.7%	169,803	149,459	13.6%	18,386	16,685	10.2%	14,49	12,81	13.1%
MegaPlaza Cañete	16,5	16,5	0.0%	125,118	117,649	6.3%	6,477	6,445	0.5%	5,328	4,884	9.1%
MegaPlaza Express Barranca	10	10	0.0%	48,151	47,528	1.3%	4,823	5,192	(7.1%)	3,539	3,709	(4.6%)
MegaPlaza Pisco	14,5	14,5	0.0%	98,235	88,308	11.2%	6,646	6,441	3.2%	5,591	5,183	7.9%
El Quinde Cajamarca	32,5	31,5	3.2%	148,663	129,785	14.5%	15,357	14,19	8.2%	12,307	10,215	20.5%
El Quinde Ica	36,5	36	1.4%	248,944	231,435	7.6%	22,068	20,462	7.8%	21,343	19,639	8.7%
Plaza Jesus María	-	14,5	-	-	-	-	1,145	2,162	(47.1%)	-223	-1,931	(88.4%)
MegaPlaza Express Jaén	14,5	14,5	0.0%	99,154	80,369	23.4%	4,812	3,927	22.5%	2,799	2,336	19.8%
MegaPlaza Huaral	14	9	55.6%	29,868	21,45	39.2%	1,991	1,881	5.9%	822	1,1	(25.3%)
MegaPlaza Villa El Salvador II	9	10	(10.0%)	29,532	0	-	1,859	0	-	-902	0	-
Total Peru	397,000	402,000	(1.2%)	3,162,809	2,936,993	7.7%	257,730	254,507	1.3%	216,494	205,995	5.1%
Parque Arboleda	41	41	0.0%	251,371	230,695	9.0%	27,406	24,901	10.1%	22,557	20,271	11.3%
Parque Caracolí	38,5	38,5	0.0%	166,234	154,899	7.3%	23,492	18,781	25.1%	11,793	11,616	1.5%
Parque La Colina	62,5	62,5	0.0%	541,268	442,838	22.2%	69,729	59,171	17.8%	64,899	53,894	20.4%
Premium Outlet Arauco (Sopó)	13,5	13,5	0.0%	26,458	-	-	1,931	-	-	287	-	-
Total Colombia	155,500	155,500	0.0%	985,331	828,432	18,90%	122,558	102,853	19.2%	99,536	85,781	16.0%

LAST TWELVE MONTHS

Property level results

Chile in CLP/ Peru in PEN / Colombia in COP	Occupancy			NOI Margin			Monthly tenant sales per m²			Monthly revenue per m²		
	12.31.18	12.31.17	Chg. b.p.	2018	2017	Chg. p.b.	2018	2017	Chg. %	2018	2017	Chg. %
Parque Arauco Kennedy	98.5%	99.3%	-82	100.9%	96.6%	422	288,453	309,075	(6.7%)	34,972	34,277	2.0%
Arauco Maipu	98.3%	99.4%	-105	98.8%	98.2%	65	229,461	230,649	(0.5%)	17,655	16,604	6.3%
Arauco Chillan	92.8%	99.9%	-713	83.2%	83.5%	-38	221,725	224,911	(1.4%)	16,968	16,717	1.5%
Arauco Estacion	96.6%	97.8%	-125	87.3%	90.1%	-276	155,564	160,525	(3.1%)	20,522	20,181	1.7%
Arauco San Antonio	95.5%	95.8%	-31	68.9%	70.5%	-167	140,683	132,391	6.3%	14,361	13,324	7.8%
Arauco Express (Strip Centers Chile)	90.3%	83.6%	672	61.8%	70.9%	-911	140,74	118,459	18.8%	15,484	14,549	6.4%
Arauco Premium Outlets	98.6%	95.9%	264	77.6%	80.8%	-317	193,7	198,859	(2.6%)	17,753	17,801	(0.3%)
Arauco Quilicura	99.7%	100.0%	-25	85.7%	80.3%	541	144,301	144,143	0.1%	11,525	11,11	3.7%
Arauco Coronel	97.4%	94.8%	254	79.6%	76.2%	342	146,22	139,947	4.5%	10,318	9,343	10.4%
Parque Angamos	65.0%	-	-	52.8%	-	-	94,775	-	-	8,888	-	-
Arauco El Bosque	100.0%	-	-	-	-	-	-	-	-	-	-	-
Average Chile	96.4%	97.2%	-75	91.0%	90.3%	65	202,886	213,905	(5.2%)	20,641	20,503	0.7%
MegaPlaza Norte	98.2%	98.9%	-67	92.1%	90.9%	127	1,015	974	4.3%	73	73	(0.6%)
MegaPlaza Express Villa	98.1%	96.1%	196	87.5%	83.0%	451	939	886	5.9%	65	64	1.6%
Larcomar	80.7%	92.6%	-1,192	85.4%	75.0%	1,040	973	809	20.2%	146	135	8.3%
Parque Lambramani	93.6%	89.1%	450	64.9%	59.7%	527	420	422	(0.5%)	35	37	(3.7%)
MegaPlaza Chimbote	94.7%	93.1%	167	83.0%	85.4%	-250	838	772	8.6%	41	42	(2.4%)
MegaPlaza Express Villa El Salvador	93.8%	95.6%	-182	71.9%	76.9%	-494	555	559	(0.8%)	51	52	(2.0%)
MegaPlaza Express Chincha	94.1%	76.9%	1,715	73.9%	68.3%	559	338	354	(4.5%)	41	49	(15.9%)
InOutlet (Premium Outlets) and Viamix (Strip Centers)	86.8%	85.1%	171	78.8%	76.8%	203	705	711	(0.9%)	76	79	(3.9%)
MegaPlaza Cañete	99.4%	97.6%	182	82.3%	75.8%	648	640	608	5.3%	33	33	(0.5%)
MegaPlaza Express Barranca	82.9%	89.3%	-642	73.4%	71.4%	194	480	412	16.5%	48	45	6.8%
MegaPlaza Pisco	95.4%	95.0%	37	84.1%	80.5%	366	587	530	10.7%	40	39	2.7%
El Quinde Cajamarca	96.1%	93.4%	269	80.1%	72.0%	815	411	409	0.3%	42	45	(5.2%)
El Quinde Ica	98.3%	98.8%	-57	96.7%	96.0%	74	583	546	6.8%	52	48	7.1%
Plaza Jesus Maria	-	38.4%	-	-19.5%	-89.3%	6,981	0	0	-	21	24	(10.4%)
MegaPlaza Express Jaen	96.5%	93.8%	277	58.2%	59.5%	-132	603	544	10.9%	29	27	10.1%
MegaPlaza Huaral	80.5%	66.8%	1,370	41.3%	58.5%	-1,722	306	401	(23.5%)	20	35	(41.8%)
MegaPlaza Villa El Salvador II	84.3%	-	-	-48.5%	-	-	330	-	-	21	-	
Average Peru	94.0%	89.5%	437	84.0%	80.9%	306	720	693	3.9%	59	60	(2.3%)
Parque Arboleda	97.9%	92.8%	506	82.3%	81.4%	90	532,026	499,097	6.6%	58,005	53,872	7.7%
Parque Caracolí	87.1%	85.9%	121	50.2%	61.8%	-1.165	415,383	386,552	7.5%	58,701	46,868	25.2%
Parque La Colina	97.2%	92.7%	452	93.1%	91.1%	199	768,445	676,08	13.7%	98,995	90,336	9.6%
Premium Outlet Arauco (Sopó)	51.4%	-	-	14.9%	-	-	373,938	-	-	27,291	-	-
Average Colombia	90.9%	83.0%	791	81.2%	83.4%	(2.6%)	592,468	584,885	1.3%	74,060	66,207	11.9%


ARAUCO CHILLÁN, CHILLÁN


ARAUCO MAIPÚ, SANTIAGO


ARAUCO QUILICURA, SANTIAGO

Chile

With the acquisition of Arauco El Bosque and the opening of Parque Angamos, Parque Arauco Chile increased its GLA in 10.1% during this year. Tenant sales decreased 1.0%, while revenues and EBITDA showed positive changes of 4.2% and 5.0%, respectively.

This year, we continued the construction of the Parque Arauco Kennedy expansion, which considering the two phases will add 21,000 m2 of retail GLA, the largest convention center in a hotel in the country as well as a Hilton by Hilton hotel with 401 rooms. Additionally, we were proud to open Bazar Gourmet in the mall, one of Chile's first food halls and an innovative addition to the third floor.

We highlight the following activities and services during the year:

- Entertainment activities including chess tournaments, Zumba fitness classes and a gastronomy festival that also included chilean handicraft.
- A beer festival at Parque Arauco Kennedy.
- Blood donation campaigns for public hospitals, performed at Arauco Estación.
- At Arauco San Antonio, there was a young adult orchestra performance, along with a lyrical song workshop and demonstration.
- We welcomed a new food truck section at Arauco Quilicura.

In sustainability matters during year, we highlight the following:

- Our participation in a reforestation project for the chilean native forest in September.
- Parque Arauco is the only real estate company in Latinamerica to be in the Dow Jones Sustainability Index for emerging markets, for three years in a row.

We also received two recognitions for reputation and corporate governance:

Corporate Reputation Ranking from RepTrak Chile

- 19th among top 50 companies with the best reputation in Chile
- 1st in the category of "Shopping Centers" Merco Responsability and Corporate Governance Ranking
- 1st in the category "Construction and real estate" for responsability and corporate governance in Chile
- 1st in the category "Construction and real estate"


LARCOMAR, LIMA



EL QUINDE CAJAMARCA, CAJAMARCA

Peru

During the year, our GLA in Perú decreased by 1.2% in comparison with the end of 2017. In addition, in this year tenant sales grew 7.7%, revenues increased 1.3% and our EBITDA improved by 5,1%.

As usual, throughout 2018 we also performed several activities in our shopping malls, providing community services and varying the tenant mix to best suit our customers. Among these, we highlight the following:

- We are the first mall in Arequipa where clients can bring their dogs to the mall.
- Activities to celebrate the Peruvian national team, which was playing in the soccer World Cup. This included celebrations and live streaming of games in several of our malls inclu- ding MegaPlaza Norte and Larcomar.
- In July, we celebrated the independence holiday in several shopping malls with live cultural shows, artisan good fairs and typical food.
- In December at El Quinde Ica we had performances of children's shows on the weekends, a painting workshop, and featured a live show of the Peruvian symphony.

In sustainability matters during the year, we highlight the following:

- During the first quarter we developed the Regional Craft Fair in El Quinde Ica, which had the support of the local government. We opened space for 12 local artisans from 5 regions, allowing visitors to our malls to see the local crafts.
- We opened a social impact store at Larcomar, Pietá. Pietá is an urban clothing brand which uses natural, organic and recycled materials that are made by 90 inmates at jails in Lima.
- At Parque Lambramani we launched an entrepreneurship contest, which reinforces innovation as a driving principle of new business and supports local entrepreneurs.



PARQUE LA COLINA, BOGOTÁ


PARQUE CARACOLÍ, BUCARAMANGA

Colombia

During 2018, the GLA in Colombia remained stable in comparison to 2017. Tenant sales increased 18.9%, revenue 19.2% and EBITDA 16.0 % during the year. One of the highlights this year was for Parque La Colina, which was recognized at the ICSC Latin America & Carribbean Shopping Center Awards. Parque La Colina received the highest distinctions for two awards: gold in the category of New Developments for its sustainable design and construction and gold in the Retail category for Social, its innovative restauant zone.

As usual, throughout 2018 we also performed several activities in our shopping malls, providing community services and varying the tenant mix to best suit our the community needs. Among these, we highlight the following:

- In Parque La Colina we finished the year at 97.2% occupancy, as a result of the incorporation of several new stores including Casaldeas, Polo by Ralph Lauren, Rapsodia, Miniso and Rayban.
- In Parque Arboleda we celebrated food with a Festival of Flavors with the visiting chef from the winner of Master Chef Colombia 2016. We also hosted several “Master Classes” with cooking, live music, and speakers based on family topics, gourmet food and “showcases” for entrepreneurs in the region.
- At our Premium Outlet Sopó, we welcomed several new brands including Purificación Garcia, Timberland and ProChampions. We also began a new Farmer’s Market style initiative, an open-air market with products for sale, directly from small and local producers.

In sustainability matters:

- During the year at Parque Caracolí we began an entrepreneur support program in Alliance with the Bucaramanga Chamber of Commerce, Fundesan and Ecomcon. This program seeks to provide training and mentoring to small entrepreneurs allowing them to grow and develop their businesses. Additionally, for the fourth consecutive year around the holiday season we opened our “Empty Store”, which is a space donated to different non-profit organizations to collect clothing, toys, and other donations.

2019 AND ONWARDS

Future developments

New Projects	Type	Country	Format	Estimated Date	Total GLA m²	% ownership	Total owned GLA m²	Total Investment Local Currency[1]	Total Investment MUSD[2]
La Molina	Development	Perú	Neighborhood	TBD	19,500	100%	19,500	180	53
Subtotal					19,500		19,500		53

Expansions	Type	Country	Format	Estimated Date	Total GLA m²	% ownership	Total owned GLA m²	Total Investment Local Currency[1]	Total Investment MUSD[2]
Parque Arauco Kennedy - Phase 1[3]	Expansion	Chile	Regional / Hotel	2H21	11,000	100%	11,000	5,355,000	212
Parque Arauco Kennedy - Phase 2[4]	Expansion	Chile	Regional/Tower	2H24	10,000	100%	10,000	2,200,000	86
Arauco Premium Outlet Buenaventura	Espansión	Chile	Outlet	2H19	3,500	100%	3,500	140,000	6
Subtotal					24,500		24,500		304

Other Projects	Type	Country	Format	Estimated Date	Total GLA m²	% ownership	Total owned GLA m²	Total Investment Local Currency[1]	Total Investment MUSD[2]
MegaPlaza[5]	Minority Interest	Peru	Various	2H19	N/A	50%	123,000	583,450	173
Subtotal					-		123,000		173

Projects Incorporated in 2018	Type	Country	Format	Estimated Date	Total GLA m²	% ownership	Total owned GLA m²	Total Investment Local Currency[1]	Total Investment MUSD[2]
Viamix Colonial	Development	Peru	Neighborhood	1Q18	3,000	100%	3,000	25,000	6
El Quinde Cajamarca	Expansion	Perú	Regional	2Q18	2,500	100%	2,500	40,000	11
Parque Angamos	Development	Chile	Neighborhood	3Q18	10,500	55%	5,775	811,000	34
Arauco Express Coquimbo	Development	Chile	Strip Center	4Q18	3,000	53%	1,590	155,000	6
Arauco Express Ossandón	Expansion	Chile	Strip Center	4Q18	1,000	53%	530,000	71,500	3
Bazar Gourmet- Parque Arauco Kennedy	Expansion	Chile	Regional	4Q18	1,000	100%	1,000	120,000	5
Arauco El Bosque	Acquisition	Chile	Regional	4Q18	30,000	100%	30,000	1,750,000	69
Subtotal					51,000		44,395		132
Total					95,000		211,395		662
Remaining to Invest									450

1) Projects in Chile in UF, in Peru in ThPEN, in Colombia in MCOP
2) Considering the exchange rate as of December 31, 2018: 27.565.79 CLP/UF, 694.77 CLP/USD, 3,239.45 COP/USD, 3.37 PEN/USD.
3) In addition to the 11,000 m2, this expansion includes a 401 room Hilton by Hilton Hotel and the largest hotel convention center in Santiago.
4) This project also includes a 15,000 m2 tower.
5) In accordance with the relevant event reported on June 1, 2018, this is related to a binding agreement with the Wiese Group for a business combination. The execution of this agreement requires various restructurings and legal matters, considering that additionally there is a call and put option for Parque Arauco and the Wiese Group, respectively.

2019 AND ONWARDS

Future developments

WE ANNOUNCED A NEW EXPANSION AT PARQUE ARAUCO KENNEDY

PHASE I DETAILS

- Construction start: 2017
- Opening date: 2021
- Investment: UF 5,355,000
- Additional GLA: 11,000 m²
- 5 start hotel: Hilton by Hilton
- Rooms: 401
- Convention Center: 3,000 m²
- Additional parking: 700
- New flagship Falabella with 25,000 m²

PHASE II DETAILS

- Construction start: 2021
- Opening date: 2024
- Investment: UF 2,200,000
- Additional GLA: 10,000 m²
- Tower: 15,000 m²



HOTEL OPERATOR

Hilton HOTELS & RESORTS

CONSTRUCTION COMPANY

TECSA

Land Bank

745.966 m²

totalizes the surface
of our land bank

Name	m²	% ownership	Total cost (local currency)[1]	Total cost (MUSD)[2]
Quilicura	25,486	100%	78,000	3
Buenaventura	115,864	100%	455,000	18
Chicureo	47,614	100%	206,000	8
Los Andes	39,254	100%	117,000	5
San Pedro de la Paz	17,002	100%	51,000	2
Total Chile	245,220	100%	907,000	36
Chimbote	42,657	100%	18,000	5
Talara	30,675	100%	9,400	3
Ica	12,643	100%	13,500	4
Chiclayo	6,609	100%	6,300	2
Pomalca Chiclayo	45,042	100%	6,565	2
Lambayeque- MegaPlaza	25,260	50%	18,900	6
San Juan de Lurigancho- MegaPlaza	80,000	50%	10,415	3
Otros MegaPlaza	106,157	50%	85,685	24
Total Peru	349,043	70%	168,765	49
Neiva	49,537	100%	18,000	6
Valledupar	46,000	100%	30,000	9
Barranquilla	56,166	100%	76,000	23
Total Colombia	151,703	100%	124,000	38
Total	745,966	86%		123

1) Landbank in Chile in UF, in Peru in ThPEN, in Colombia in MCOP.
2) Considering the exchange rate as of December 31, 2018: 27.565.79 CLP/UF, 694.77 CLP/USD, 3,239.45 COP/USD, 3.37 PEN/USD.



CASE STUDY

Bazar Gourmet

BAZAR GOURMET

and the Launch of Food Halls in Chile

Since its beginnings, Parque Arauco Kennedy has been an industry leader in terms of innovation, from its opening in 1982 as Santiago's first shopping mall, to the creation of the Design Floor in 2007, Luxury District in 2013 and now one of Chile's first food halls.

In December 2018, Parque Arauco launched Bazar Gourmet, a new food hall concept inspired by the boom of local food markets in Santiago, demand for international offerings, and of course, the famous food halls of New York City and London. It is one of the first of its kind in Chile, but representative of worldwide industry trends to emphasize more unique, experiential offerings in shopping malls.

FOOD HALL CONCEPT

More than just a traditional food court, food halls feature a mix of food-related vendors–food trucks, artisan cheese and meat stalls, celebrity chef-driven concepts, trendy fast casual chains. Some larger food halls may even incorporate traditional lifestyle brand retailers. The idea is to focus on quality and authenticity, factors which differentiate the concept from other food options.

Rental contracts in food halls are generally of shorter terms and smaller rental spaces, which benefits landlords, restaurant owners and consumers alike. These contracts are more likely to attract up-and-coming concepts and local eateries since it is requires less of a commitment and a lower initial start-up cost. It also means that there is more flexibility on the management end to constantly adapt the mix for consumers.

BAZAR GOURMET, SANTIAGO'S NEW FOOD HALL

Bazar Gourmet is located on the third floor of Parque Arauco Kennedy. With its exposed brick and ceiling style, it fits right in with the rest of the design floor. Not only does the incorporation of Bazar Gourmet increase the food and beverage offering at Parque Arauco Kennedy, but it also adds a new lunchtime or post-work option to the Nueva Las Condes office area. Currently, there are 12 different restaurants ranging from Hawaiian poke and Peruvian to Vietnamese: Barra Chalaca, Brunella, Crepas, Cocina de Kaleta, Dony Doner, La Gloria, La Mensajería, Lulupok, Panko, Phó Banhmí by Vietnam Discovery, Soy Churro and Uncle Fletch.

The project, which adds about 1,000 square meters of GLA, required an investment of 120,000 UF (approximately US$5 million).

SHOPPING MALL INDUSTRY SHIFT TO FOOD & BEVERAGE

In the past years, the prominence of food & beverage in shopping centers has shifted from food courts to anchor store positions, in cases such as Eataly, one of the most well-known food halls with more than 25 locations worldwide. The mix in a shopping malls has shifted from a convenience concept to a more experience focused, and in that sense, food & beverage uses have add attractiveness to the shopping malls, helping to maintain a healthy customer traffic.



CASE STUDY

Bazar Gourmet

This boom in the foodie culture is reflected in increasing consumer demand for quality food options in mall spaces. According to a study by Jones Lang Lasalle of North American real estate properties, they found that 40 percent of consumers choose a mall based on its restaurant offering. As a result, what was typically about 5 percent of total mall GLA is expected to grow to 20 percent by 2025.

We also see these changes in the Latin American market as e-commerce becomes more prevalent. While still only about 3 percent of total retail sales in Chile, Peru and Colombia, shopping centers are having to adapt to face the effects of e-commerce and maintain relevance, especially through the incorporation of experiential offerings like beauty, entertainment, restaurants.

FOOD & BEVERAGE IN PARQUE ARAUCO MALLS

At Parque Arauco we are taking care to understand these changing industry preferences and are proactively incorporating more attractive food and beverage options into our malls. In addition to Bazar Gourmet, Parque Arauco Kennedy features an expanded restaurant boulevard and food court. We have also updated the food areas at Arauco Estación and Arauco Quilicura, and in Peru have expanded or updated our restaurant areas at MegaPlaza Norte and El Quinde Cajamarca.

Another relevant adaptation is “Social”, one of the highlights of Parque La Colina, which launched late 2017 in Bogotá, Colombia. It is an indoor restaurant sector that features 12 restaurants. In November, Social won the ICSC Latin America & Caribbean gold award in the retail sector.



SUSTAINABLE CONSTRUCTION AT BAZAR GOURMET

Various practices focused on sustainability were used in the project’s construction. For example, much of the decoration is made of recycled materials, like the exposed piping on the ceiling and walls (pictured above).

The walls are decorated with live plants in reused wood planters, the majority of the lighting is efficient (LED), and there is a system set up for customers to recycle glass, metal, and dispose of organic waste.

CONSOLIDATED FINANCIAL STATEMENTS

Balance Sheet

Assets	12.31.2018 (MMCh$)	12.31.2017 (MMCh$)
CURRENT ASSETS		
Cash and cash equivalents	281,224	146,599
Other current financial assets	6,607	2
Other current non financial assets	39,535	29,307
Trade accounts receivable and other receivables	30,216	29,056
Accounts receivable from related compies	3	3,963
Current tax receivable	6,583	7,365
Total current operating assets	364,168	216,292
Non-current assets held for sale	0	16,414
Total current assets	364,168	232,707
NON-CURRENT ASSETS		
Other non current financial assets	4,58	4,567
Other non current non financial assets	36,973	45,426
Non current accounts receivable	55	57
Non current acounts receivable to rel. entities	6,615	1,699
Share of profit (loss) of associates accounted	89,928	113,467
Intangible assets excluding surplus value	16,171	14,137
Surplus value	16,318	14,881
Property, plant and equipment	13,371	10,222
Investment properties	1,786,652	1,595,032
Deferred tax assets	43,269	48,819
Total non-current assets	2,013,932	1,848,307
Total assets	2,378,100	2,081,014

Liabilities and Equity	12.31.2018 (MMCh$)	12.31.2017 (MMCh$)
CURRENT LIABLITIES		
Other current financial liabilities	119,876	33,138
Commercial credits and other accounts payable	51,317	43,578
Current accounts payable to related parties	0	2,677
Current provisions	2,261	1,896
Current tax liabilities	4,908	3,401
Current provisions for employees	4,534	3,701
Other current non financial liabilities	7,436	8,455
Total current liabilities	190,332	96,846
NON CURRENT LIABILITIES		
Other non current financial liabilities	876,257	834,778
Non current accounts payable to related entities	3,168	0
Deferred tax liabilities	214,75	191,594
Other non current non financial liabilities	15,565	17,026
Total non current liabilities	1,109,740	1,043,399
Total liabilities	1,300,072	1,140,245
EQUITY		
Issued share capital	420,017	416,047
Accumulated earnings (losses)	497,558	416,885
Premium on new issued shares	289	289
Other reserves	1,963	-35,046
Equity attributable to shareholders of the company	919,826	798,175
Minority interest	158,201	142,595
Total equity	1,078,028	940,769
TOTAL LIABILITIES AND EQUITY	2,378,100	2,081,014

CONSOLIDATED FINANCIAL STATEMENTS

Cash flow statement

ThCh$	4Q18	4Q17	Chg.%	2018	2017	Chg.%
Net cash flow from operating activities						
Receipts from sales of goods and services	81,942,501	71,319,508	14.9%	301,381,066	275,273,881	9.5%
Payments to suppliers for goods and services	(24,049,162)	(25,608,899)	(6.1%)	(90,349,983)	(92,078,901)	(1.9%)
Payments on behalf of employees	(4,863,305)	(4,076,559)	19.3%	(20,707,831)	(20,684,345)	0.1%
Income taxes refunded (paid)	(2,967,566)	(3,264,770)	(9.1%)	(12,879,949)	(15,209,866)	(15.3%)
Other inputs (outputs) in cash	(16,176,946)	(8,093,161)	99.9%	(41,695,339)	(30,912,904)	34.9%
Net cash flow from operating activities	33,885,522	30,276,119	11.9%	135,747,964	116,387,865	16.6%
Net cash flow from investment activities						
Cash flows used for acquiring subsidiaries or other businesses	0	0	-	0	(16,688,223)	N/A
Cash flows used for acquiring non-controlling interests	0	0	-	0	0	-
Other payments to acquire joint ventures	0	0	-	0	0	-
Inflows from long-term assets, classified as investment activities	1,544,465	0	-	52,052,796	0	-
Interests received	2,615,582	872,64	199.7%	7,478,844	4,868,552	53.6%
Purchases of property, plant and equipment	(2,403,656)	-735,273	226.9%	(2,809,385)	(1,101,957)	154.9%
Purchase of intangible assets	(1,109,931)	-407,838	172.1%	(2,983,935)	-841,442	254.6%
Dividends received	0	0	-	33,857,834	6,659,209	408.4%
Dividendos recibidos	0	0	-	0	0	-
Purchase of other long-term assets	(60,671,040)	(30,406,284)	99.5%	(99,376,855)	(93,449,892)	6.3%
Taxes on gains, classified as investment activities	(9,897,309)	0	-	(10,518,944)	0	-
Other inputs (outputs) of cash, classified as investment activities	3,741,126	1,871,054	99.9%	-878,133	1,817,391	N/A
Net cash flow from investment activities	(66,180,763)	(28,805,701)	129.7%	(23,177,778)	(98,736,362)	(76.5%)

CONSOLIDATED FINANCIAL STATEMENTS

Cash flow statement

Ch$ miles	4Q18	4Q17	Chg.%	2018	2017	Chg.%
Net cash flow from financing activities						
Share issuance	0	0	N/A	4,840,883	4,161,803	16.3%
Proceeds from long term debt	11,606,330	49,054,747	(76.3%)	11,606,330	75,208,377	(84.6%)
Proceeds from short term debt	264,902	(2,995,391)	N/A	66,037,671	0	N/A
Total proceeds from loans	11,871,232	46,059,356	(74.2%)	77,644,001	75,208,377	3.2%
Cash flow from issuance of public debt	(3,709,507)	(2,688,291)	38.0%	127,524,064	28,829,305	342.3%
Loan payments	-602,078	3,517,055	N/A	(121,390,212)	(67,690,230)	79.3%
Financial leasing payments	(1,370,769)	-280,946	387.9%	(3,488,204)	(2,347,175)	48.6%
Dividends paid	39,688	60,747	(34.7%)	(34,749,046)	(31,779,351)	9.3%
Interest paid	(5,597,543)	(6,909,891)	(19.0%)	(30,725,532)	(33,931,909)	(9.5%)
Other inputs (outputs) in cash	-4,857	-16,967	(71.4%)	-471,566	51,705	N/A
Net cash flow from financing activities	626,166	39,741,063	(98.4%)	19,184,389	(27,497,475)	(169.8%)
Net increase (decrease) in cash and cash equivalents	(31,669,074)	41,209,480	(176.8%)	131,754,575	(9,845,972)	N/A
Effects of variation in the exchange rate on cash and cash equivalents	277,258	(3,054,927)	(109.1%)	2,869,993	(2,363,708)	N/A
Increase (decrease) in net cash and cash equivalent	(31,391,816)	38,154,553	N/A	134,624,568	(12,209,680)	N/A
Cash and cash equivalents at beginning of period	312,615,402	108,444,465	188.3%	146,599,021	158,808,701	(7.7%)
Cash and cash equivalents at end of period	281,223,586	146,599,018	91.8%	281,223,589	146,599,021	91.8%

Market risk analysis

The following are potential risks that the Company may face:

Economic and market conditions could adversely impact our operations, causing sales to fall. However, 86% of our lease income is from fixed leases (14% variable leases). The company is also diversifying its shopping center formats and types of real estate property.

The interest rates in the countries where we operate could spike, causing the value of our assets to fall and making our financial liabilities more expensive. However, we have matched the average term of our tenants' leases with the average term of our financial liabilities. Also, 90% of our liabilities are fixed-rate.

We operate our shopping centers in a competitive environment that could lead to an over-supply of shopping centers and, as a result, diminished revenue. However, our long-term contracts have an average term of 5.8 years and 86% of our lease income comes from fixed leases (14% from variable leases). The company is also diversifying its shopping center formats and types of real estate property.

We fund all our projects with equal portions of debt and capital. Consequently, our financing costs could increase, driving down results. However, we have a responsible financing strategy and have raised capital when necessary to remain faithful to the company's financing policies. Our debt is in each country's local currency, mostly at fixed interest rates. Additionally, the average duration of our debt is similar to the average duration of our tenants' contracts.

Consumer purchasing is proving to be an omni-channel process. Consequently, despite the growing importance of online sales, physical sales still play a key role. Given the risk that shopping center sales could fall as a result of e-commerce, we have diversified into different formats, including outlets and new, non-retail projects. Furthermore, our shopping centers are, for the most part, the predominant center in their neighborhoods. Lastly, we are working to enhance the buying experience at our shopping centers, leveraging technology such as smart parking, wifi and applications, among others.



PARQUE ARAUCO KENNEDY, SANTIAGO



6.2

Consolidated Financial Statements

Parque Arauco S.A. and subsidiaries

As of December 31, 2018 and 2017,
and for the years ended
December 31, 2018 and 2017
Santiago, Chile

Consolidated Financial Statements
PARQUE ARAUCO S.A. AND SUBSIDIARIES
As of December 31, 2018 and 2017,
and for the years ended December 31, 2018 and 2017
Santiago, Chile

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PARQUE ARAUCO S.A. AND SUBSIDIARIES
Securities Registration No. 403
Figures expressed in thousands of Chilean pesos (ThCLP$)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Directors
of Parque Arauco S.A.

We have audited the accompanying consolidated financial statements of Parque Arauco S.A. and its subsidiaries (the "Company"), which comprise the consolidated statement of financial position as of December 31, 2018 and 2017, and the related consolidated statements of comprehensive income, statements of changes in equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's responsibility for the consolidated financial statements

The Company´s management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB"); This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the consolidated financial statements referred to above, present fairly, in all material respects, the financial position of Parque Arauco S.A. and its Subsidiaries as of December 31, 2018 and 2017, the results of their operations and their cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB").

The accompanying financial statements have been translated into English solely for the convenience of readers outside of Chile

Deloitte.

January 24, 2019
Santiago, Chile

PARQUE ARAUCO S.A. AND SUBSIDIARIES

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PARQUE ARAUCO S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2018 AND 2017

ASSETS	Note	12.31.2018 ThCLP$	12.31.2017 ThCLP$
Current Assets			
Cash and cash equivalents	5	281,223,537	146,599,021
Other financial assets, current	6	6,606,614	2,315
Other non-financial assets, current	7	39,534,831	29,306,765
Trade and other receivables, current (net)	8	30,216,487	29,055,567
Related party receivables, current	9	2,860	3,963,250
Current tax assets	10	6,583,255	7,365,468
Total current assets in operation		**364,167,584**	**216,292,386**
Non-current assets held for sale	41	-	16,414,324
Total current assets		**364,167,584**	**232,706,710**
Non-Current Assets			
Other financial assets, non-current	6	4,580,422	4,566,674
Other non-financial assets, non-current	7	36,972,947	45,426,345
Rights receivable, non-current	8	54,733	56,940
Related party receivables, non-current	9	6,614,830	1,699,267
Investments in associates accounted for using the equity method	35	89,928,275	113,466,856
Intangible assets other than goodwill	11	16,170,952	14,136,589
Goodwill	12	16,318,426	14,881,438
Property, plant and equipment, net	13	13,370,957	10,222,368
Investment properties	14	1,786,651,573	1,595,031,879
Deferred tax assets	15	43,269,350	48,818,915
Total non-current assets		**2,013,932,465**	**1,848,307,271**
Total assets		**2,378,100,049**	**2,081,013,981**

LIABILITIES AND EQUITY	Note	12.31.2018 ThCLP$	12.31.2017 ThCLP$
Current Liabilities			
Other financial liabilities, current	16	119,876,399	33,137,658
Trade and other payables, current	19	51,316,871	43,578,424
Related party payables, current	9	-	2,676,599
Other provisions	17	2,260,853	1,895,703
Current tax liabilities	10	4,907,656	3,401,183
Employee benefit provisions, current	18	4,534,317	3,701,448
Other non-financial liabilities, current	20	7,435,895	8,454,552
Total current liabilities		**190,331,991**	**96,845,567**
Non-Current Liabilities			
Other financial liabilities, non-current	16	876,256,944	834,778,444
Related party payables, non-current	9	3,167,917	-
Deferred tax liabilities	15	214,750,008	191,594,351
Other non-financial liabilities, non-current	20	15,565,449	17,026,200
Total non-current liabilities		**1,109,740,318**	**1,043,398,995**
Total liabilities		**1,300,072,309**	**1,140,244,562**
Equity			
Issued capital	21	420,016,646	416,047,240
Retained earnings	21	497,557,779	416,884,616
Share premium	21	289,355	289,355
Other reserves	21	1,962,545	(35,046,341)
Equity attributable to equity holders of the parent		**919,826,325**	**798,174,870**
Non-controlling interest	21	158,201,415	142,594,549
Total equity	21	**1,078,027,740**	**940,769,419**
Total liabilities and net equity		**2,378,100,049**	**2,081,013,981**

PARQUE ARAUCO S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

		Cumulative	
	Note	01.01.2018 12.31.2018 ThCLP$	01.01.2017 12.31.2017 ThCLP$
Revenue	23	189,618,287	182,215,067
Operating expenses	23	(39,437,276)	(39,346,715)
Gross profit		**150,181,011**	**142,868,352**
Administrative expenses	23	(15,807,825)	(16,552,007)
Other income	29.1	32,646,712	2,989,491
Other expenses	29.2	(10,021,080)	(6,543,741)
Operating income		**156,998,818**	**122,762,095**
Financial income	25	7,975,774	5,730,163
Financial expenses	25	(36,627,127)	(38,086,741)
Share of profit (loss) of equity method associates and joint ventures	35	10,330,051	11,663,908
Foreign exchange differences	26	(5,862)	(80,514)
Loss on indexed assets and liabilities	28	(18,148,557)	(10,713,993)
Gains arising from the difference between the prior carrying amount and the fair value of financial assets reclassified at fair value	14	50,325,495	51,569,506
Profit before income tax		**170,848,592**	**142,844,424**
Income tax expense	15	(47,459,179)	(43,376,855)
Profit for the year		**123,389,413**	**99,467,569**
Profit attributable to			
Profit attributable to equity holders of the parent		117,863,488	88,989,529
Profit attributable to non-controlling interest	21	5,525,925	10,478,040
Profit for the year		**123,389,413**	**99,467,569**
Earnings per share			
Basic earnings per share	**22**	**130.97**	**99.39**
Diluted earnings per share	**22**	**129.50**	**97.23**

PARQUE ARAUCO S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	Cumulative	
	01.01.2018 12.31.2018 ThCLP$	01.01.2017 12.31.2017 ThCLP$
Profit for the year	**123,389,413**	**99,467,569**
Other comprehensive income (loss) that will be reclassified to profit for the period, before tax		
Foreign exchange differences on translation of foreign operations		
Gain (loss) from foreign exchange differences on translation of foreign operations, before tax	36,884,723	(25,314,661)
Other comprehensive income (loss), before tax, foreign exchange differences on translation of foreign operations	**36,884,723**	**(25,314,661)**
Cash flow hedges		
Gain on cash flow hedges, before tax	1,436,422	2,423,647
Other comprehensive income, before tax, cash flow hedges	**1,436,422**	**2,423,647**
Other components of comprehensive income (loss), before tax	**38,321,145**	**(22,891,014)**
Income tax relating to cash flow hedges	(387,834)	(618,030)
Income tax relating to other comprehensive income that will be reclassified to profit for the period	**(387,834)**	**(618,030)**
Other comprehensive loss	(37,933,311)	(23,509,044)
Total comprehensive income	**161,322,724**	**75,958,525**
Total comprehensive income attributable to:		
Equity holders of the parent	155,796,799	65,480,485
Non-controlling interest	5,525,925	10,478,040
Total comprehensive income	**161,322,724**	**75,958,525**

PARQUE ARAUCO S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

12.31.2018	Note	Issued Capital	Share Premium	Translation Adjustment Reserve	Cash Flow Hedge Reserve	Other Miscellaneous Reserves	Other Reserves	Retained Earnings	Equity Attributable to Equity Holders of the Parent	Non-Controlling Interest	Total Equity
		ThCLP$	ThCLP$	ThCLP$	ThCLP$	ThCLP$	ThCLP$	ThCLP$	ThCLP$	ThCLP$	ThCLP$
Opening Balance as of 01.01.2018		**416,047,240**	**289,355**	**(45,558,393)**	**816,044**	**9,696,008**	**(35,046,341)**	**416,884,616**	**798,174,870**	**142,594,549**	**940,769,419**
Total comprehensive income											
Profit for the year		-	-	-	-	-	-	117,863,488	117,863,488	5,525,925	123,389,413
Other comprehensive income		-	-	36,884,723	1,048,588	-	37,933,312	-	37,933,312	-	37,933,312
Total comprehensive income		-	-	-	-	-	-	117,863,488	155,796,800	5,525,925	161,322,725
Equity issuance		3,969,406	-	-	-	-	-	-	3,969,406	-	3,969,406
Dividends		-	-	-	-	-	-	(38,694,320)	(38,694,320)	-	(38,694,320)
Increase (decrease) due to transfers from equity holders		-	-	-	-	-	-	-	-	-	-
Increase (decrease) due to transfers and other changes		-	-	-	-	(924,426)	(924,426)	1,503,995	579,569	10,080,941	10,660,510
Total changes in equity		**3,969,406**	**-**	**36,884,723**	**1,048,588**	**(924,426)**	**37,008,886**	**80,673,163**	**121,651,455**	**15,606,866**	**137,258,321**
Closing balance as of 12.31.2018		**420,016,646**	**289,355**	**(8,673,670)**	**1,864,632**	**8,771,582**	**1,962,545**	**497,557,779**	**919,826,325**	**158,201,415**	**1,078,027,740**

12.31.2017	Note	Issued Capital	Share Premium	Translation Adjustment Reserve	Cash Flow Hedge Reserve	Other Miscellaneous Reserves	Other Reserves	Retained Earnings	Equity Attributable to Equity Holders of the Parent	Non-Controlling Interest	Total Equity
		ThCLP$	ThCLP$	ThCLP$	ThCLP$	ThCLP$	ThCLP$	ThCLP$	ThCLP$	ThCLP$	ThCLP$
Opening balance as of 01.01.2017		**412,551,905**	**289,355**	**(20,243,732)**	**(989,573)**	**6,956,224**	**(14,277,081)**	**363,828,002**	**762,392,181**	**136,552,356**	**898,944,537**
Total comprehensive income											
Profit for the year		-	-	-	-	-	-	88,989,529	88,989,529	10,478,040	99,467,569
Other comprehensive income		-	-	(25,314,661)	1,805,617	-	(23,509,044)	-	(23,509,044)	-	(23,509,044)
Total comprehensive income		-	-	-	-	-	-	88,989,529	65,480,485	10,478,040	75,958,525
Equity issuance		3,495,335	-	-	-	-	-	-	3,495,335	-	3,495,335
Dividends		-	-	-	-	-	-	(32,568,855)	(32,568,855)	-	(32,568,855)
Increase (decrease) due to transfers from equity holders		-	-	-	-	-	-	-	-	-	-
Increase (decrease) due to transfers and other changes	21	-	-	-	-	2,739,784	2,739,784	(3,364,060)	(624,276)	(4,435,847)	(5,060,085)
Total changes in equity		**3,495,335**	**-**	**(25,314,661)**	**1,805,617**	**2,739,784**	**(20,769,260)**	**53,056,614**	**35,782,689**	**6,042,193**	**41,824,882**
Closing balance as of 12.31.2017		**416,047,240**	**289,355**	**(45,558,393)**	**816,044**	**9,696,008**	**(35,046,341)**	**416,884,616**	**798,174,870**	**142,594,549**	**940,769,419**

PARQUE ARAUCO S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	12.31.2018 ThCLP$	12.31.2017 ThCLP$
Cash flows provided by (used in) operating activities		
Classes of revenue from operating activities		
Proceeds from sales of goods and services	301,381,066	275,273,881
Classes of payments		
Payments to suppliers for supply of goods and services	(90,349,983)	(92,078,901)
Payments to and on behalf of employees	(20,707,831)	(20,684,345)
Income taxes paid	(12,879,949)	(15,209,866)
Other cash outflows	(41,695,339)	(30,912,904)
Net cash flows provided by operating activities	**135,747,964**	**116,387,865**
Cash flows provided by (used in) investing activities		
Cash flows used to obtain control of subsidiaries or other businesses, classified as investing activities	-	(16,688,223)
Proceeds from long-term assets, classified as investing activities	52,052,796	-
Interest received	7,478,844	4,868,552
Purchases of property, plant and equipment	(2,809,385)	(1,101,957)
Purchases of intangible assets	(2,983,935)	(841,442)
Dividends received	33,857,834	6,659,209
Purchases of other long-term assets	(99,376,855)	(93,449,892)
Income taxes refunded, classified as investing activities	(10,518,944)	-
Other cash inflows (outflows), classified as investing activities	(878,133)	1,817,391
Net cash flows used in investing activities	**(23,177,778)**	**(98,736,362)**
Cash flows provided by (used in) financing activities		
Proceeds from share issuance	4,840,883	4,161,803
Proceeds from long-term loans	11,606,330	75,208,377
Proceeds from short-term loans	66,037,671	-
Total proceeds from loans	**77,644,001**	**75,208,377**
Proceeds from issuance of bonds (net)	127,524,064	28,829,305
Loan repayments	(121,390,212)	(67,690,230)
Repayment of finance lease liabilities	(3,488,204)	(2,347,175)
Dividends paid	(34,749,046)	(31,779,351)
Interest paid	(30,725,532)	(33,931,909)
Other cash inflows (outflows), classified as financing activities	(471,565)	51,705
Net cash flows provided by (used in) financing activities	**19,184,389**	**(27,497,475)**
Increase (decrease) in cash and cash equivalents before effect of exchange rate changes	**131,754,575**	**(9,845,972)**
Effect of exchange rate changes on cash and cash equivalents		
Effect of exchange rate changes on cash and cash equivalents	2,869,941	(2,363,708)
Increase (decrease) in cash and cash equivalents	134,624,516	(12,209,680)
Cash and cash equivalents at beginning of period	**146,599,021**	**158,808,701**
Cash and cash equivalents at end of period	**281,223,537**	**146,599,021**

Note 1 - General Information

1.1 Corporate Information

Parque Arauco S.A. was incorporated by public instrument dated November 30, 1979, granted before Santiago Notary Public Mr. Andrés Rubio Flores. It was authorized to do business and its bylaws were approved in ruling 363-S dated June 22, 1981, from the Chilean Financial Market Commission (CMF).

Parque Arauco S.A. (or "the Company"), taxpayer ID number 94.627.000-8, is a regional holding with operations in Chile, Peru and Colombia that owns and manages several real estate assets through different subsidiaries and associates. The Company is mainly engaged in developing real estate projects and managing those properties through retail store and space lease agreements with different operators.

The Company is located in Santiago, Chile, at Avenida Presidente Kennedy 5413, Las Condes. Parque Arauco S.A. is a publicly-traded corporation that is registered in the Securities Registry under number 403 and, therefore, is supervised by the Chilean Financial Market Commission (CMF).

Note 2 - Basis of Presentation

2.1 Basis of Preparation and Presentation

These consolidated financial statements as of December 31, 2018 and 2017, and for the years ended December 31, 2018 and 2017, have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements have been prepared from accounting records maintained by the parent company and the other entities within the consolidation perimeter. Each entity prepares its financial statements according to the accounting standards and principles in force in each country. Upon consolidation, adjustments and reclassifications have been made in order to adapt such standards and principles to International Financial Reporting Standards.

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments that are measured at revalued amounts or fair values as of year end, as explained in the accounting policies below. In general, historical cost is based on the fair value of the consideration provided in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether the price is observable or estimated using another direct valuation technique. In estimating the fair value of an asset or liability, the Company takes into account characteristics of the asset or liability that market participants would take into account in setting the price of the asset or liability as of the measurement date. Fair value is determined as such for measurement and/or disclosure purposes, with the exception of:

i) Share-based payment transactions that are within the scope of IFRS 2,
ii) Lease transactions that are within the scope of IAS 17, and
iii) Measurements that have some similarities to market value, but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.

Note 2 - Basis of Presentation (continued)

To estimate value in use, the Company prepares future pre-tax cash flow projections based on the most recently available budgets. These budgets incorporate management's best estimates of revenue and costs of cash generating units using sector projections, experience and future expectations.

2.2 Periods Covered by the Consolidated Financial Statements

These consolidated financial statements cover the following periods:

Consolidated Statements of Financial Position as of December 31, 2018 and 2017.

Consolidated Statements of Comprehensive Income for the years ended December 31, 2018 and 2017.

Consolidated Statements of Changes in Equity for the years ended December 31, 2018 and 2017.

Consolidated Statements of Cash Flows for the years ended December 31, 2018 and 2017.

2.3 Statement of Compliance

These consolidated financial statements, which were approved by the Board of Directors on January 24, 2019, faithfully reflect the financial position of Parque Arauco S.A. as of December 31, 2018 and 2017. As stated in 2.1, these consolidated financial statements represent full adoption of IFRS, explicitly and without reserve. The consolidated financial statements are presented in thousands of Chilean pesos (functional currency) and have been prepared from accounting records maintained by the parent company and its subsidiaries.

2.4 Accounting pronouncements effective beginning on or after January 1, 2018:

a) The following new standards and interpretations have been adopted in these consolidated financial statements.

New IFRS	**Mandatory Effective Date**
***IFRS 9**, Financial Instruments*	*Annual periods beginning on or after January 1, 2018.*
***IFRS 15**, Revenue from Contracts with Customers*	*Annual periods beginning on or after January 1, 2018.*
Amendment to IFRS	**Mandatory Effective Date**
Classification and Measurement of Share-Based Payment Transactions (amendments to IFRS 2)	*Annual periods beginning on or after January 1, 2018.*
Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (amendments to IFRS 4)	*Overlay approach when applying IFRS 9 for the first time. Temporary exemption to delay application for annual periods beginning on or after January 1, 2018, and only available for three years after that date.*
Transfers of Investment Property (amendments to IAS 40)	*Annual periods beginning on or after January 1, 2018*
Annual Improvements Cycle 2014-2016 (amendments to IFRS 1 and IAS 28)	*Annual periods beginning on or after January 1, 2018*
New Interpretations	**Mandatory Effective Date**
***IFRIC 22**, Foreign Currency Transactions and Advance Considerations*	*Annual periods beginning on or after January 1, 2018.*

Note 2 - Basis of Presentation (continued)

b) The following new standards and interpretations have been issued but application is not yet mandatory:

New IFRS	Mandatory Effective Date
***IFRS 16**, Leases*	*Annual periods beginning on or after January 1, 2019.*
***IFRS 17**, Insurance Contracts*	*Annual periods beginning on or after January 1, 2021.*
Amendment to IFRS	
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	*Effective date deferred indefinitely.*
Prepayment Features with Negative Compensation (amendments to IFRS 9)	*Annual periods beginning on or after January 1, 2019.*
Long-term Interests in Associates and Joint Ventures (amendments to IAS 28)	*Annual periods beginning on or after January 1, 2019.*
Annual Improvements Cycle 2015-2017 (amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23)	*Annual periods beginning on or after January 1, 2019.*
Plan Amendment, Curtailment or Settlement (amendments to IAS 19)	*Annual periods beginning on or after January 1, 2019.*
Definition of a Business (Amendments to IFRS 3)	*Annual periods beginning on or after January 1, 2020.*
Definition of Material (Amendments to IAS 1 and IAS 8)	*Annual periods beginning on or after January 1, 2020.*
Revised Conceptual Framework for Financial Reporting	*Annual periods beginning on or after January 1, 2020.*
New Interpretations	**Mandatory Effective Date**
IFRIC 23 Uncertainty over Income Tax Treatments	*Annual periods beginning on or after January 1, 2019.*

The accounting policies adopted in preparing these consolidated financial statements are consistent with those applied in preparing the Company's annual consolidated financial statements as of and for the year ended December 31, 2017, except for the following new standards, interpretations and amendments effective beginning January 1, 2018:

- **IFRS 15 Revenue from Contracts with Customers**

As of December 31, 2018, the Company has adopted IFRS 15 Revenue from Contracts with Customers. The standard introduces a five-step approach for recognizing revenue. Significantly more prescriptive guidance has been added in IFRS 15 to address specific scenarios.

IFRS 15 uses the terms "contract asset" and "contract liability" to describe what could commonly be known as 'accrued income' and 'deferred income', however, the standard does not prohibit an entity from using alternative descriptions in the statement of financial position. The Company has adopted the terminology used in IFRS 15 to describe such balances.

The Company's accounting policies for its revenue flows are disclosed in detail in Note 3.12. Apart from providing more extensive disclosures on the Company's revenue transactions, adopting IFRS 15 has not had a significant impact on the Company's financial position or financial performance.

The Company evaluated the impact of adopting IFRS 15 "Revenue from Contracts with Customers" and did not identify any significant accounting effects that would affect the timing of revenue recognition or require changes in the presentation of or disclosures in these consolidated financial statements.

Note 2 - Basis of Presentation (continued)

- **IFRS 9, Financial Instruments**

IFRS 9 introduces new requirements for (a) classifying and measuring financial assets and (c) financial liabilities, (b) financial asset impairment, and (d) general hedge accounting.

The Company adopted IFRS 9 beginning January 1, 2018 (date of first-time adoption) and has decided not to restate comparative information from prior periods with respect to the classification and measurement requirements (including impairment) in accordance with the transitory provisions in IFRS 9 (7.2.15) and (7.2.26). In addition, the Company has decided to prospectively apply the hedge accounting requirements in IFRS 9. Any differences in the book values of financial assets and financial liabilities resulting from adopting IFRS 9 are recognized in retained earnings as of January 1, 2018. Therefore, the information presented for the year 2017 does not reflect the requirements in IFRS 9, but rather those in IAS 39.

a. Classification and Measurement of Financial Assets

The Company adopted the requirements in IFRS 9 for instruments that had not been derecognized as of January 1, 2018, but not for instruments that had already been derecognized as of January 1, 2018. Comparative amounts for the instruments that had not been derecognized as of January 1, 2018, not been restated.

All financial assets within the scope of IFRS 9 must be measured subsequently at amortized cost or fair value based on the entity's business model for managing financial assets and the characteristics of the contractual cash flows of the financial assets.

b. Financial Asset Impairment

Regarding impairment of financial assets, IFRS 9 requires the use of a model of expected credit losses versus the model of incurred credit losses under IAS 39. The model of expected credit losses requires the Company to account for expected credit losses and changes in these expected credit losses as of each reporting date in order to reflect changes in credit risk since initial recognition of the financial assets. In other words, a credit event does not have to occur in order for credit losses to be recognized.

Specifically, IFRS 9 requires the Company to recognize a loss allowance for expected credit losses (“ECL”) on (i) financial assets measured at amortized cost or at fair value through other comprehensive income (FVTOCI), (ii) lease receivables, (iii) contract assets and (iv) loan commitments and financial guarantee contracts for which the impairment requirements in IFRS 9 apply.

Although doubtful accounts have not historically been a significant issue in the Company’s consolidated financial statements, the Group reviewed its model for recording impairment on financial assets and changed to an expected credit loss model, as required by IFRS 9.

After reviewing the impairment model for financial assets, the Company calculated a larger impairment provision of ThCLP$595,724, which has been recognized (net of deferred tax effects) with a credit to retained earnings as of January 1, 2018, without restating comparative figures, in accordance with IFRS 9 (7.2.15).

Note 2 - Basis of Presentation (continued)

c. Classification and Measurement of Financial Liabilities

A significant change introduced by IFRS 9 in the classification and measurement of financial liabilities is related to the accounting of changes in fair value of a financial liability designated at fair value through profit and loss (FVTPL) attributable to changes in the issuer's credit risk.

Specifically, IFRS 9 requires changes in the fair value of a financial liability that is attributable to changes in that liability's credit risk to be presented in other comprehensive income unless recognizing the effects of changes in the liability's credit risk in other comprehensive income would create or increase an accounting asymmetry in profit or loss. Changes in fair value attributable to the credit risk of a financial liability are not subsequently reclassified to profit or loss, but instead are transferred to retained earnings when the financial liability is derecognized. Previously, under IAS 39, the total amount of the change in fair value of a financial liability designated as FVTPL was presented in profit or loss.

Adopting IFRS 9 has not materially impacted the classification and measurement of the Company's financial liabilities.

d. Hedge Accounting

IFRS 9 does not make any substantial changes to the accounting treatment of hedge accounting. The Company has decided to not make use of the exception provided by IFRS 9 that allows hedge accounting requirements in IAS 39 to continue to be applied.

The Company has adopted IFRS 9 retrospectively but has decided not to restate comparative information. As a result, the comparative information provided continues to be accounted for using the Company's previous accounting policy.

The following new standards and interpretations have been issued but application is not yet mandatory:

- **IFRS 16 *Leases***

The Company is currently in the process of evaluating the initial effects of applying these new standards and amendments. It has envisaged the following effects when they take force in or after 2019.

Under IFRS 16, a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly while the liability accrues interest. The asset will generate expenses for the right of use that are amortized on a straight-line basis, except for leases associated with investment properties, where the current measurement accounting policy (i.e. fair value) is applied. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessee shall use their incremental borrowing rate.

The new standard includes certain recognition exemptions. Instead of applying the recognition requirements of IFRS 16 described above, a lessee may elect to account for lease payments as an expense on a straight-line basis over the lease term or another systematic basis for the following two types of leases: leases with a lease term of 12 months or less and containing no purchase options and leases where the underlying asset has a low value when new (such as personal computers or small items of office furniture).

Note 2 - Basis of Presentation (continued)

The Company has preliminarily estimated that adopting this standard will not significantly impact the consolidated financial statements since it will increase consolidated assets by 1% and consolidated liabilities by 3%.

2.5 Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and the entities controlled by the Company (its subsidiaries). Control is obtained when the Company has:

(a) power over the investee, i.e. existing rights that give it the ability to direct the relevant activities of the investee (the activities that significantly affect the investee's returns);
(b) exposure, or rights, to variable returns from its involvement with the investee; and
(c) the ability to use its power over the investee to affect its returns.

When the Company has less than the majority of the voting rights in an investee, it has power over the investee when these voting rights are sufficient to give it the practical ability to unilaterally direct the investee's relevant activities. The Company considers all of the facts and circumstances in evaluating whether the voting rights in an investee are sufficient to give it power, including:

(a) the size of its holding of voting rights relative to the size and dispersion of holdings of other vote holders;
(b) potential voting rights held by the investor, other vote holders or other parties;
(c) rights from other contractual agreements; and
(d) any additional facts and circumstances that indicate that the investor has, or does not have, the current ability to direct the relevant activities when decisions need to be made, including voting behavior patterns in prior shareholder meetings.

The Company will reevaluate whether or not it has control in an investee if the facts and circumstances indicate that there have been changes in one or more of the three elements of control mentioned above.

A subsidiary will be consolidated from the date on which the Company obtains control of the investee and consolidation shall cease when control over the investee is lost. Specifically, the income and expenses of a subsidiary acquired or sold during the year are included in the consolidated statements of comprehensive income from the date on which the Company obtains control until the date on which the Company ceases to control the subsidiary.

The gain or loss from each component of other comprehensive income is attributed to the equity holders of the parent and to non-controlling interest, as appropriate. Total comprehensive income is attributed to the equity holders of the parent and to non-controlling interest even if this results in the non-controlling interest having a deficit balance.

If a subsidiary uses accounting policies that differ from the consolidated financial statements for transactions and other similar events in similar circumstances, the appropriate adjustments will be made to the financial statements of the subsidiaries upon preparation of the consolidated financial statements to ensure uniformity with the accounting policies of Parque Arauco S.A.

All assets, liabilities, equity, income, expenses and cash flows related to transactions between group entities are eliminated in full upon consolidation.

Note 2 - Basis of Presentation (continued)

Non-controlling interest - A parent company shall present non-controlling interests in the consolidated statement of financial position, within equity, separately from the equity of the equity holders of the parent company.

Changes in Company's interests in current subsidiaries

Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control are equity transactions. Any difference between the amount by which the minority interest is adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the equity holders of the parent. No adjustment is made to the carrying amount of goodwill and gains or losses are not recognized in profit and loss for the period.

When control of a subsidiary is lost, a gain or loss is recognized in profit and loss and is calculated as the difference between (i) the sum of the fair value of the consideration received and the fair value of any retained interest; and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest.

When the subsidiary's assets are measured at revalued amounts or at fair value and the corresponding accumulated gain or loss has been recognized in other comprehensive income and accumulated in equity, amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Company had directly sold the relevant assets (i.e. reclassified to profit and loss or transferred directly to retained earnings as specified by the applicable IFRS). The fair value of any investment retained in the former subsidiary as of the date on which control is lost shall be considered the fair value at initial recognition for subsequent measurement under IFRS 9 *Financial Instruments*: *Recognition and Measurement*, when appropriate, as the cost at initial recognition for an investment in an associate or joint venture.

Note 2 - Basis of Presentation (continued)

The Company controls the following entities:

Taxpayer ID Number	Company Name	Country	Functional Currency	Ownership Percentage			
				12.31.2018			12.31.2017
				Direct	Indirect	Total	Total
76.013.218-7	Inversiones Parque Arauco Uno S.A.	Chile	Chilean peso	99.82%	0.18%	100.00%	100.00%
76.111.950-8	Desarrollos Inmobiliarios San Antonio S.A. (3)(4)	Chile	Chilean peso	69.90%	0.10%	70.00%	70.00%
76.187.012-2	Centros Comerciales Vecinales Arauco Express S.A. (1)	Chile	Chilean peso	53.34%	0.00%	53.34%	53.34%
76.189.464-1	Nueva Arauco SpA. (2)	Chile	Chilean peso	100.00%	0.00%	100.00%	100.00%
76.263.221-7	Centro Comercial Arauco Express Ciudad Empresarial S.A.	Chile	Chilean peso	0.00%	42.67%	42.67%	42.67%
86.339.000-1	Plaza Estación S.A.	Chile	Chilean peso	0.00%	100.00%	100.00%	100.00%
89.276.800-5	Comercial Arauco Ltda.	Chile	Chilean peso	95.00%	5.00%	100.00%	100.00%
96.547.010-7	Inmobiliaria Paseo de la Estación S.A.	Chile	Chilean peso	83.00%	0.00%	83.00%	83.00%
96.671.020-9	Todo Arauco S.A.	Chile	Chilean peso	100.00%	0.00%	100.00%	100.00%
96.734.110-K	Arauco Malls Chile S.A. (2) (6)	Chile	Chilean peso	100.00%	0.00%	100.00%	100.00%
76.455.843-K	Parque Angamos SpA	Chile	Chilean peso	55.00%	0.00%	55.00%	55.00%
76.231.235-2	Bulevar Rentas Inmobiliarias S.A. (2)	Chile	Chilean peso	0.00%	100.00%	100.00%	100.00%
76.939.541-5	Arauco Centros Comerciales Regionales SpA (6)	Chile	Chilean peso	100.00%	0.00%	100.00%	-
76.939.551-2	Arauco Chillán SpA (6)	Chile	Chilean peso	100.00%	0.00%	100.00%	-
96.828.400-2	Parque Arauco Internacional S.A.	Chile	US dollar	100.00%	0.00%	100.00%	100.00%
30-69117251-8	Parque Arauco Argentina S.A.	Argentina	Argentinean peso	0.00%	100.00%	100.00%	100.00%
20345681460	Altek Trading S.A.C.	Peru	Peruvian sol	0.00%	49.99%	49.99%	49.99%
20392709518	Inmobiliaria Colomera S.A.C.	Peru	Peruvian sol	0.00%	49.99%	49.99%	49.99%
20423264617	Inmuebles Panamericana S.A.	Peru	Peruvian sol	0.00%	50.00%	50.00%	50.00%
20492155501	Inversiones Villa el Salvador S.A.C.	Peru	Peruvian sol	0.00%	49.99%	49.99%	49.99%
20492911918	Inversiones Alameda Sur S.A.C.	Peru	Peruvian sol	0.00%	49.99%	49.99%	49.99%
20505590849	Administradora Panamericana S.A.C.	Peru	Peruvian sol	0.00%	49.99%	49.99%	49.99%
20511910642	Arauco Holding Perú S.A.C. (8)	Peru	Peruvian sol	0.00%	100.00%	100.00%	100.00%
20513494824	Gerencia de Centros Comerciales S.A.C.	Peru	Peruvian sol	0.00%	49.99%	49.99%	49.99%
20513549823	Parque El Golf S.A.C. (9)	Peru	Peruvian sol	0.00%	0.00%	0.00%	100.00%
20513561106	Soc. de Inversiones y Gestión S.A.C.	Peru	Peruvian sol	0.00%	50.00%	50.00%	50.00%
20519159253	Corporación Andaman S.A.C.	Peru	Peruvian sol	0.00%	49.99%	49.99%	49.99%
20523173716	Parque Lambramani S.A.C.	Peru	Peruvian sol	0.00%	100.00%	100.00%	100.00%
20524082374	Inversiones Bairiki S.A.C.	Peru	Peruvian sol	0.00%	50.00%	50.00%	50.00%
20524688418	Inversiones Vilna S.A.C.	Peru	Peruvian sol	0.00%	100.00%	100.00%	100.00%
20538494233	Inmobiliaria Botafogo S.A.C.	Peru	Peruvian sol	0.00%	49.99%	49.99%	49.99%
20538494748	Inmobiliaria Costa Nueva S.A.C.	Peru	Peruvian sol	0.00%	49.99%	49.99%	49.99%
20543099881	Inmobiliaria Pisac S.A.C.	Peru	Peruvian sol	0.00%	49.99%	49.99%	49.99%
20543100138	Inversiones Lendipo S.A.C.	Peru	Peruvian sol	0.00%	49.99%	49.99%	49.99%
20543346218	Inmobiliaria Kotare S.A.C.	Peru	Peruvian sol	0.00%	50.00%	50.00%	50.00%
20543349403	Inversiones Kandoo S.A.C.	Peru	Peruvian sol	0.00%	49.99%	49.99%	49.99%
20550880041	Strip Centers del Perú S.A.C.	Peru	Peruvian sol	0.00%	100.00%	100.00%	100.00%
20557168541	Inversiones Diamanda S.A.C.	Peru	Peruvian sol	0.00%	49.99%	49.99%	49.99%
20548925861	Inmobiliaria Eburns S.A.C.	Peru	Peruvian sol	0.00%	49.99%	49.99%	49.99%
20600242050	Inversiones Innsmouth S.A.C.	Peru	Peruvian sol	0.00%	49.99%	49.99%	49.99%
20557170368	Inversiones Termasia S.A.C.	Peru	Peruvian sol	0.00%	49.99%	49.99%	49.99%
20557171178	Inversiones Lambore S.A.C.	Peru	Peruvian sol	0.00%	49.99%	49.99%	49.99%
20502772831	Ekimed S.A.C.	Peru	Peruvian sol	0.00%	100.00%	100.00%	100.00%
20495673911	El Quinde Shopping Plaza S.A.C.	Peru	Peruvian sol	0.00%	100.00%	100.00%	100.00%
20512817999	Inmobiliaria El Quinde S.A.C.	Peru	Peruvian sol	0.00%	100.00%	100.00%	100.00%
20521150948	El Piquero Shopping Plaza S.A.C.	Peru	Peruvian sol	0.00%	100.00%	100.00%	100.00%
20510641516	Arauco Malls Perú S.A.C. (8)	Peru	Peruvian sol	0.00%	100.00%	100.00%	100.00%
20514833088	Inmobiliaria Nueva Centuria S.A.C.	Peru	Peruvian sol	0.00%	50.00%	50.00%	50.00%
20550016690	Inversiones Inmobiliarias Puerto Pizarro S.A.C.	Peru	Peruvian sol	0.00%	50.00%	50.00%	50.00%
20123537581	Sercenco S.A.	Peru	Peruvian sol	0.00%	100.00%	100.00%	100.00%
900.079.790-5	Eje Construcciones S.A.S.	Colombia	Colombian peso	0.00%	55.00%	55.00%	55.00%
900.197.303-7	Inversiones Colombianas Arauco S.A.S.	Colombia	Colombian peso	0.00%	100.00%	100.00%	100.00%
900.252.139-0	Parque Arauco Colombia S.A. (5) (7)	Colombia	Colombian peso	0.00%	100.00%	100.00%	100.00%
900.362.722-7	Inmobiliaria La Colina Arauco S.A.S.	Colombia	Colombian peso	0.00%	100.00%	100.00%	100.00%
900.460.297-8	Inversiones Inmobiliarias Bucaramanga Arauco S.A.S.	Colombia	Colombian peso	0.00%	100.00%	100.00%	100.00%

(1) On December 15 and 26, 2016, and January 18, 2017, Parque Arauco S.A. paid-in 5,610 shares issued by Centros Comerciales Vecinales Arauco Express S.A. on November 22, 2016, giving the Company a direct interest of 53.34%. That share issuance was part of the capital increase agreed at the extraordinary shareholders' meeting of Centros Comerciales Vecinales Arauco Express S.A. on August 12, 2015.

Note 2 - Basis of Presentation (continued)

(2) On December 30, 2016, the Company's subsidiaries, Arauco Malls Chile S.A. and Nueva Arauco SpA, signed a share purchase agreement with Sociedad de Inversiones Rio Blanco Limitada, Inmobiliaria Santa Magdalena Limitada, Asesorías e Inversiones M&H Limitada, Inversiones Guipuzcoa Limitada, and Inversiones Riclau Limitada, by which Arauco Malls Chile S.A. and Nueva Arauco SpA acquired 100% of the shares issued by Bulevar Rentas Inmobiliarias S.A. As a result of these transactions, Arauco Malls S.A. gained control over that company on January 3, 2017.

(3) At an extraordinary shareholders' meeting held on December 29, 2016, the shareholders of Desarrollos Inmobiliarios San Antonio S.A. agreed to increase that company's capital by CLP$15,807,784,308 and to issue 26,538 shares. Parque Arauco S.A. subscribed a total of 23,540 shares, increasing its direct interest to 64.43%. Payments for the shares subscribed by Parque Arauco S.A. were made on January 18, 2017, February 8, 2017, and April 6, 2017.

(4) On August 3, 2017, Parque Arauco S.A. signed a share purchase agreement with Inversiones NYK Limitada, by which it acquired 5.47% of the shares issued by Desarrollos Inmobiliarios San Antonio S.A., thus giving it a direct ownership interest of 69.90%.

(5) On August 11, 2017, Inversiones Inmobiliarias Barranquilla Arauco S.A.S. absorbed by Inversiones Inmobiliarias Arauco Alameda S.A.S.

(6) At an extraordinary shareholders' meeting held on October 1, 2018, the shareholders of Arauco Malls Chile S.A. agreed to split this company into three separate corporations: Arauco Chillán S.A., Arauco Centros Comerciales Regionales S.A., and the legal successor, Arauco Malls Chile S.A. At the same meeting, they also agreed to convert Arauco Chillán S.A. and Arauco Centros Comerciales Regionales S.A. to simplified corporations with the same names, Arauco Chillán SpA and Arauco Centros Comerciales Regionales SpA. Arauco Centros Comerciales Regionales SpA and Arauco Chillán SpA, are controlled by Parque Arauco S.A., which has equal interests in both companies. Parque Arauco S.A. has a direct interest, equivalent to 99.9999% in each company or 116,618,740 shares, and an indirect interest through the subsidiary Nueva Arauco SpA, equivalent to 0.0001% in each company or 147 shares. At the same extraordinary shareholders' meeting, Arauco Malls Chile S.A. allocated its entire shareholding in Bulevar Rentas Inmobiliarias S.A., consisting of 36,995 shares or 99.9973% of the share capital of Bulevar Rentas Inmobiliarias S.A., to Arauco Centros Comerciales Regionales SpA.

(7) At a shareholders' meeting held on October 24, 2018, the shareholders of Inversiones Inmobiliarias Arauco Alameda S.A.S. agreed to incorporate the company and to change its name to Parque Arauco Colombia S.A. In addition, Parque Arauco S.A. and its subsidiaries Todo Arauco S.A. and Nueva Arauco SpA., acquired interests in the company, resulting in the following share distribution: Parque Arauco Internacional S.A. with 72,299,611 shares, Inversiones Colombianas Arauco S.A.S. with 4,044,711 shares, Parque Arauco S.A. with 1 share, Nueva Arauco SpA with 1 share and Todo Arauco S.A. with 1 share.

(8) On February 26, 2018, the shareholders agreed to change the name of Inmuebles Comerciales del Perú S.A.C. to Arauco Holding Perú S.A.C., and the name of Centros Comerciales y de Esparcimiento S.A.C. to Arauco Malls Perú S.A.C.

(9) On December 27, 2018, the subsidiary Parque El Golf S.A.C. was liquidated.

Note 2 - Basis of Presentation (continued)

2.6 Significant Accounting Judgments, Estimates and Assumptions

Estimates and Assumptions
In preparing the consolidated financial statements under IFRS, the management of Parque Arauco S.A. has made estimates based on assumptions regarding:

Impairment: The Company's management tests non-current assets for impairment at each reporting date. This requires an estimate of the recoverable value of the cash generating units to which goodwill is allocated. The estimate of value in use requires management to estimate future cash flows expected from the cash generating unit and, also, to determine an appropriate discount rate to calculate the present value of these cash flows.

Useful life: Intangible assets and property, plant and equipment require estimates regarding their useful life and residual value.

Deferred taxes: Deferred tax assets are recognized for all unused tax losses to the extent that it is likely that there will be tax profits against which the losses can be used.

Provisions: The Company records a provision when it has a present obligation as a result of a past event, resources will likely have to be disbursed and a reliable estimate can be made for the obligation amount. Therefore, as of each reporting period, the Company presents provisions for legal proceedings and reimbursements and other miscellaneous provisions.

Fair value of investment properties: The Company's management determines the fair value of investment properties on a yearly basis. This requires management to make an estimate for future cash flows expected for each cash generating unit and, also, to determine an appropriate discount rate to calculate the present value of these cash flows (see Note 3.2).

The estimates made and assumptions used by the Company are based on historical experience, changes in the industry and information provided by qualified external sources. However, actual results could differ from these estimates under certain conditions.

2.7 Functional Currency

The financial statements of Parque Arauco S.A. and subsidiaries are presented in the currency of the economic environment in which the companies operate (functional currency). For the purposes of the consolidated financial statements, they are restated in thousands of Chilean pesos, which is the Group's presentation currency.

Currency	12.31.2018 CLP	12.31.2017 CLP
UF	27,565.79	26,798.14
US dollar	694.77	614.75
Peruvian sol	206.35	189.68
Colombian peso	0.22	0.21
Argentinean peso	18.41	33.11

Note 2 - Basis of Presentation (continued)

2.8 Presentation Currency

The consolidated financial statements of Parque Arauco S.A. and subsidiaries are presented in Chilean pesos, in compliance with IAS 21 *The Effects of Changes in Foreign Exchange Rates*. Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising upon acquisition, are translated to Chilean pesos using the exchange rate at the reporting date. Income and expenses of foreign operations are translated to Chilean pesos using the average exchange rate.

2.9 Foreign Currency

Foreign Currency Transactions

Transactions in a currency other than a company's functional currency are considered foreign currency transactions and are accounted for using its functional currency at the exchange rate in effect on the transaction date. As of each period end, balances of monetary assets and liabilities denominated in foreign currency are translated using the exchange rate of the functional currency as of that date. Exchange differences that arise from that translation are recorded in exchange differences in the statement of income for the period in which they are produced, except for exchange differences resulting from the valuation of investments in companies (equity of subsidiaries) with a different functional currency, which are recorded in translation adjustment reserves in interim consolidated other comprehensive income. Non-monetary assets and liabilities measured at fair value are retranslated to the functional currency using the exchange rate as of the date the fair value was determined. Non-monetary items measured at historical cost in a foreign currency are not translated.

Indexation Units

Transactions in indexation units are recorded at the unit value as of the date on which the transaction meets the requirements for initial recognition. As of each period end, monetary assets and liabilities denominated in indexation units are converted using the exchange rate for the indexation unit and any differences arising are recorded in gain (loss) on indexed assets and liabilities in the statement of income.

Note 3 - Summary of Significant Accounting Policies

3.1 Borrowing Costs

Borrowing costs include interest paid and accrued, exchange or indexation differences and other costs of loans from banks and financial institutions and bonds payable that are recorded as financial expenses when incurred, except when those costs are related to the acquisition and/or construction of qualifying assets (e.g. investment properties), in which case they must be capitalized as part of the cost of the asset.

3.2 Investment Properties

Investment properties include land, buildings, real estate projects under development and other investment property held to be leased.

Note 3 - Summary of Significant Accounting Policies (continued)

Investment properties are initially accounted for at acquisition cost, which includes mainly their purchase price and any directly attributable disbursement. After initial recognition, Parque Arauco S.A. has chosen to value its investment properties at fair value. As of each year end, management calculates variations in fair value using the discounted cash flow method. Gains or losses resulting from variations in the fair value of investment properties are included in profit or loss for the year when they occur.

The Company has decided to account for land and real estate projects under development at the cost of the land plus all disbursements necessary to develop and build the project.

During the construction phase, the investment property under construction cannot be remeasured at fair value and only financial expenses and construction costs are capitalized, provided that the asset qualifies for such accounting and that these costs have been accrued before the asset is in operable condition. When that asset begins operating, it is recorded at fair value. Any difference between the fair value of the property as of that date and its prior carrying amount is recorded in profit or loss in gains (losses) arising from the difference between the prior carrying amount and the fair value of financial assets reclassified at fair value. Investment properties are de-recognized upon disposal or when permanently removed from use and when no future economic benefits are expected from their disposal. Any gain or loss from retiring or disposing of an investment property is recognized in profit or loss for the year in which it was retired or disposed of.

Transfers to or from investment property can be made when, and only when, there is evidence of a change in use: A change in use occurs when property meets, or ceases to meet, the definition of investment property and there is evidence of change in use. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. Examples of evidence of a change in use include:

(a) commencement of owner-occupation, or of development with a view to owner-occupation, for a transfer from investment property to owner-occupied property;
(b) commencement of development with a view to sale, for a transfer from investment property to inventories;
(c) end of owner-occupation, for a transfer from owner-occupied property to investment property; or and
(d) inception of an operating lease to another party, for a transfer from inventories to investment property.

Fair value is calculated for investment properties based on projected results. Revenue is based on fixed and variable components of lease agreements while costs are based on current payment agreements and contracts held by the Company.

3.2.1 Determination of Discount Rate for Cash Flows

The discount rate is reviewed annually and determined as follows:

1. BETA determination; because there is not a sufficiently large and active market in Chile to properly determine BETA, the betas of other shopping center developers and management companies in South America are used.
2. Risk-free rate; this input is updated each year and based on the risk-free rate of the 30-year U.S. Treasury Bond plus a country risk spread for Chile, Peru and Colombia.
3. Risk premium; this input is generated by local management based on information published each year in market data systems.

4. Leverage ratio; the leverage ratio has been established for modeling purposes at a range of 45% - 55% between third-party and company funds.
The variables exposed at this level are used to calculate cost of capital using the WACC formula.
5. Tax rate; the current tax rate for the period in which the cash flows will be discounted must be added in order to obtain the discount rate before and after taxes.
6. The debt rate is calculated based on the 30-year Treasury Bond, the country risk spread and a debt spread based on market conditions.

3.2.2 Investment Plan

The Company prepares a detailed investment plan each year for maintaining, repairing and expanding each of its investment properties. That amount is included in the annual budget and approved by the Board of Directors. As a result, they are transferred to discounted cash flows as capital expenditures on investment properties. Maintenance expenses are understood to be part of the particular operating expenses of each property and are allowed to uphold their cash flows.

3.2.3 Statements of Projected Results

Cash flow projections for each investment property are prepared using the official budget previously approved by the Board of Directors and its respective EBITDA. This EBITDA is used as a starting point for the discounted cash flows for the upcoming year.

3.2.4 Revenue Growth Rate

Revenue growth rates are relative for each investment property and are directly related to the conditions or stage of the life cycle of each asset and, therefore, this variable is reviewed and approved each year.

Growth Rate - Revenue		
Country	**2018**	**2017**
Chile	0% - 6%	0% - 6%
Peru	2% - 6%	2% - 6%
Colombia	2% - 6%	2% - 6%

3.2.5 Cost Growth Rate

Cost growth rates are generally less than the rates for revenue. This occurs because there are fixed costs that do not increase when revenue increases. In addition, the Company has operational efficiency policies that help control its main operating costs. Lastly, many of these costs are not directly indexed to inflation, while revenue is. These rates are reviewed and approved each year.

Growth Rate - Costs		
Country	**2018**	**2017**
Chile	1% - 7%	1% - 7%
Peru	2% - 7%	2% - 7%
Colombia	2% - 7%	2% - 7%

Note 3 - Summary of Significant Accounting Policies (continued)

3.2.6 EBITDA Growth Rate

The rate of growth or decline for EBITDA is a result of the effects of revenue and cost growth rates. For revenue projections, the Company uses long-term contracts currently in force. Each contract has a fixed and a variable component, depending on the tenant's sales. The fixed component is the most important and limits risk in revenue projections.

Revenue and costs are projected based on these variables to obtain an estimated EBITDA. Maintenance capex, taxes and changes in working capital are then discounted and at the end of the tenth year growing perpetuity is applied. EBITDA used in the first year always corresponds to the budget approved by the Board of Directors.

Since Parque Arauco S.A. has established the policy of valuing investment properties at fair value, the effects of any impairment on these assets are part of the fair value adjustment and are taken into account by the valuation model for investment properties.

3.3 Investments in Associates and Joint Ventures Accounted for Using the Equity Method

3.3.1. Associates and Joint Ventures

An associate is an entity over which the Company exercises significant influence. Significant influence represents the power to participate in the financial and operating policy decisions of an investment, but does not involve control or joint control over those policies. Income, expenses, assets and liabilities of associates are incorporated into these Consolidated Financial Statements using the equity method, except when the investment is classified as held for sale, in which case it is accounted for according to IFRS 5, *Non-Current Assets Held for Sale and Discontinued Operations.*

Under the equity method, investments in associates are recorded initially at cost and are subsequently adjusted based on changes, after acquisition, in the Company's share of the associate's net assets, less any impairment in the value of the individual investments.

When the Company's share of losses in an associate or joint venture exceeds its ownership interest, the entity shall cease to recognize its share of additional losses. The Company's interest in an associate or joint venture is the carrying amount of the investment in the associate or joint venture determined using the equity method, together with any long-term interest that, in essence, forms part of the entity's net investment in the associate or joint venture. A joint venture is an arrangement where the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control occurs only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

An investment will be accounted for using the equity method from the date on which it becomes an associate or joint venture. When the investment is acquired, any difference between the purchase cost and the entity's share of the net fair value of the identifiable assets and liabilities of the investee shall be accounted for as goodwill and included in the carrying amount of the investment. Any difference between the entity's share of the net fair value of the investee's identifiable assets and liabilities and the purchase cost, after revaluation, shall be immediately recognized in comprehensive income.

An investment in an associate or joint venture is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after

Note 3 - Summary of Significant Accounting Policies (continued)

the initial recognition of the investment. In that circumstance, the total carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 *Impairment of Assets*, as one single asset by comparing its recoverable amount (the higher of its value in use and its fair value less costs to sell) to its carrying amount; any impairment loss recognized forms part of the investment's carrying amount. Any reversal of that impairment loss recognized in accordance with IAS 36 increases the investment's value as a function of its recoverable amount.

The Company discontinues the use of the equity method on the date on which the investment ceases to be an associate or joint venture, or once the investment is classified as held for sale. When the Company retains an interest in the former associate or joint venture and the interest is a financial asset, the Company measures the retained interest at its current fair value and the market value is considered its fair value upon initial recognition, in accordance with IFRS 9.

The difference between the carrying amount of the associate or joint venture on the date on which use of the equity method is suspended and the fair value of any retained interest is included in the gain or loss on the disposal of the associate or joint venture. In addition, if the entity previously recorded a gain or loss in other comprehensive income related to that associate or joint venture, that amount must be recorded in the same way as if that associate or joint venture would have directly sold the related assets or liabilities.

The Company continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. Fair value is not re-calculated as a result of these changes in interest.

When the Company reduces its interest in an associate or a joint venture, and continues to use the equity method, any effects previously recognized in other comprehensive income must be reclassified to profit and loss in proportion to the decrease in interest in that associate.

When a Group company engages in transactions with an associate or joint venture, gains and losses resulting from transactions with the associate or joint venture are recognized in the Company's consolidated financial statements only to the extent of its interest in the associate or joint venture.

Investments in associates and joint ventures accounted for using the equity method are initially recorded at cost. Upon initial recognition, if the cost of an associate or joint venture is less than the proportional share of the fair value of the underlying investment, the Company records a gain for the difference between the cost and the fair value of the underlying investment in profit and loss for the period. If the cost of an associate or joint venture is greater than the Company's proportional share of the fair value of the underlying investment, the corresponding goodwill is included in the investment's carrying amount. After initial recognition, the carrying amount of the Company's interest in an associate or joint venture is adjusted by the Company's share of the investee's income and distributions. Gains and losses resulting from transactions with an associate or joint venture are recognized in the consolidated financial statements considering the interests of unrelated investors. The carrying amount of associates or joint ventures is tested for impairment as of each reporting date. Recognized impairment losses can be subsequently reversed in profit or loss during the period in which they are identified.

Note 3 - Summary of Significant Accounting Policies (continued)

3.4 Business Combination and Goodwill

Business acquisitions are accounted for using the purchase method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the fair values as of the acquisition date of the assets transferred by the Company, the liabilities incurred with respect to the prior owners of the acquiree and the equity interests issued by the Company in exchange for control of the acquiree. Costs related to the acquisition are recognized in profit and loss when incurred. In an acquisition

of a business, an independent expert is engaged to calculate the fair value of the net assets acquired, which include intangible assets. These intangible assets identified in a business combination are valued using projected cash flows based on the estimated returns of the acquired business.

As of the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at fair value, except for:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit agreements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19, respectively;
- Liabilities or equity instruments related to share-based payment agreements of the acquiree or share-based payment agreements signed by the company to replace the share-based payment agreements of the acquiree are measured in conformity with IFRS 2 as of the acquisition date; and
- Assets (or disposal groups) classified as held for sale in accordance to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured using that standard.

Goodwill is measured as the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the equity method interest previously held by the acquirer (if any) in the acquiree less the net amounts of the identifiable assets acquired and the liabilities assumed as of the acquisition date. If, after reevaluating, the net amounts of the identifiable assets acquired and the liabilities assumed as of the acquisition date exceed the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the equity method interest previously held by the acquirer in the acquiree (if any), that excess is recognized immediately in profit and loss as a gain from a bargain purchase.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation can be measured initially at either fair value or the present ownership instruments' proportionate share in the acquiree's recognized amounts of the identifiable net assets. The measurement basis is chosen on a transaction-by-transaction basis. Other types of non-controlling interest are measured at fair value or, when appropriate, using another basis specified in another IFRS.

The contingent consideration resulting from a business combination is measured at fair value as of the acquisition date, as part of that business combination.

Fair value is determined based on discounted cash flows. The key assumptions take into consideration the possibility of meeting each financial performance target and the discount factor.

Note 3 - Summary of Significant Accounting Policies (continued)

When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration agreement, the consideration is measured at fair value as of the acquisition date and included as part of the consideration transferred in a business combination. Changes in the fair value of a contingent consideration that qualify as measurement period adjustments are adjusted retrospectively with the corresponding adjustments to goodwill.

Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) regarding events and circumstances that existed as of the acquisition date.

Subsequent accounting of changes in the fair value of a contingent consideration that do not qualify as measurement period adjustments will depend on how the contingent consideration is classified. If the contingent consideration is classified as an equity instrument, it should not be remeasured after the reporting date and its final liquidation should be recorded in equity. If the contingent consideration is classified as an asset or liability, it should be remeasured after the reporting date in accordance with IFRS 9 or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, recognizing the corresponding gain or loss in profit and loss for the period.

When a business combination is achieved in stages, the acquirer's preexisting interest in the acquiree is remeasured at fair value as of the acquisition date and any resulting gain or loss is recorded in profit and loss. Amounts derived from interests in the acquiree before the date of acquisition that have been previously recorded in other comprehensive income are reclassified to profit and loss, provided that the treatment was appropriate in the event that the interest was sold.

If a business combination is accounted for incompletely, at the end of the accounting period in which the combination takes place the Company should report the provisional amounts of the incomplete items. During the measurement period, the provisional amounts (see preceding paragraph) are adjusted or additional assets or liabilities that existed as of the acquisition date are recognized that, had they been known, would have affected the amounts recognized as of that date.

Business Combinations under Common Control

Business combinations under common control are recorded using the pooling-of-interest method. Under this method, assets and liabilities involved in the transaction are carried over at the same carrying

amount at which they were recorded in the companies of origin and any difference between the assets and liabilities included in consolidation and the consideration provided is recorded directly in net equity.

3.5 Intangible Assets

These are disbursements for software licenses and intangible assets arising from business combinations, such as rights, commercial contracts and trademarks. Parque Arauco S.A. and its subsidiaries value these assets at acquisition cost. The cost of intangible assets acquired in a business combination is their fair value as of the date of acquisition. Gains or losses that may arise upon de-recognizing an intangible asset are measured as the difference between the net income from the sale and the asset's carrying amount and will be recognized in the statement of income when the asset is de-recognized. The useful lives of intangible assets are defined as finite and indefinite.

Note 3 - Summary of Significant Accounting Policies (continued)

3.5.1 Intangible Assets with Finite Useful Lives

These intangible assets are amortized on a straight-line basis over their estimated useful lives. They are tested for impairment each time there is an indication that the intangible asset may be impaired. After initial recognition, they are recorded at cost less any accumulated amortization and any accumulated impairment loss. The amortization period and amortization method are reviewed at least every year end.

Expected changes in useful life or the expected consumption pattern for future economic benefits included in assets are treated as changes in accounting estimates. Amortization for the year is charged to profit or loss for the year unless another standard allows or requires the amount to be included in the cost of another asset. The useful lives of intangible assets are as follows:

	Useful Life Range (Months)
Useful life, software licenses	0 - 36
Useful life, commercial contracts and customer relations	60 - 300

Useful life is reviewed periodically

3.5.2 Intangible Assets with Indefinite Useful Lives

These intangible assets are not amortized. They are tested for impairment each time there is an indication that the intangible asset may be impaired, either individually or as a cash generating unit. Each year, the Company reviews the useful live of its intangible assets with indefinite useful lives to determine whether their useful lives continue to be indefinite. Otherwise, the useful life of the asset is changed prospectively from indefinite to finite. This category includes the trademarks Mega Plaza, Mall Plaza El Roble and Buenaventura Premium Outlets, identified in the respective business combinations.

3.6 Property, Plant and Equipment

Property, plant and equipment are recorded at acquisition cost net of any accumulated depreciation and possible accumulated impairment losses. The Company depreciates property, plant and equipment on a straight-line basis from the moment in which the assets are in a condition to be used, distributing the assets' cost on a straight-line basis over their estimated useful lives. The estimated residual values and depreciation periods are reviewed as of each year end. This cost includes disbursements that are directly attributed to acquiring the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other cost directly attributable to the process of making the asset able to perform its intended use.

The estimated useful lives of the Company's property, plant and equipment are as follows:

	Useful Life Range (Years)
Buildings	60 - 80
Plant and equipment	5 – 10
IT equipment	4 – 6
Fixtures and accessories	7 – 10
Motor vehicles	5 – 10

Note 3 - Summary of Significant Accounting Policies (continued)

3.7 Impairment of Assets

3.7.1 Impairment of Financial Assets

The Company recognizes a loss allowance for expected credit losses ("ECL") on financial assets measured at amortized cost or at FVTOCI, lease receivables, contract receivables and loan commitments and financial guarantee contracts. It does not recognize an impairment loss on investments in equity instruments. The amount of expected credit losses is updated as of each reporting date to reflect changes in credit risk since the initial recognition of the respective financial asset.

The Company always recognizes full lifetime ECLs for trade receivables, contract receivables and lease receivables. Expected credit losses on those financial assets are estimated using a provisioning matrix based on the Company's historical experience with credit losses, adjusted using debtor-specific factors, general economic conditions and an evaluation of the current and forecasted direction of conditions as of the reporting date, including the time value of money when appropriate.

For all other financial instruments, the Company recognizes full lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the financial instrument's credit risk has not increased significantly since initial recognition, the Company measures a loss allowance for that financial instrument at an amount equal to the credit losses expected for the next twelve months. The evaluation of whether full lifetime ECLs should be recognized is based on significant increases in the likelihood or risk of default occurring since initial recognition instead of using evidence of a financial asset with impaired credit value as of the reporting date or for which default has occurred.

Full lifetime ECLs represent the expected credit losses that result from all possible default events over the life of the financial instrument. In contrast, 12-month ECLs represent the portion of full lifetime ECLs that are expected to result from those default events on the financial instrument that are possible within 12 months after the reporting date.

3.7.2 Impairment of Non-Financial Assets

The Company regularly assesses whether there is indication that an asset may be impaired. If such indication exists, or when there is an annual impairment testing requirement, Parque Arauco S.A. and its subsidiaries estimate the asset's recoverable amount. An asset's recoverable amount is the greater between the fair value of an asset or a cash generating unit, less costs to sell, and its value in use, and is determined for an individual asset unless the asset does not generate cash inflows that are clearly independent from those of other assets or asset groups. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered to be impaired and is written down to its recoverable amount. When appropriate, it is recorded in other income (losses) in the statement of income. When an impairment loss is subsequently reversed, the carrying amount of the asset or cash generating unit is increased up to the lower of the revised estimate of its recoverable amount and the carrying amount that would have been recorded if the impairment loss had not been previously recorded.

Note 3 - Summary of Significant Accounting Policies (continued)

3.8 Financial Instruments

(i) Classification

Beginning January 1, 2018, the Company classifies its financial assets into the following categories:

- those measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those measured at amortized cost.

Classification depends on the Company's business model for managing financial assets and the instruments' contractual cash flow characteristics.

For assets measured at fair value, gains and losses are recorded in profit or loss or in other comprehensive income. For investments in debt instruments, classification will depend on the business model with which the investment is made. For investments in equity instruments that are not held for trading, classification will depend on whether the Company has made an irrevocable election at initial recognition to measure the equity instrument at fair value through other comprehensive income.

a) Financial Assets at Amortized Cost

The Company classifies its financial assets at amortized cost only if they meet the following two criteria:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Financial assets held by the Group that are commonly categorized as such include: investments in time deposits, related party receivables, trade and other receivables (including lease receivables), cash in bank accounts, among others.

b) Financial Assets at Fair Value Through Profit and Loss

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

All other financial assets that do not meet the preceding conditions are subsequently measured at fair value through profit or loss (FVTPL).

Nevertheless, the Company can make the following irrevocable choices upon initial recognition of the financial asset:

Note 3 - Summary of Significant Accounting Policies (continued)

- The Company can irrevocably choose to present subsequent changes in fair value in other comprehensive income for investments in equity instruments that, otherwise, would be measured at fair value through profit and loss;

The Company can irrevocably choose to designate a financial asset that meets the criteria for amortized cost or fair value through other comprehensive income as measured at fair value through profit and loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

(ii) Measurement

At initial recognition, the Group measures financial assets at fair value plus, in the case of a financial asset not recognized at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets measured at fair value through profit or loss are expensed when incurred.

Financial assets with embedded derivatives are considered in full when determining whether the cash flows are solely payments of principal and interest.

(iii) Impairment

The Company reviewed its impairment methodology in accordance with IFRS 9 and has decided to apply the expected credit loss model, which has not had a significant impact on the consolidated financial statements (See Note 2.4).

The Company prospectively evaluates expected credit losses associated with its debt instruments at amortized cost. The impairment methodology used depends on whether there has been a significant increase in credit risk.

For receivables, the Company uses the simplified approach permitted by IFRS 9, which requires it to recognize expected losses over the life of the instrument since initial recognition of the receivable.

In order to measure expected credit losses, trade receivables have been grouped by shared credit risk characteristics and days past due.

The Company has adopted IFRS 9 retrospectively but has decided not to restate comparative information. As a result, the comparative information provided continues to be accounted for using the Company's previous accounting policy.

Credit Policy

Parque Arauco S.A. only accepts payment in cash at the expiration date for all services that are provided and invoiced (i.e. 15 days from invoicing). Any requests for financing or other payment conditions must be authorized by management. Interest rates on receivables:

UF			
From	Until	Fewer than 90	> 90
0	5,000	0.99%	1.25%
5,001	More than	0.65%	0.83%

Note 3 - Summary of Significant Accounting Policies (continued)

3.8.2 Financial Liabilities

All loans, bank loans and bonds issued are initially recorded at the fair value of the payment received less directly attributable transaction costs. After initial recognition, interest-bearing loans are measured at amortized cost using the effective interest method. Gains and losses are recorded in the statement of income when the liabilities are de-recognized as well as through the amortization process.

Embedded Derivatives:

Embedded derivatives in host contracts that are not financial assets within the scope of IFRS 9 are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL. Embedded derivatives in hybrid contracts that contain a host within the scope of IFRS 9 are not separated. The entire hybrid contract is classified and measured subsequently either at amortized cost or at FVTPL, as appropriate.

3.8.3 Hedge Derivative Instruments

The Company initially recognizes derivative financial instruments at fair value on the date on which the derivative contract is signed and remeasures them at fair value thereafter. Derivatives are recorded as other financial assets when their fair value is positive and as other financial liabilities when their fair value is negative. Any gain or loss arising from changes in the fair value of derivative instruments during the year are recorded in other comprehensive income.

Parque Arauco S.A. has hedge derivatives to hedge risks related to fluctuations in interest and exchange rates. The Company’s derivatives are described in detail in Note 36 of these financial statements. The Company's objective for holding these derivatives is to minimize these risks using the most effective method for eliminating or reducing the impact of these exposures. Derivative instruments are initially recorded

at fair value, which is determined in reference to market values. The effective portion of hedging gains or losses is directly recorded in equity until the committed or expected transaction occurs, such as when the hedged financial expense is recognized. At that time, they are reclassified to profit or loss, while any ineffective portion is immediately recognized in the statement of comprehensive income.

Note 3 - Summary of Significant Accounting Policies (continued)

The Company's financial instruments, classified into different categories as explained above, are as follows:

Financial Assets	Note	12.31.2018 ThCLP$	12.31.2017 ThCLP$
Financial Assets at Amortized Cost			
Cash and cash equivalents	5	25,939,272	30,269,011
Trade and other receivables, current (net)	8	30,216,487	28,990,488
Related party receivables, current	9	2,860	3,963,250
Related party receivables, non-current	9	6,614,830	1,699,267
Rights receivable, non-current	8	54,733	56,940
Financial Assets at Fair Value Through Other Comprehensive Income		-	-
Financial Assets at Fair Value Through Profit and Loss			
Other cash and cash equivalents	5	217,284,265	116,330,010
Other financial assets, non-current	6	4,580,422	4,566,674
Total		**284,692,869**	**185,875,640**

Financial Liabilities	Note	12.31.2018 ThCLP$	12.31.2017 ThCLP$
Financial Liabilities at Amortized Cost			
Other financial liabilities, current	16	119,478,270	33,137,658
Other financial liabilities, non-current	16	872,159,723	791,931,559
Trade and other payables, current	19	51,316,871	43,578,424
Related party payables, current	9	-	2,676,599
Related party payables, non-current	9	3,167,917	-
Derivative Instruments			
Other financial liabilities, current	16	403,529	-
Other financial liabilities, non-current	16	4,097,222	42,846,885
Financial Liabilities at Fair Value Through Profit and Loss			
Total		**1,050,623,532**	**914,171,125**

Hedge Accounting

The Company designates certain hedging instruments for exchange or interest rate risk as fair value hedges, cash flow hedges or hedges of a net investment in a foreign operation, as appropriate. A foreign exchange hedge of a firm commitment is accounted for as a cash flow hedge.

At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item, as well as the risk management objectives and its strategy for carrying out different hedging transactions. In addition, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is effective in offsetting changes in the fair value or cash flows of the hedged item attributable to the hedged risk, which is when the hedge relationship meets the following effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and the hedge ratio of the hedging relationship is the same as the quantity of the hedged item actually hedged by the Company and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of the hedged item.

3.9 Fair Value

Fair values are based on market values, which are the estimated amount at which the properties could be exchanged at the valuation date between knowledgeable, willing parties in an arm's length transaction after a proper trade in which both parties acted voluntarily. Underlying the concept of fair value is the assumption that the entity is a going concern and that there is no intent or need to liquidate the instruments or carry out a transaction in unfavorable conditions. Therefore, the fair value is not the amount that an entity would receive or pay in a forced transaction, an involuntary liquidation or a sale for financial difficulties.
Fair value measurements are classified into one of three hierarchical levels: Level 1, 2 or 3.

Level 1 - Inputs are quoted (unadjusted) prices in active markets for identical assets and liabilities at the measurement date.

Level 2 - Inputs (other than the quoted prices included in Level 1) are directly or indirectly observable for the asset or liability through correlation with market data at the measurement date and based on the foreseen duration of the asset or liability.

Level 3 - Inputs are not observable and reflect management's best estimate of what market participants would take into account in setting the price of the asset or liability at the measurement date. The risk inherent in the valuation technique and the risk inherent in the inputs used are taken into account in determining the estimate.

3.10 Cash and Cash Equivalents

The Company defines cash and cash equivalents as short-term investments performed as part of regular cash surplus administration and that can be rapidly converted into known cash amounts, that mature within three months or less from the acquisition date and that have a minimum risk of significant loss in value. Therefore, the Company has included in cash and cash equivalents balances in cash, time deposits, mutual funds and financial instruments under repo agreements, among others.

3.11 Leases

Finance leases are for acquired assets and/or goods where all risks and rewards of ownership of the asset are transferred to the lessee. Assets and/or goods acquired through a finance lease are recorded as non-current assets in the statement of financial position, valued initially at the lower of the present value of the minimum future payments and the fair value of the assets and, therefore, reflect a financial liability. All payments made are apportioned between the reduction of the outstanding liability and the finance charge, which is recorded in financial expenses for the period.

Operating leases are leases in which substantially all risks and rewards of ownership of the leased assets are not transferred or accepted. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as lease income. When Parque Arauco S.A. and its subsidiaries act as lessee, the obligations paid or accrued must be expensed during the period in which they are incurred and the related financial expenses must be accounted for separately.

3.12 Revenue Recognition

Revenue comes from invoicing of minimum and percentage rent, utilities and other services provided at each period end. Revenue is recognized on a straight-line basis to the extent that it is likely that the economic benefits will flow to the Company and it can be reliably measured. It represents receivables for services provided, less discounts and sales and service taxes. The Company retains substantially all risks and rewards for its investment properties and, as a result, it records leases with tenants as operating leases.

It begins to recognize revenue from these lease agreements once the tenant has the right to use the leased asset. Rental income includes percentage rent (variable) and recovery of certain operating expenses. Percentage rent is recognized when tenants report figures for sales that qualify for this type of rent.

The following specific recognition criteria must also be met in order to recognize revenue.

Lease income: Lease income comes from the leasing of physical spaces, or operating leases of investment properties, and is recognized based on contract duration and agreed-upon prices.

Deferred income: This account includes turnkey rights held by tenants that are amortized over the life of the agreement and lease invoices issued in advance to tenants.

3.13 Current and Deferred Income Taxes

Income Taxes

At each period end, the Company has recorded its tax obligations on the basis of net taxable income determined according to the rules set forth in the Income Tax Law.

To calculate these amounts, the Company uses tax rates and laws enacted as of the date of the statement of financial position.

Deferred Taxes

The effects of deferred taxes arising from the benefits of tax losses and any differences between the statement of financial position and the tax balance sheet are recorded for all temporary differences, considering the tax rates that will be in effect at the estimated date of reversal. Temporary differences may be taxable temporary differences, which result in a greater tax payment in the future and generally involve recognizing a deferred tax liability; or they may be deductible temporary differences, which result in a reduced tax payment in the future.

Note 3 - Summary of Significant Accounting Policies (continued)

Deferred tax assets and liabilities are offset when a legally enforceable right exists to offset tax assets with tax liabilities and the deferred tax is levied by the same tax authority on the same entity.

3.14 Share-Based Payments

Compensation plans implemented by granting options to subscribe and pay in shares are recognized in the financial statements in accordance with IFRS 2 “Share-Based Payments.” The accounting effect is accrued in the income statement account "compensation" on a straight-line basis from the granting date to the expiration date and its balancing entry is recorded in the equity account other reserves.

3.15 Segment Reporting

Operating segments are components of the group that engage in business activities from which they may earn revenue and incur expenses, including income and expenses related to the other components of the group. Each segment's operating results are reviewed regularly by management to decide about resource allocation for the segment and evaluate its performance; separate financial reporting is available. Segment results reported to the CEO and the Board of Directors include items directly attributable to a segment as well as those that can be reasonably allocated. Unallocated items primarily include corporate assets (mainly the Company's headquarters), headquarters expenses and income tax assets and liabilities.

No single client represents more than 10% of the Company's total consolidated revenue.

3.16 Stock Buyback (Treasury Shares)

When share capital recorded as equity is bought back, the amount paid, including directly attributable costs, net of any tax effect, is deducted from equity. Shares bought back are classified as treasury shares and deducted from total equity. When treasury shares are sold or subsequently reissued, the amount received is recognized as an increase to equity and the gain or loss on the transaction is transferred to retained earnings or accumulated losses.

3.17 Earnings per Share

The Company presents data on basic and diluted earnings per share for its common shares. Basic earnings per share is calculated by dividing profit attributable to the Company's common shareholders by the weighted average number of outstanding common shares during the year, adjusted to account for treasury shares. Diluted earnings per share is calculated by adjusting profit attributable to common shareholders and the weighted average number of outstanding common shares adjusted to account for treasury shares to incorporate all potential dilutive shares, which include convertible instruments and stock options granted to employees.

Note 3 - Summary of Significant Accounting Policies (continued)

3.18 Dividends

The dividend policy consists of distributing at least 30% of net profit each year. For these purposes, distributable net profits exclude the following items from profit attributable to the equity holders of the parent determined for the year:

a) Unrealized gains or losses due to variations in the fair value of investment properties. The main fair value adjustments on investment properties are due to revaluations based on future cash flows. The valuation of these assets is regulated in IAS 40 *Investment Properties*. These results will be reintegrated into distributable net profits once the assets are sold or otherwise disposed of.
b) The effects of deferred taxes derived from adjustments related to the concepts included in point a) above.

As of each year end, the Company records a liability for 30% of distributable net profits, which are recorded against retained earnings (accumulated losses) presented in the Statement of Changes in Equity.

3.19 Non-Current Assets Held for Sale.

The Company classifies non-current assets whose carrying amount will be mostly recovered through sale, rather than through continuing use, as non-current assets held for sale. This condition is only considered to be met when the sale is highly probable and the asset is available for sale immediately in its current state, and subject only to terms that are usual and customary for sales of such assets.

The Company is actively trying to sell these assets and expects the sale will occur within less than one year. These assets are valued at the lesser of their carrying amount and their fair value less costs to sell.

3.20 Employee Benefits

The Group records short-term employee benefits, which include wages, salaries, vacation and other benefits received for providing services during the year. These benefits are measured on an accrual basis and are expensed as the related service is provided.

A liability is recognized for the amount that is expected to be paid in cash in the short term or for employee profit-sharing plans if the Group has a current legal or constructive obligation to pay this amount as a result of a service provided by the employee in the past and the obligation can be reliably estimated.

Note 3 - Summary of Significant Accounting Policies (continued)

3.21 Reclassifications

Consolidated Statement of Financial Position

The Company has reclassified the following items related to customer and supplier advances in order to present its financial information in accordance with IFRS 32.

Consolidated Statement of Financial Position	Balance Reported as of 12.31.2017 ThCLP$	New Balance as of 12.31.2017 ThCLP$	Reclassification ThCLP$
Other non-financial assets, current	26,932,053	29,306,765	2,374,712
Trade and other receivables	28,990,488	29,055,567	65,079
Other non-financial assets, non-current	35,964,751	45,426,345	9,461,594
Investment properties	1,604,493,473	1,595,031,879	(9,461,594)
Trade and other payables	41,203,712	43,578,424	2,374,712
Other non-financial liabilities, current	8,389,473	8,454,552	65,079

Consolidated Statement of Income:

The Company has made the following reclassifications in order to improve the classification of concepts recorded in other income and expenses (formerly other gains (losses)).

Consolidated Statement of Income	Balance Reported as of 12.31.2017 ThCLP$	New Balance as of 12.31.2017 ThCLP$	Reclassification ThCLP$
Other income	-	2,989,491	2,989,491
Other expenses	-	(6,543,741)	(6,543,741)
Other losses	(3,554,250)	-	(3,554,250)
Total	(3,554,250)	(3,554,250)	-

Consolidated Statement of Cash Flows

Net Cash Flows Used in Financing Activities	Balance Reported as of 12.31.2017 ThCLP$	New balance as of 12.31.2017 ThCLP$	Reclassification ThCLP$
Repayment of finance lease liabilities	(4,859,387)	(2,347,175)	(2,512,212)
Interest paid	(31,419,697)	(33,931,909)	2,515,212
Total	(36,279,084)	(36,279,084)	-

Note 4 - Changes in Accounting Estimates

The financial statements as of December 31, 2018, do not present any changes in policies or accounting estimates with respect to the financial statements as of December 31, 2017, except for the adoption of IFRS 15 and IFRS 9 beginning January 1, 2018, as explained above.

Note 5 - Cash and Cash Equivalents

Details of cash and cash equivalents as of December 31, 2018 and 2017, are as follows:

	12.31.2018 ThCLP$	12.31.2017 ThCLP$
Cash on hand	37,267	49,615
Bank balances	21,473,551	1,753,533
Current time deposits	42,428,454	28,465,863
Other cash and cash equivalents (a)	217,284,265	116,330,010
Cash and cash equivalents	**281,223,537**	**146,599,021**

(a) As of December 31, 2018 and 2017, other cash and cash equivalents mainly correspond to investments in mutual funds of ThCLP$ 217,284,265 and ThCLP$ 116,330,010, respectively.

Details of cash and cash equivalents by currency are as follows:

	12.31.2018 ThCLP$	12.31.2017 ThCLP$
Chilean peso	199,926,218	120,127,502
US dollar	5,066,951	9,185,114
Peruvian sol	67,017,774	9,418,999
Colombian peso	9,212,594	7,867,406
Total	**281,223,537**	**146,599,021**

As of December 31, 2018 and 2017, the Company does not have any restricted cash and cash equivalents.

Note 6 - Other Financial Assets

Details of other financial assets as of December 31, 2018 and 2017, are as follows:

	Current ThCLP$		Non-Current ThCLP$	
	12.31.2018	12.31.2017	12.31.2018	12.31.2017
Title loans	2,388	2,315	2,775,397	2,947,225
Mutual funds	-	-	1,805,025	1,619,449
Hedge assets (Note 36)	6,604,226	-	-	-
Other financial assets	**6,606,614**	**2,315**	**4,580,422**	**4,566,674**

As of December 31, 2018 and 2017, title loans and mutual funds have liquidity restrictions.

Note 7 - Other Non-Financial Assets

Details of other non-financial assets as of December 31, 2018 and 2017, are as follows:

	Current ThCLP$		Non-Current ThCLP$	
	12.31.2018	12.31.2017	12.31.2018	12.31.2017
Lease of land from Chilean State Railway Company (E.F.E.) (1)	429,272	429,272	10,818,422	11,438,342
Advances to suppliers	5,271,020	1,351,987	7,515,674	13,067,804
Prepaid expenses	261,832	351,975	2,269,287	785,458
Other assets (2)	2,869,418	3,564,546	16,369,564	20,134,742
Remaining VAT tax credit (3)	30,703,289	23,608,985	-	-
Other non-financial assets	**39,534,831**	**29,306,765**	**36,972,947**	**45,426,345**

(1) As of December 31, 2018, the balance of prepaid future rental payments to the Chilean State Railway Company is amortized on a straight-line basis until the lease expires in 2042.
(2) Includes an advance to suppliers of ThCLP$1,250,046.
(3) Includes taxes related to the purchase of Open Plaza El Bosque of ThCLP$8,160,237.

Note 8 - Current and Non-Current Trade and Other Receivables

Trade Receivables

This account consists of invoices receivable for leases of retail stores and spaces, maintenance services and other items, net of allowances for doubtful accounts (impairment).

The Company and its subsidiaries do not have a securitized portfolio.

Notes Receivable

This account consists of post-dated checks, installments and promissory notes to pay invoices for retail store leases and other items, net of provisions for doubtful accounts (impairment). Promissory notes receivable are installments of guarantee payments for leases in accordance with lease agreements in force, net of allowances for doubtful accounts (impairment). Details of current and non-current trade and other receivables as of December 31, 2018 and 2017, are as follows:

Current	12.31.2018			12.31.2017		
	Gross Value	Allowance for Doubtful Accounts	Net Value	Gross Value	Allowance for Doubtful Accounts	Net Value
	ThCLP$	ThCLP$	ThCLP$	ThCLP$	ThCLP$	ThCLP$
Trade receivables and notes receivable (1)	31,552,364	(4,881,964)	26,670,400	30,390,558	(3,567,650)	26,822,908
Miscellaneous receivables	3,546,087	-	3,546,087	2,232,659	-	2,232,659
Trade and other receivables	**35,098,451**	**(4,881,964)**	**30,216,487**	**32,623,217**	**(3,567,650)**	**29,055,567**

(1) As of December 31, 2018 and 2017, gross notes receivable total ThCLP$2,786,285 and ThCLP$3,316,209, respectively.

Portfolio Distribution

	Current	31-60	61-90	91-120	121-150	151-180	> 180	12.31.2018
Trade receivables ThCLP$	22,198,149	2,282,507	913,970	802,656	487,745	280,749	1,800,304	28,766,079

	Current	31-60	61-90	91-120	121-150	151-180	> 180	12.31.2017
Trade receivables ThCLP$	20,567,890	2,356,947	1,180,364	473,127	440,269	386,109	1,669,643	27,074,349

As of December 31, 2018 and 2017, write-offs totaled ThCLP$ 742,570 and ThCLP$ 672,462, respectively.

Rights Receivable, Non-Current

This account consists of other receivables for reimbursable payments made to Aguas Cordillera S.A. and Aguas Andinas S.A.

Non-Current	12.31.2018			12.31.2017		
	Gross Value	Allowance for Doubtful Accounts	Net Value	Gross Value	Allowance for Doubtful Accounts	Net Value
	ThCLP$	ThCLP$	ThCLP$	ThCLP$	ThCLP$	ThCLP$
Other receivables	54,733	-	54,733	56,940	-	56,940
Rights receivable, non-current	**54,733**	**-**	**54,733**	**56,940**	**-**	**56,940**

Note 9 - Related Parties

Transactions with other group entities that are related parties are disclosed in the entity's financial statements. Transactions between the Company and its subsidiaries consist of habitual transactions within the Company's line of business that are carried out under market conditions. These intercompany transactions have been eliminated upon consolidation and are not disclosed in this note.

a) Related party receivables

Details of related party receivables as of December 31, 2018 and 2017, are as follows:

Taxpayer ID Number	Name	Country	Currency	Term of Transaction	Relationship	Outstanding Balance ThCLP$		Outstanding Balance ThCLP$	
						12.31.2018	12.31.2017	12.31.2018	12.31.2017
						Current		Non-Current	
20543100308	Inmobiliaria Castell S.A.C.	Peru	PEN	365 days	Indirect	1,346	3,912,865	6,531,327	1,674,634
20543100308	Inmobiliaria Castell S.A.C.	Peru	US$	365 days	Indirect	-	50,366	83,503	23,300
20511742677	Holding Plaza S.A.	Peru	US$	30 days	Indirect	-	-	-	898
20511742677	Holding Plaza S.A.	Peru	PEN	30 days	Indirect	1,514	19	-	435
					Total related parties	**2,860**	**3,963,250**	**6,614,830**	**1,699,267**

As of December 31, 2018 and 2017, the Company has not given or received any guarantees to or from related parties.

b) Related party payables

Details of related party payables as of December 31, 2018 and 2017, are as follows:

Taxpayer ID Number	Name	Country	Currency	Term of Transaction	Relationship	Outstanding Balance ThCLP$		Outstanding Balance ThCLP$	
						12.31.2018	12.31.2017	12.31.2018	12.31.2017
						Current		Non-Current	
20511742677	Holding Plaza S.A.	Peru	PEN	180 days	Other related parties	-	2,676,599	3,167,917	-
					Total related parties	**-**	**2,676,599**	**3,167,917**	**-**

Other related parties are companies with direct or indirect interests in companies used to develop projects in common.

Note 9 - Related Parties (continued)

c) Related Party Transactions

Details of related party transactions for the years ended December 31, 2018 and 2017, are as follows:

				12.31.2018		12.31.2017	
Company	Taxpayer ID Number	Relationship	Transaction	Amount	Effect on Profit ((charge)/credit)	Amount	Effect on Profit ((charge)/credit)
Scotiabank Chile	97.018.000-1	Director in common	Leases	449,172	377,455	326,240	274,151
Scotiabank Chile	97.018.000-1	Director in common	Buy/sell US dollars	25,104,070	(44,986)	94,211,057	(93,902)
Scotiabank Chile	97.018.000-1	Director in common	Forward (sell)	32,257,646	3,346	138,195,653	(542,210)
Scotiabank Chile	97.018.000-1	Director in common	Swaps	-	-	-	178,475
Scotiabank Chile	97.018.000-1	Director in common	Interest-bearing account	275,237,453	660,570	142,624,293	364,877
Scotiabank Chile	97.018.000-1	Director in common	Bank loan	(3,110,718)	(2,529,788)	64,250,320	(121,662)
Comercial Café Mokka S.A.	88.665.600-9	Director in common	Leases	218,110	183,286	215,151	180,800
Comercial Café Mokka S.A.	88.665.600-9	Director in common	Purchase of products	6,390	(4,159)	14,523	(8,266)
Comercial Los Andes S.A.	96.632.770-7	Shareholder in common	Leases	100,315	84,299	95,615	80,349
Embotelladora Andina S.A.	91.144.000-8	Director in common	Leases	169,647	142,560	136,809	114,966

d) Compensation Received by Key Management Personnel by Category

Total compensation received by the Company's main executives for the years ended December 31, 2018 and 2017, amounted to ThCLP$4,004,649 and ThCLP$3,834,338, respectively.

	12.31.2018 ThCLP$	12.31.2017 ThCLP$
Total compensation paid	2,706,892	2,416,447
Variable wages paid	1,297,757	1,417,891
Termination benefits paid	96,777	-

For the years ended December 31, 2018 and 2017, the Company paid the Board of Directors total fees and allowances of ThCLP$ 471,107 and ThCLP$ 440,856, respectively.

The current members of the Board of Directors as of December 31, 2018, are:

Directors:	
Guillermo Said Yarur	José Domingo Eluchans Urenda
Orlando Sáenz Rojas	Rafael Aldunate Valdés
René Abumohor Touma	Salvador Said Somavía
Luis Hernán Paul Fresno	Juan Carlos Lobos Pérez
Chairman:	**Executive Vice President:**
José Said Saffie	Juan Antonio Álvarez Avendaño

Note 10 - Current Tax Assets and Liabilities

Details of current tax assets as of December 31, 2018 and 2017, are as follows:

	12.31.2018 ThCLP$	12.31.2017 ThCLP$
Provisional tax payments	1,671,269	3,600,190
Other taxes	4,911,986	3,765,278
Current tax assets	**6,583,255**	**7,365,468**

Details of current tax liabilities as of December 31, 2018 and 2017, are as follows:

	12.31.2018 ThCLP$	12.31.2017 ThCLP$
Income taxes payable	3,908,490	2,601,087
Other taxes	999,167	800,096
Current tax liabilities	**4,907,656**	**3,401,183**

Note 11 - Intangible Assets Other than Goodwill

Details of intangible assets as of December 31, 2018 and 2017, are as follows:

	Gross Balance ThCLP$	Accumulated Amortization ThCLP$	Net Balance ThCLP$	Gross Balance ThCLP$	Accumulated Amortization ThCLP$	Net Balance ThCLP$
	12.31.2018			12.31.2017		
Patents, trademarks and other rights	8,045,210	(1,029,252)	7,015,958	7,423,940	(820,037)	6,603,903
Computer software	5,692,574	(1,640,824)	4,051,750	2,586,056	(792,872)	1,793,184
Other identifiable intangible assets (1)	18,758,073	(13,654,829)	5,103,244	18,174,527	(12,435,025)	5,739,502
Intangible Assets	**32,495,857**	**(16,324,905)**	**16,170,952**	**28,184,523**	**(14,047,934)**	**14,136,589**

(1) Mainly amounts arising from business acquisitions related to Anchor Store Contracts, Minor Store Contracts and Customer Relations.

a) Details of movements in intangible assets for the years ended December 31, 2018 and 2017, are as follows:

12.31.2018 ThCLP$	Acquisitions			Business Combinations			Total
	Patents, Trademarks and Other Rights	Computer Software	Other Identifiable Intangible Assets	Patents, Trademarks and Other Rights	Computer Software	Other Identifiable Intangible Assets	
Opening balance as of 01.01.2018	**2,284,624**	**1,793,184**	**207,540**	**4,319,281**	**-**	**5,531,960**	**14,136,589**
Additions	15,890	3,111,992	11,188	-	-	-	3,139,070
Acquisitions	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
Disposals	-	(9,017)	(210,651)	-	-	(70,376)	(290,044)
Amortization	(68,752)	(862,331)	(19,535)	-	-	(644,078)	(1,594,696)
Foreign currency	197,288	17,921	14,254	267,627	-	282,942	780,033
Total changes	**144,426**	**2,258,566**	**(204,744)**	**267,627**	**-**	**(431,512)**	**2,034,363**
Closing balance as of 12.31.2018	**2,429,050**	**4,051,750**	**2,796**	**4,586,908**	**-**	**5,100,448**	**16,170,952**

Note 11 - Intangible Assets Other than Goodwill (continued)

12.31.2017 ThCLP$	Additions			Business Combinations			Total
	Patents, Trademarks and Other Rights	Computer Software	Other Identifiable Intangible Assets	Patents, Trademarks and Other Rights	Computer Software	Other Identifiable Intangible Assets	
Opening balance as of 01.01.2017	**2,428,183**	**1,836,594**	**122,845**	**4,543,299**	**-**	**6,800,321**	**15,731,242**
Additions	194,912	936,825	185,083	-	-	492,662	1,809,482
Acquisitions	-	21,737	-	-	-	-	21,737
Transfers	(307)	307	-	-	-	-	-
Disposals	(167,014)	(513,092)	-	-	-	-	(680,106)
Amortization	(76,205)	(469,743)	(55,686)	(63,081)	-	(1,868,435)	(2,533,150)
Foreign currency	(94,947)	(18,879)	(11,225)	(160,937)	-	(184,755)	(470,743)
Other increases	-	(591)	(33,475)	-	-	292,193	258,127
Total changes	**(143,561)**	**(43,436)**	**84,697**	**(224,018)**	**-**	**(1,268,335)**	**(1,594,653)**
Closing balance as of 12.31.2017	**2,284,622**	**1,793,158**	**207,542**	**4,319,281**	**-**	**5,531,986**	**14,136,589**

Note 12 - Goodwill

Goodwill arises from acquisitions of shares in the companies detailed in the following table as of December 31, 2018 and 2017:

Taxpayer ID No.	Company	12.31.2018 ThCLP$	12.31.2017 ThCLP$
96.828.400-2	Parque Arauco Internacional S.A.	14,555,537	13,118,549
76.939.541-5	Arauco Centros Comerciales Regionales SpA.	1,762,889	1,762,889
	Total	**16,318,426**	**14,881,438**

Details of movements in goodwill for the years ended December 31, 2018 and 2017, are as follows:

Taxpayer ID No.	Company	Opening Balance as of 01.01.2018 ThCLP$	Movements During the Year ThCLP$	Translation Adjustments ThCLP$	Closing Balance as of 12.31.2018 ThCLP$
20423264617	Inmuebles Panamericana S.A.	936,825	-	82,322	1,019,147
20511910642	Inmuebles Comerciales del Perú S.A.C.	191,556	-	24,934	216,490
20345681460	Altek Trading S.A.C.	891,063	-	78,301	969,364
20523173716	Parque Lambramani S.A.C.	545,557	-	47,940	593,497
900.252.139-0	Inv. Inmob. Arauco Alameda S.A.S.	6,528,463	-	849,789	7,378,252
20502772831	Ekimed S.A.C.	317,414	-	27,892	345,306
20123537581	Sercenco S.A.	3,707,671	-	325,810	4,033,481
76.231.235-2	Bulevar Rentas Inmobiliarias S.A.	1,762,889	-	-	1,762,889
	Total	**14,881,438**	**-**	**1,436,988**	**16,318,426**

Taxpayer ID No.	Company	Opening Balance as of 01.01.2017 ThCLP$	Movements During the Year ThCLP$	Translation Adjustments ThCLP$	Closing Balance as of 12.31.2017 ThCLP$
20423264617	Inmuebles Panamericana S.A.	986,283	-	(49,458)	936,825
20511910642	Inmuebles Comerciales del Perú S.A.C.	208,607	-	(17,051)	191,556
20345681460	Altek Trading S.A.C.	938,104	-	(47,041)	891,063
20381471374	Inmob. San Silvestre S.A.C.	1,467,726	(1,394,129)	(73,597)	-
20523173716	Parque Lambramani S.A.C.	574,359	-	(28,802)	545,557
900.252.139-0	Inv. Inmob. Arauco Alameda S.A.S.	7,109,573	-	(581,110)	6,528,463
20502772831	Ekimed S.A.C.	334,171	-	(16,757)	317,414
20123537581	Sercenco S.A.C.	3,455,108	425,823	(173,260)	3,707,671
76.231.235-2	Bulevar Rentas Inmobiliarias S.A.	-	1,762,889	-	1,762,889
	Total	**15,073,931**	**794,583**	**(987,076)**	**14,881,438**

Note 13 - Property, Plant and Equipment

Balances of property, plant and equipment as of December 31, 2018 and 2017, are as follows:

	Gross Balance ThCLP$	Accumulated Depreciation ThCLP$	Net Balance ThCLP$	Gross Balance ThCLP$	Accumulated Depreciation ThCLP$	Net Balance ThCLP$
	12.31.2018			12.31.2017		
Buildings	7,065,092	(260,024)	6,805,068	5,379,507	(87,627)	5,291,880
Plant and equipment	1,533,243	(1,127,581)	405,662	1,617,479	(1,165,457)	452,023
IT equipment	925,894	(753,059)	172,835	1,158,559	(727,446)	431,113
Fixtures and Accessories	5,223,637	(1,729,891)	3,493,746	4,156,240	(1,428,067)	2,728,173
Motor vehicles	99,772	(86,643)	13,129	94,746	(76,046)	18,700
Other property, plant and equipment	4,691,080	(2,210,563)	2,480,517	2,815,644	(1,515,165)	1,300,479
Property, plant and equipment	**19,538,718**	**(6,167,761)**	**13,370,957**	**15,222,176**	**(4,999,808)**	**10,222,368**

Details of movements in property, plant and equipment for the years ended December 31, 2018 and 2017, respectively, are as follows:

ThCLP$	Buildings			Plant and Equipment			IT Equipment			Fixtures and Accessories			Motor Vehicles			Other Property, Plant and Equipment			Total Property, Plant and Equipment
	Gross Balance	Accumulated Depreciation	Net Balance	Gross Balance	Accumulated Depreciation	Net Balance	Gross Balance	Accumulated Depreciation	Net Balance	Gross Balance	Accumulated Depreciation	Net Balance	Gross Balance	Accumulated Depreciation	Net Balance	Gross Balance	Accumulated Depreciation	Net Balance	
Opening balance as of 01.01.2018	**5,379,507**	**(87,626)**	**5,291,881**	**1,617,478**	**(1,165,457)**	**452,021**	**1,158,559**	**(727,446)**	**431,113**	**4,156,240**	**(1,428,068)**	**2,728,172**	**94,746**	**(76,046)**	**18,700**	**2,815,647**	**(1,515,166)**	**1,300,479**	**10,222,368**
Additions	1,475,920	-	1,475,920	1,672	-	1,672	78,998	-	78,998	1,503,071	-	1,503,071	-	-	-	656,292	-	656,292	3,715,953
Acquisitions through business combinations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	(1,920)	-	(1,920)	-	-	-	(29,241)	-	(29,241)	(11,088)	-	(11,088)	-	-	-	(25,634)	-	(25,634)	(67,883)
Depreciation expense (1)	-	(172,401)	(172,401)	-	(70,319)	(70,319)	-	(73,267)	(73,267)		(338,283)	(338,283)	-	(2,170)	(2,170)	-	(326,076)	(326,076)	(982,516)
Increase (decrease) due to changes in exchange rates	211,585	3	211,588	33,751	(9,765)	23,986	92,340	(58,919)	33,421	147,845	(23,205)	124,640	5,026	(5,018)	8	178,176	(98,860)	79,316	472,959
Transfers	-	-	-	(119,535)	117,960	(1,575)	119,651	(114,667)	4,985	-	-	-	-	(3,409)	(3,409)	-	-	-	-
Other increases (decreases)	-	-	-	(123)	-	(123)	(494,413)	221,240	(273,173)	(572,431)	59,665	(512,766)	-	-	-	1,066,599	(270,461)	796,138	10,076
Changes in property, plant and equipment, total	**1,685,585**	**(172,398)**	**1,513,187**	**(84,235)**	**37,876**	**(46,359)**	**(232,665)**	**(25,613)**	**(258,278)**	**1,067,397**	**(301,823)**	**765,574**	**5,026**	**(10,597)**	**(5,571)**	**1,875,433**	**(695,397)**	**1,180,036**	**3,148,589**
Property, plant and equipment 12.31.2018	**7,065,092**	**(260,024)**	**6,805,068**	**1,533,243**	**(1,127,581)**	**405,662**	**925,894**	**(753,059)**	**172,835**	**5,223,637**	**(1,729,891)**	**3,493,746**	**99,772**	**(86,643)**	**13,129**	**4,691,080**	**(2,210,563)**	**2,480,517**	**13,370,957**

ThCLP$	Buildings			Plant and Equipment			IT Equipment			Fixtures and Accessories			Motor Vehicles			Other Property, Plant and Equipment			Total Property, Plant and Equipment
	Gross Balance	Accumulated Depreciation	Net Balance	Gross Balance	Accumulated Depreciation	Net Balance	Gross Balance	Accumulated Depreciation	Net Balance	Gross Balance	Accumulated Depreciation	Net Balance	Gross Balance	Accumulated Depreciation	Net Balance	Gross Balance	Accumulated Depreciation	Net Balance	
Opening balance as of 01.01.2018	**547,205**	**(69,113)**	**478,092**	**1,509,792**	**(1,085,018)**	**424,774**	**1,100,868**	**(626,485)**	**474,383**	**2,801,060**	**(1,266,037)**	**1,535,023**	**97,703**	**(78,851)**	**18,852**	**2,269,129**	**(1,362,403)**	**906,726**	**3,837,850**
Additions	5,109,612	-	5,109,612	122,343	-	122,343	59,818	-	59,818	1,216,775	-	1,216,775	43	-	43	708,129	-	708,125	7,215,717
Acquisitions through business combinations	-	-	-	-	-	-	62,611	(15,446)	47,165	1,785	(1,785)	-	43	-	43	43,534	(2,573)	40,962	88,170
Disposals	-	-	-	(13,531)	-	(13,531)	(724)	-	(724)	(11,837)	-	(11,837)	-	-	-	(158,472)	-	(158,472)	(184,564)
Depreciation expense (1)	-	(19,815)	(19,815)	-	(97,936)	(97,936)	-	(122,266)	(122,266)	-	(192,884)	(192,884)	-	(200)	(200)	-	(294,783)	(294,783)	(727,884)
Increase (decrease) due to changes in exchange rates	(3,187)	1,302	(1,885)	(17,466)	4,607	(12,860)	(56,512)	35,808	(20,704)	(71,449)	20,810	(50,639)	(3,043)	3,005	(38)	(87,073)	59,697	(27,376)	(113,501)
Transfers	(274,123)	-	(274,123)	18,068	(519)	17,550	(4,251)	519	(3,732)	219,905	-	219,905	-	-	-	40,400	-	40,400	-
Other increases (decreases)	-	-	-	(1,728)	13,409	11,681	(3,251)	(424)	(3,551)	-	11,828	11,828	-	-	-	-	84,896	84,896	105,578
Changes in property, plant and equipment, total	**4,832,302**	**(18,513)**	**4,813,789**	**107,686**	**(80,439)**	**27,247**	**57,691**	**(100,961)**	**43,270**	**1,355,180**	**(162,031)**	**1,193,149**	**(2,957)**	**2,805**	**(152)**	**546,518**	**(152,763)**	**393,752**	**6,384,518**
Property, plant and equipment 12.31.2018	**5,379,507**	**(87,626)**	**5,291,881**	**1,617,478**	**(1,165,457)**	**452,021**	**1,158,559**	**(727,446)**	**431,113**	**4,156,240**	**(1,428,068)**	**2,728,172**	**94,746**	**(76,046)**	**18,700**	**2,815,647**	**(1,515,166)**	**1,300,479**	**10,222,368**

(1) Total depreciation expense is recorded in the statement of income in administrative expenses.

Note 14 - Investment Properties

Investment properties include mainly land, buildings and other construction held to earn rentals, which are accounted for at fair value, determined using valuations prepared by management. Balances as of December 31, 2018 and 2017, are detailed as follows:

	12.31.2018 ThCLP$	12.31.2017 ThCLP$
Investment properties under construction or development	79,566,501	70,612,447
Completed investment properties	1,707,085,072	1,524,419,432
Total investment properties	**1,786,651,573**	**1,595,031,879**

Details of movements in investment properties for the years ended December 31, 2018 and 2017, are as follows:

Movements in Investment Properties	12.31.2018 ThCLP$	12.31.2017 ThCLP$
Opening balance	**1,595,031,879**	**1,493,262,787**
Additions (1)	102,918,306	68,631,702
Acquisitions through business combinations	-	41,963,611
Disposals	(9,343,789)	(1,521,480)
Gain (loss) in fair value	50,325,495	51,844,010
Increase (decrease) for net exchange differences	48,141,472	(40,393,850)
Increase (decrease) due to other changes	(421,790)	(18,754,902)
Total Changes	**191,619,694**	**101,769,092**
Closing balance	**1,786,651,573**	**1,595,031,879**

(1) As of December 31, 2018 and 2017, the main additions by country are: Chile: ThCLP$78,517,924 and ThCLP$41,339,341, respectively. Also, in Chile, in November 2018 the Company acquired the asset Open Plaza El Bosque for a total of ThCLP$48,073,532, comprised as follows: Buildings ThCLP$34,536,011, Land ThCLP$5,296,344 and Facilities ThCLP$8,241,177. Peru: ThCLP$21,148,221 and ThCLP$16,640,870, respectively. Colombia: ThCLP$3,252,161 and ThCLP$20,113,086, respectively.

Details of movements in investment properties for the years ended December 31, 2018 and 2017, are as follows:

12.31.2018	Investment Properties under Construction or Development	Completed Investment Properties	Total ThCLP$
Opening balance	**70,612,447**	**1,524,419,432**	**1,595,031,879**
Additions	42,271,078	60,647,227	102,918,305
Disposals	(4,764,774)	(4,579,014)	(9,343,788)
Transfer of investment properties under construction or development	(30,165,743)	30,165,743	-
Gain in fair value	-	50,325,494	50,325,494
Increase for net exchange differences	1,966,523	46,174,949	48,141,472
Decrease due to other changes	(353,030)	(68,759)	(421,789)
Total changes	**8,954,054**	**183,672,545**	**191,619,694**
Closing balance	**79,566,501**	**1,708,085,072**	**1,786,651,573**

12.31.2017	Investment Properties under Construction or Development	Completed Investment Properties	Total ThCLP$
Opening balance	**141,943,753**	**1,351,319,034**	**1,493,262,787**
Additions	63,096,496	5,535,206	68,631,702
Acquisitions through business combinations	39,447	41,924,165	41,963,611
Disposals	(1,147,971)	(373,509)	(1,521,480)
Transfer of investment properties under construction or development	(111,509,487)	111,509,487	-
Gain in fair value	-	51,844,010	51,844,010
Decrease for net exchange differences	(5,718,335)	(34,675,515)	(40,393,850)
Decrease due to other changes	(16,091,456)	(2,663,446)	(18,754,902)
Total changes	**(71,331,307)**	**173,100,398**	**101,769,092**
Closing balance	**70,612,447**	**1,524,419,432**	**1,595,031,879**

Note 14 - Investment Properties (continued)

Details of finance leases related to investment properties as of December 31, 2018 and 2017, are as follows:

Company	12.31.2018 ThCLP$	12.31.2017 ThCLP$
El Quinde Shopping Plaza S.A.C.	10,805,747	9,932,907
Parque Lambramani S.A.C.	-	16,306,229
Inmobiliaria El Quinde S.A.C.	15,682,136	14,415,403
Bulevar Rentas Inmobiliarias S.A.	25,446,709	25,446,709
Total	**51,934,592**	**66,101,248**

Note 16, letter a) details the value of the financial liability and its cash flows at year end for leases of assets classified as investment properties.

Assets acquired or held under finance lease are not legally owned by the Company until it exercises the purchase option and, therefore, it cannot dispose of them freely.

Note 15 - Deferred Taxes

Balances of deferred taxes as of December 31, 2018 and 2017, are as follows:

	Assets		Liabilities	
	12.31.2018 ThCLP$	12.31.2017 ThCLP$	12.31.2018 ThCLP$	12.31.2017 ThCLP$
Depreciation	3,067,842	3,223,231	67,621,723	57,718,417
Amortization	-	-	618,471	587,612
Provisions	2,304,723	2,040,993	-	-
Investment properties	18,457,176	22,506,460	140,884,191	129,478,235
Intangible assets	4,685,829	6,018,419	3,028,820	1,715,022
Financial instruments	6,259,686	6,654,037	2,423,469	1,936,209
Tax losses	7,251,038	6,711,736	-	-
Related to others	1,243,057	1,664,038	173,335	158,766
Total deferred taxes	**43,269,350**	**48,818,915**	**214,750,008**	**191,594,351**

Details of movements in deferred taxes for the years ended December 31, 2018 and 2017, are as follows:

	Assets		Liabilities	
	12.31.2018 ThCLP$	12.31.2017 ThCLP$	12.31.2018 ThCLP$	12.31.2017 ThCLP$
Opening balance	48,818,915	45,023,609	191,594,352	157,063,994
Increase (decrease) in foreign currency	1,724,008	(1,415,924)	824,169	(3,428,611)
Increase (decrease) in deferred taxes	(7,273,573)	5,211,230	22,331,486	37,958,968
Total changes	**(5,549,565)**	**3,795,306**	**23,155,655**	**34,530,357**
Closing balance	**43,269,350**	**48,818,915**	**214,750,008**	**191,594,351**

Note 15 - Deferred Taxes (continued)

Details of the income tax benefit (expense) for the years ended December 31, 2018 and 2017, are as follows:

	12.31.2018 ThCLP$	12.31.2017 ThCLP$
Current tax expense (1)	(24,745,709)	(12,946,611)
Adjustments to current tax of prior period	633,736	(410,556)
Current tax expense, net, total	**(24,111,973)**	**(13,357,167)**
Deferred expense for temporary differences	(23,347,206)	(30,019,688)
Deferred tax expense, net, total	**(23,347,206)**	**(30,019,688)**
Income tax expense	**(47,459,179)**	**(43,376,855)**

(1) The amount includes taxes generated on the sale of the rights and shares between Holding Perú SAC and Parque El Golf SAC for ThCLP$9,751,197 (See Note 41).

The reconciliation of the effective rate for the years ended December 31, 2018 and 2017, is as follows:

	Taxable Income ThCLP$	Tax Rate 27% ThCLP$	Taxable Income ThCLP$	Tax Rate 25.5% ThCLP$
	12.31.2018		12.31.2017	
Profit (loss) before taxes	170,848,593	(46,129,120)	142,844,425	(36,425,328)
Permanent differences		**1,330,059**		**6,951,528**
Loss of associates		(2,789,114)		(2,975,475)
Deferred tax/carrying differences		4,872,271		11,721,211
Higher rate for foreign subsidiaries		(1,386,834)		(1,383,652)
Tax deficit (surplus) Prior period taxable income		633,736		(410,556)
Total income tax expense of companies		**(47,459,179)**		**(43,376,856)**
Income taxes		(24,745,709)		(12,946,611)
(Deficit)/surplus from prior periods		633,736		(410,556)
Total income tax expense		**(24,111,973)**		**(13,357,167)**
Total deferred tax expense		**(23,347,206)**		**(30,019,689)**
Effective rate		**27.78%**		**30.37%**

On December 28, 2018, a tax reform (Law 1,943) was passed in Colombia. This law modified the tax rate for the year 2018 to 37%, 2019 to 33%, 2020 to 32%, 2021 to 31% and 2022 and beyond to 30%.

Note 16 - Other Financial Liabilities

Details of current and non-current other financial liabilities as of December 31, 2018 and 2017, are as follows:

	Current ThCLP$		Non-Current ThCLP$	
	12.31.2018	12.31.2017	12.31.2018	12.31.2017
Finance leases (a)	1,992,602	2,130,289	31,140,470	32,439,142
Bank loans (b)	96,614,046	24,598,635	207,396,579	271,809,830
Bond issuances (c)	20,866,222	6,408,734	633,622,674	487,682,587
Hedge liabilities (Note 36)	403,529	-	4,097,221	42,846,885
Total	**119,876,399**	**33,137,658**	**876,256,944**	**834,778,444**

a) Finance leases

Details of finance leases as of December 31, 2018 and 2017, by currency and maturity are as follows:

12.31.2018 Debtor Taxpayer ID	Debtor Name	Debtor Country	Creditor Taxpayer ID	Bank or Financial Institution	Currency	Amortization	Contractual Rate %	Annual Effective Rate %	Balance in Statement of Financial Position	Current Maturity in ThCLP$ (Undiscounted Cash Flows)		
										Up to 90 Days	Over 90 Days up to 1 Year	Total Cash Flows
20495673911	El Quinde Shopping Plaza S.A.C	Peru	20100047218	Crédito del Perú	PEN	Monthly	7.45%	7.55%	140,238	49,235	147,704	196,938
20495673911	El Quinde Shopping Plaza S.A.C	Peru	20100047218	Crédito del Perú	PEN	Monthly	6.45%	6.55%	252,283	81,499	244,498	325,997
20495673911	El Quinde Shopping Plaza S.A.C	Peru	20100047218	Crédito del Perú	PEN	Monthly	6.25%	6.38%	61,106	17,691	53,072	70,763
20495673911	El Quinde Shopping Plaza S.A.C	Peru	20100047218	Crédito del Perú	PEN	Monthly	8.65%	8.79%	115,703	34,347	103,042	137,389
20512817999	Inmobiliaria El Quinde S.A.C.	Peru	20100047218	Crédito del Perú	PEN	Monthly	7.86%	8.01%	335,937	172,502	517,505	690,007
20512817999	Inmobiliaria El Quinde S.A.C.	Peru	20100047218	Crédito del Perú	PEN	Monthly	7.86%	8.03%	475,528	218,654	655,962	874,616
76.231.235-2	Bulevar Rentas Inmobiliarias S.A.	Chile	99.289.000-2	Principal Cía. de Seg.	UF	Monthly	4.91%	4.91%	611,807	396,143	1,188,428	1,584,571
							Total		**1,992,602**	**970,070**	**2,910,210**	**3,880,280**

Note 16 - Other Financial Liabilities (continued)

a) Finance leases (continued)

12.31.2017 Debtor Taxpayer ID	Debtor Name	Debtor Country	Creditor Taxpayer ID	Bank or Financial Institution	Currency	Amortization	Contractual Rate %	Annual Effective Rate %	Balance in Statement of Financial Position	Current		
										Maturity in ThCLP$ (Undiscounted Cash Flows)		
										Up to 90 Days	Over 90 Days up to 1 Year	Total Cash Flows
20523173716	Parque Lambramani S.A.C.	Peru	20100053455	Interbank	PEN	Monthly	7.92%	7.92%	92,724	29,377	88,131	117,508
20523173716	Parque Lambramani S.A.C.	Peru	20100053455	Interbank	PEN	Monthly	7.92%	8.99%	299,261	93,092	279,277	372,369
20495673911	El Quinde Shopping Plaza S.A.C	Peru	20100047218	Crédito del Perú	PEN	Monthly	7.45%	7.55%	119,267	45,258	135,773	181,031
20495673911	El Quinde Shopping Plaza S.A.C	Peru	20100047218	Crédito del Perú	PEN	Monthly	6.45%	6.55%	217,644	74,916	224,748	299,664
20495673911	El Quinde Shopping Plaza S.A.C	Peru	20100047218	Crédito del Perú	PEN	Monthly	6.25%	6.38%	52,801	16,262	48,785	65,047
20495673911	El Quinde Shopping Plaza S.A.C	Peru	20100047218	Crédito del Perú	PEN	Monthly	8.65%	8.79%	97,762	31,573	94,718	126,291
20512817999	Inmobiliaria El Quinde S.A.C.	Peru	20100047218	Crédito del Perú	PEN	Monthly	7.86%	8.01%	282,835	158,568	475,703	634,271
20512817999	Inmobiliaria El Quinde S.A.C.	Peru	20100047218	Crédito del Perú	PEN	Monthly	7.86%	8.03%	401,051	200,992	602,976	803,968
76.231.235-2	Bulevar Rentas Inmobiliarias S.A.	Chile	99.289.000-2	Principal Cía. de Seg.	UF	Monthly	4.91%	4.91%	566,944	385,111	1,155,333	1,540,444
							Total		**2,130,289**	**1,035,149**	**3,105,444**	**4,140,593**

12.31.2018 Debtor Taxpayer ID	Debtor Name	Debtor Country	Creditor Taxpayer ID	Bank or Financial Institution	Currency	Amortization	Contractual Rate %	Annual Effective Rate %	Balance in Statement of Financial Position	Non-Current					
										Maturity in ThCLP$ (Undiscounted Cash Flows)					
										More than 1 Year and up to 2 Years	More than 2 Years and up to 3 Years	More than 3 Years and up to 4 Years	More than 4 Years and up to 5 Years	More than 5 Years	Total Cash Flows
20495673911	El Quinde Shopping Plaza S.A.C	Peru	20100047218	Crédito del Perú	PEN	Monthly	7.45%	7.55%	692,156	196,938	196,938	196,938	196,938	16,412	804,164
20495673911	El Quinde Shopping Plaza S.A.C	Peru	20100047218	Crédito del Perú	PEN	Monthly	6.45%	6.55%	1,020,514	325,997	325,997	325,997	163,065	-	1,141,055
20495673911	El Quinde Shopping Plaza S.A.C	Peru	20100047218	Crédito del Perú	PEN	Monthly	6.25%	6.38%	122,402	70,763	59,040	-	-	-	129,803
20495673911	El Quinde Shopping Plaza S.A.C	Peru	20100047218	Crédito del Perú	PEN	Monthly	8.65%	8.79%	192,907	137,389	68,692	-	-	-	206,081
20512817999	Inmobiliaria El Quinde S.A.C.	Peru	20100047218	Crédito del Perú	PEN	Monthly	7.86%	8.01%	4,346,621	690,007	690,007	690,007	690,007	3,115,644	5,875,671
20512817999	Inmobiliaria El Quinde S.A.C.	Peru	20100047218	Crédito del Perú	PEN	Monthly	7.86%	8.03%	4,836,786	874,623	874,616	874,616	874,616	2,750,357	6,248,829
76.231.235-2	Bulevar Rentas Inmobiliarias S.A.	Chile	99.289.000-2	Principal Cía. de Seg.	UF	Monthly	4.91%	4.91%	19,929,084	1,584,571	1,584,571	1,584,571	1,584,571	24,296,754	30,635,038
									31,140,470	**3,880,287**	**3,799,860**	**3,672,129**	**3,509,197**	**30,179,167**	**45,040,640**

Note 16 - Other Financial Liabilities (continued)

a) Finance leases (continued)

12.31.2017 Debtor Taxpayer ID	Debtor Name	Debtor Country	Creditor Taxpayer ID	Bank or Financial Institution	Currency	Amortization	Contractual Rate %	Annual Effective Rate %	Balance in Statement of Financial Position	Non-Current					
										Maturity in ThCLP$ (Undiscounted Cash Flows)					
										More than 1 Year and up to 2 Years	More than 2 Years and up to 3 Years	More than 3 Years and up to 4 Years	More than 4 Years and up to 5 Years	More than 5 Years	Total Cash Flows
20523173716	Parque Lambramani S.A.C.	Peru	20100053455	Interbank	PEN	Monthly	7.92%	9.78%	213,550	117,507	117,507	-	-	-	235,014
20523173716	Parque Lambramani S.A.C.	Peru	20100053455	Interbank	PEN	Monthly	7.92%	8.99%	681,682	372,369	372,369	-	-	-	744,738
20495673911	El Quinde Shopping Plaza S.A.C	Peru	20100047218	Crédito del Perú	PEN	Monthly	7.45%	7.55%	765,157	181,030	181,030	181,030	181,030	196,116	920,236
20495673911	El Quinde Shopping Plaza S.A.C	Peru	20100047218	Crédito del Perú	PEN	Monthly	6.45%	6.55%	1,169,985	299,664	299,664	299,664	299,664	149,893	1,348,549
20495673911	El Quinde Shopping Plaza S.A.C	Peru	20100047218	Crédito del Perú	PEN	Monthly	6.25%	6.38%	168,685	65,047	65,047	54,271	-	-	184,365
20495673911	El Quinde Shopping Plaza S.A.C	Peru	20100047218	Crédito del Perú	PEN	Monthly	8.65%	8.79%	283,683	126,291	126,291	63,143	-	-	315,725
20512817999	Inmobiliaria El Quinde S.A.C.	Peru	20100047218	Crédito del Perú	PEN	Monthly	7.86%	8.01%	4,304,322	634,271	634,271	634,271	634,271	3,498,247	6,035,331
20512817999	Inmobiliaria El Quinde S.A.C.	Peru	20100047218	Crédito del Perú	PEN	Monthly	7.86%	8.03%	4,883,208	803,968	803,968	803,968	803,968	3,332,164	6,548,036
76.231.235-2	Bulevar Rentas Inmobiliarias S.A.	Chile	99.289.000-2	Principal Cía. de Seg.	UF	Monthly	4.91%	4.91%	19,968,870	1,540,444	1,540,444	1,540,444	1,540,444	25,160,584	31,322,360
							Total		32,439,142	4,140,591	4,140,591	3,576,791	3,459,377	32,337,004	47,654,354

Note 16 - Other Financial Liabilities (continued)

b) Bank loans

Details of loans as of December 31, 2018 and 2017, by currency and maturity are as follows:

12.31.2018 Debtor Taxpayer ID	Debtor Name	Debtor Country	Creditor Taxpayer ID	Bank	Currency	Amortization	Financial Covenant	Contractual Rate %	Annual Effective Rate %	Balance in Statement of Financial Position	Current		
											Maturity in ThCLP$ (Undiscounted Cash Flows)		
											Up to 90 Days	Over 90 Days up to 1 Year	Total Cash Flows
9004602978	Inv. Inmob. Bucaramanga S.A.S.	Colombia	890.903.937-0	Davivienda	COP	Zero coupon	No	4.14%	4.14%	18,359,949	-	18,854,464	18,854,464
9003627227	Inmobiliaria La Colina Arauco S.A.S.	Colombia	890.903.937-0	BCI Miami	COP (*)	Semi-annual	Yes	3.66%	6.00%	68,398,656	-	69,641,406	69,641,406
20423264617	Inmuebles Panamericana S.A.	Peru	20100043140	Scotiabank	PEN	Bullet	No	4.35%	4.35%	1,773,868	-	1,773,868	1,773,868
76.187.012-2	Arauco Express S.A.	Chile	97.006.000-6	BCI	UF (*)	Bullet	Yes	3.45%	4.42%	3,139,235	132,641	3,206,923	3,339,564
76.187.012-2	Arauco Express S.A.	Chile	97.018.000-1	Scotiabank	UF	Bullet	Yes	2.20%	2.55%	3,744	-	59,658	59,658
76.187.012-2	Arauco Express S.A.	Chile	97.018.000-1	Scotiabank	UF	Bullet	Yes	2.20%	2.37%	4,512	-	76,859	76,859
76.187.012-2	Arauco Express S.A.	Chile	97.018.000-1	Scotiabank	UF (*)	Bullet	Yes	3.60%	3.77%	6,208	-	332,362	332,362
76.187.012-2	Arauco Express S.A.	Chile	97.018.000-1	Scotiabank	UF	Bullet	Yes	2.20%	2.52%	2,358	-	26,906	26,906
76.263.221-7	Centro Comercial Arauco Express	Chile	97.018.000-1	Scotiabank	UF	Semi-annual	Yes	2.20%	2.52%	1,179	-	13,453	13,453
94.627.000-8	Parque Arauco S.A.	Chile	97.006.000-6	BCI	UF	Semi-annual	No	1.57%	2.40%	185,083	218,302	214,743	433,046
94.627.000-8	Parque Arauco S.A.	Chile	97.080.000-K	Bice	UF	Quarterly	No	1.57%	1.84%	19,772	50,408	149,579	199,987
94.627.000-8	Parque Arauco S.A.	Chile	97.036.000-K	Estado	UF	Semi-annual	Yes	3.96%	3.70%	265,268	-	2,052,073	2,052,073
94.627.000-8	Parque Arauco S.A.	Chile	97.030.000-7	Estado	UF	Semi-annual	Yes	4.01%	3.23%	121,211	-	298,872	298,872
76.111.950-8	Desarrollo Inmobiliario S.A.	Chile	97.030.000-7	Estado	UF	Bullet	Yes	2.30%	2.55%	43,820	-	339,023	339,023
86.339.000-1	Plaza Estación S.A.	Chile	97.006.000-6	BCI	UF (*)	Monthly	Yes	3.22%	4.20%	1,392,677	49,699	1,550,716	1,600,415
76.231.235-2	Bulevar Rentas Inmobiliarias S.A.	Chile	97.006.000-6	BCI	UF	Monthly	No	4.95%	5.97%	115,614	58,764	58,764	117,527
76.231.235-2	Bulevar Rentas Inmobiliarias S.A.	Chile	97.006.000-6	BCI	UF	Monthly	No	4.95%	5.97%	115,614	58,764	58,764	117,527
76.455.843-K	Parque Angamos SpA	Chile	97.004.000-5	Banco de Chile	UF	Quarterly	No	1.08%	1.93%	2,640,887	7,304	2,659,177	2,666,481
76.455.843-K	Parque Angamos SpA	Chile	97.004.000-5	Banco de Chile	UF	Quarterly	No	2.05%	2.32%	24,390	-	244,648	244,648
Total										**96,614,046**	**575,881**	**101,612,258**	**102,188,140**

Note 16 - Other Financial Liabilities (continued)

b) Bank loans (continued)

12.31.2017 Debtor Taxpayer ID	Debtor Name	Debtor Country	Creditor Taxpayer ID	Bank or Financial Institution	Currency	Amortization	Contractual Rate %	Financial Covenant	Annual Effective Rate %	Balance in Statement of Financial Position	Current		
											Maturity in ThCLP$ (Undiscounted Cash Flows)		
											Up to 90 Days	Over 90 Days up to 1 Year	Total Cash Flows
9004602978	Inv. Inmob. Bucaramanga S.A.S.	Colombia	890.903.937-0	CorpBanca	COP	Semi-annual	Yes	10.87%	9.37%	954,294	-	2,584,340	2,584,340
9003627227	Inmobiliaria La Colina Arauco S.A.S.	Colombia	890.903.937-0	CorpBanca	COP	Semi-annual	Yes	8.62%	8.70%	4,993,228	2,359,654	6,040,956	8,400,610
9003627227	Inmobiliaria La Colina Arauco S.A.S.	Colombia	860.034.313-7	Davivienda	COP	Semi-annual	Yes	11.68%	10.19%	1,375,558	691,235	1,724,440	2,415,675
9003627227	Inmobiliaria La Colina Arauco S.A.S.	Colombia	860.002.964-4	Bogotá	COP	Semi-annual	Yes	11.68%	9.96%	1,366,015	675,059	1,696,032	2,371,091
20423264617	Inmuebles Panamericana S.A.	Peru	20100043140	Scotiabank	PEN	Bullet	No	6.43%	6.43%	6,638,769	-	7,289,922	7,289,922
76.187.012-2	Arauco Express S.A.	Chile	97.006.000-6	BCI	UF (*)	Bullet	Yes	3.45%	4.69%	39,964	71,021	74,160	145,181
76.187.012-2	Arauco Express S.A.	Chile	97.018.000-1	Scotiabank	UF	Bullet	Yes	2.20%	2.53%	-	-	57,996	57,996
76.187.012-2	Arauco Express S.A.	Chile	97.018.000-1	Scotiabank	UF	Bullet	Yes	3.45%	3.54%	1,318	-	74,718	74,718
76.187.012-2	Arauco Express S.A.	Chile	97.018.000-1	Scotiabank	UF (*)	Bullet	Yes	4.67%	4.02%	7,014	-	354,430	354,430
76.263.221-7	Centro Comercial Arauco Express	Chile	97.018.000-1	Scotiabank	UF	Semi-annual	Yes	2.20%	2.52%	-	-	39,451	39,451
94.627.000-8	Parque Arauco S.A.	Chile	97.006.000-6	BCI	UF	Semi-annual	Yes	1.57%	2.40%	3,460	35,755	208,763	244,518
94.627.000-8	Parque Arauco S.A.	Chile	97.080.000-K	Bice	UF	Quarterly	Yes	2.61%	2.63%	140,605	241,321	716,094	957,415
94.627.000-8	Parque Arauco S.A.	Chile	97.036.000-K	Santander	UF (*)	Semi-annual	Yes	4.01%	6.92%	1,070,655	-	1,207,291	1,207,291
94.627.000-8	Parque Arauco S.A.	Chile	97.030.000-7	Estado	UF	Semi-annual	Yes	3.96%	3.70%	252,264	-	1,994,927	1,994,927
94.627.000-8	Parque Arauco S.A.	Chile	97.030.000-7	Estado	UF	Semi-annual	Yes	4.01%	3.23%	116,334	-	290,549	290,549
94.627.000-8	Parque Arauco S.A.	Chile	97.030.000-7	Estado	CLP (*)	Bullet	Yes	5.97%	6.37%	5,780,845	2,929,275	2,896,485	5,825,760
94.627.000-8	Parque Arauco S.A.	Chile	97.018.000-1	Scotiabank	CLP	Bullet	Yes	3.46%	3.77%	-	415,200	1,268,667	1,683,867
76.111.950-8	Desarrollo Inmobiliario S.A.	Chile	97.030.000-7	Estado	UF	Bullet	Yes	2.30%	2.55%	44,250	-	329,582	329,582
86.339.000-1	Plaza Estación S.A.	Chile	97.006.000-6	BCI	UF (*)	Semi-annual	Yes	3.98%	4.57%	1,384,090	59,107	1,580,486	1,639,593
76.231.235-2	Bulevar Rentas Inmobiliarias S.A.	Chile	97.006.000-6	BCI	UF	Monthly	No	4.95%	5.97%	214,986	57,127	171,382	228,509
76.231.235-2	Bulevar Rentas Inmobiliarias S.A.	Chile	97.006.000-6	BCI	UF	Monthly	No	4.95%	5.97%	214,986	57,127	171,382	228,509
							Total			24,598,635	7,591,881	30,772,053	38,363,934

Note 16 - Other Financial Liabilities (continued)

b) Bank loans (continued)

12.31.2018 Debtor Taxpayer ID	Debtor Name	Debtor Country	Creditor Taxpayer ID	Bank	Currency	Amortization	Contractual Rate %	Annual Effective Rate %	Balance in Statement of Financial Position	Non-Current					
										Maturity in ThCLP$ (Undiscounted Cash Flows)					
										More than 1 Year and up to 2 Years	More than 2 Years and up to 3 Years	3 to 4 Years	4 to 5 Years	More than 5 Years	Total Cash Flows
76.187.012-2	Arauco Express S.A.	Chile	97.018.000-1	Scotiabank	UF	Bullet	2.20%	2.55%	2,647,664	59,821	2,734,229	-	-	-	2,794,050
76.187.012-2	Arauco Express S.A.	Chile	97.018.000-1	Scotiabank	UF	Bullet	2.20%	2.37%	3,428,772	77,069	3,522,583	-	-	-	3,599,652
76.187.012-2	Arauco Express S.A.	Chile	97.018.000-1	Scotiabank	UF (*)	Bullet	3.60%	3.77%	9,075,489	333,273	9,437,170	-	-	-	9,770,443
76.187.012-2	Arauco Express S.A.	Chile	97.018.000-1	Scotiabank	UF	Bullet	2.20%	2.52%	1,201,487	27,128	1,239,949	-	-	-	1,267,077
76.263.221-7	Centro Comercial Arauco Express	Chile	97.018.000-1	Scotiabank	UF	Semi-annual	2.20%	2.52%	600,742	13,564	619,975	-	-	-	633,539
94.627.000-8	Parque Arauco S.A.	Chile	97.006.000-6	BCI	UF	Semi-annual	1.57%	2.40%	17,796,399	434,232	18,229,445	-	-	-	18,663,677
94.627.000-8	Parque Arauco S.A.	Chile	97.080.000-K	Bice	UF	Quarterly	1.57%	1.84%	37,226,834	200,535	199,987	199,987	237,720	37,454,862	38,293,091
94.627.000-8	Parque Arauco S.A.	Chile	97.030.000-7	Estado	UF	Semi-annual	3.96%	3.70%	50,147,662	2,057,695	1,662,358	1,274,773	51,745,798	-	56,740,624
94.627.000-8	Parque Arauco S.A.	Chile	97.030.000-7	Estado	UF	Semi-annual	4.01%	3.23%	7,131,915	182,356	181,858	181,858	7,532,937	-	8,079,008
94.627.000-8	Parque Arauco S.A.	Chile	97.018.000-1	Scotiabank	CLP	Bullet	3.46%	3.77%	47,782,400	49,820,240	-	-	-	-	49,820,240
76.111.950-8	Desarrollo Inmobiliario S.A.	Chile	97.030.000-7	Estado	UF	Bullet	2.30%	2.55%	14,454,439	339,952	339,023	14,664,518	-	-	15,343,493
86.339.000-1	Plaza Estación S.A.	Chile	97.006.000-6	BCI	UF (*)	Semi-annual	3.22%	4.20%	4,195,723	1,550,439	1,499,636	1,449,246	-	-	4,499,322
76.455.843-K	Parque Angamos SpA	Chile	97.007.000-5	Banco de Chile	UF	Semi-annual	2.05%	2.32%	11,707,053	245,319	12,015,241	-	-	-	12,260,560
						Total			207,396,579	55,341,624	51,681,452	17,770,382	59,516,456	4,052	221,764,775

(*) The rates and currencies indicated correspond to financial conditions including the effect of the derivative.

Note 16 - Other Financial Liabilities (continued)

b) Bank loans (continued)

12.31.2017 Debtor Taxpayer ID	Debtor Name	Debtor Country	Creditor Taxpayer ID	Bank	Currency	Amortization	Contractual Rate %	Annual Effective Rate %	Balance in Statement of Financial Position	Non-Current					
										Maturity in ThCLP$ (Undiscounted Cash Flows)					
										More than 1 Year and up to 2 Years	More than 2 Years and up to 3 Years	More than 3 Years and up to 4 Years	More than 4 Years and up to 5 Years	More than 5 Years	Total Cash Flows
9004602978	Inv. Inmob. Bucaramanga S.A.S.	Colombia	890.903.937-0	CorpBanca	COP	Semi-annual	10.87%	9.37%	16,933,445	2,592,740	2,736,462	2,895,979	3,033,216	13,879,798	25,138,195
9003627227	Inmobiliaria La Colina Arauco S.A.S.	Colombia	890.903.937-0	CorpBanca	COP	Semi-annual	8.62%	8.70%	37,182,614	6,617,886	7,132,371	8,164,766	7,671,026	20,658,169	50,244,218
9003627227	Inmobiliaria La Colina Arauco S.A.S.	Colombia	860.034.313-7	Davivienda	COP	Semi-annual	11.68%	10.19%	9,732,154	1,865,703	1,988,006	2,242,123	2,092,157	5,535,731	13,723,720
9003627227	Inmobiliaria La Colina Arauco S.A.S.	Colombia	860.002.964-4	Bogotá	COP	Semi-annual	11.68%	9.96%	9,756,860	1,839,398	1,961,937	2,221,939	2,076,150	5,512,010	13,611,434
76.187.012-2	Arauco Express S.A.	Chile	97.006.000-6	BCI	UF (*)	Bullet	3.45%	4.69%	3,074,954	3,219,497	-	-	-	-	3,219,497
76.187.012-2	Arauco Express S.A.	Chile	97.018.000-1	Scotiabank	UF	Bullet	2.20%	2.53%	2,570,377	57,996	58,155	2,658,086	-	-	2,774,237
76.187.012-2	Arauco Express S.A.	Chile	97.018.000-1	Scotiabank	UF	Bullet	3.45%	3.54%	3,333,288	74,718	74,923	3,424,486	-	-	3,574,127
76.187.012-2	Arauco Express S.A.	Chile	97.018.000-1	Scotiabank	UF (*)	Bullet	4.67%	4.02%	9,061,779	355,404	356,377	9,460,212	-	-	10,171,993
76.263.221-7	Centro Comercial Arauco Express	Chile	97.018.000-1	Scotiabank	UF	Semi-annual	2.20%	2.52%	1,750,412	39,451	39,559	1,808,129	-	-	1,887,139
94.627.000-8	Parque Arauco S.A.	Chile	97.006.000-6	BCI	UF	Semi-annual	1.57%	2.40%	17,300,806	420,986	422,140	17,721,793	-	-	18,564,919
94.627.000-8	Parque Arauco S.A.	Chile	97.080.000-K	Bice	UF	Quarterly	2.61%	2.63%	36,176,339	36,654,862	-	-	-	-	36,654,862
94.627.000-8	Parque Arauco S.A.	Chile	97.036.000-K	Santander	UF (*)	Semi-annual	4.01%	6.92%	1,568,725	1,136,701	541,903	-	-	-	1,678,604
94.627.000-8	Parque Arauco S.A.	Chile	97.030.000-7	Estado	UF	Semi-annual	3.96%	3.70%	48,913,567	1,994,927	2,000,392	1,616,065	1,239,273	50,304,785	57,155,442
94.627.000-8	Parque Arauco S.A.	Chile	97.030.000-7	Estado	UF	Semi-annual	4.01%	3.23%	6,995,285	290,549	177,278	176,793	176,793	7,323,160	8,144,573
94.627.000-8	Parque Arauco S.A.	Chile	97.018.000-1	Scotiabank	CLP	Bullet	3.46%	3.77%	47,647,793	1,683,867	49,688,480	-	-	-	51,372,347
76.111.950-8	Desarrollo Inmobiliario S.A.	Chile	97.030.000-7	Estado	UF	Bullet	2.30%	2.55%	14,019,099	329,582	330,485	329,582	14,256,142	-	15,245,791
86.339.000-1	Plaza Estación S.A.	Chile	97.006.000-6	BCI	UF (*)	Semi-annual	3.98%	4.57%	5,567,803	1,591,651	1,544,103	1,495,767	1,447,825	-	6,079,346
76.231.235-2	Bulevar Rentas Inmobiliarias S.A.	Chile	97.006.000-6	BCI	UF	Monthly	4.95%	5.97%	112,265	114,254	-	-	-	-	114,254
76.231.235-2	Bulevar Rentas Inmobiliarias S.A.	Chile	97.006.000-6	BCI	UF	Monthly	4.95%	5.97%	112,265	114,254	-	-	-	-	114,254
							Total		271,809,830	60,994,426	69,052,571	54,215,720	31,992,582	103,213,653	319,468,952

(*) The rates and currencies indicated correspond to financial conditions including the effect of the derivative.

Note 16 - Other Financial Liabilities (continued)

c) Bonds issued

12.31.2018 Debtor Taxpayer ID	Debtor Name	Debtor Country	Series	Currency	Amortization	Contractual Rate %	Annual Effective Rate %	Balance in Statement of Financial Position	Current		
									Maturity in ThCLP$ (Undiscounted Cash Flows)		
									Up to 90 Days	Over 90 Days up to 1 Year	Total Cash Flows
20423264617	Inmuebles Panamericana S.A.	Peru	Series A	PEN	Quarterly	7.81%	7.81%	1,325,044	513,164	1,539,493	2,052,658
20423264617	Inmuebles Panamericana S.A.	Peru	Series A	PEN	Quarterly	8.44%	8.44%	237,227	324,097	1,468,149	1,792,246
20423264617	Inmuebles Panamericana S.A.	Peru	Series A	PEN	Quarterly	VAC + 4.75%	4.75%	127,146	180,310	1,061,153	1,241,463
20423264617	Inmuebles Panamericana S.A.	Peru	Series A	PEN	Quarterly	9.09%	9.09%	50,699	276,779	830,337	1,107,116
20423264617	Inmuebles Panamericana S.A.	Peru	Series A	PEN	Quarterly	Vac +5.88%	5.88%	62,723	300,632	901,896	1,202,527
20423264617	Inmuebles Panamericana S.A.	Peru	Series A	PEN	Quarterly	8.25%	8.25%	320,690	425,590	1,276,771	1,702,362
20423264617	Inmuebles Panamericana S.A.	Peru	Series A	PEN	Quarterly	Vac + 5.31%	5.31%	136,310	185,510	556,531	742,041
94.627.000-8	Parque Arauco S.A.	Chile	Series H (1)	UF	Semi-annual	4.30%	3.91%	13,671,793	13,671,793	-	13,671,793
94.627.000-8	Parque Arauco S.A.	Chile	Series K	UF	Semi-annual	3.65%	3.85%	939,025	1,495,665	1,495,665	2,991,329
94.627.000-8	Parque Arauco S.A.	Chile	Series L	UF	Semi-annual	2.30%	2.24%	442,912	630,430	630,430	1,260,859
94.627.000-8	Parque Arauco S.A.	Chile	Series O	UF	Semi-annual	3.30%	3.30%	1,204,961	1,804,567	1,804,567	3,609,134
94.627.000-8	Parque Arauco S.A.	Chile	Series P	UF	Semi-annual	2.00%	1.91%	464,933	-	1,645,678	1,645,678
94.627.000-8	Parque Arauco S.A.	Chile	Series R	UF	Semi-annual	3.00%	2.55%	544,236	-	1,641,708	1,641,708
94.627.000-8	Parque Arauco S.A.	Chile	Series T	UF	Semi-annual	1.65%	1.88%	150,957	226,487	226,487	452,975
94.627.000-8	Parque Arauco S.A.	Chile	Series V	UF	Semi-annual	2.55%	2.44%	1,187,567	1,397,005	1,397,005	2,794,011
							Total	**20,866,222**	**21,432,030**	**16,475,870**	**37,907,900**

12.31.2017 Debtor Taxpayer ID	Debtor Name	Debtor Country	Series	Currency	Amortization	Contractual Rate %	Annual Effective Rate %	Balance in Statement of Financial Position	Current		
									Maturity in ThCLP$ (Undiscounted Cash Flows)		
									Up to 90 Days	Over 90 Days up to 1 Year	Total Cash Flows
20423264617	Inmuebles Panamericana S.A.	Peru	Series A	PEN	Quarterly	7.81%	7.81%	1,315,756	471,713	1,415,140	1,886,853
20423264617	Inmuebles Panamericana S.A.	Peru	Series A	PEN	Quarterly	8.44%	8.44%	215,155	297,918	893,753	1,191,671
20423264617	Inmuebles Panamericana S.A.	Peru	Series A	PEN	Quarterly	VAC + 4.75%	4.75%	112,957	135,462	406,385	541,847
20423264617	Inmuebles Panamericana S.A.	Peru	Series A	PEN	Quarterly	9.09%	9.09%	51,325	254,422	763,266	1,017,688
20423264617	Inmuebles Panamericana S.A.	Peru	Series A	PEN	Quarterly	VAC +5.88%	5.88%	49,709	253,518	760,554	1,014,072
20423264617	Inmuebles Panamericana S.A.	Peru	Series A	PEN	Quarterly	8.25%	8.25%	293,647	391,213	1,173,640	1,564,853
20423264617	Inmuebles Panamericana S.A.	Peru	Series A	PEN	Quarterly	VAC + 5.31%	5.31%	122,958	163,746	491,239	654,985
94.627.000-8	Parque Arauco S.A.	Chile	Series H	UF	Semi-annual	4.30%	3.91%	757,687	261,104	818,993	1,080,097
94.627.000-8	Parque Arauco S.A.	Chile	Series K	UF	Semi-annual	3.65%	3.85%	915,070	1,454,013	1,454,013	2,908,026
94.627.000-8	Parque Arauco S.A.	Chile	Series L	UF	Semi-annual	2.30%	2.24%	430,121	612,873	612,873	1,225,746
94.627.000-8	Parque Arauco S.A.	Chile	Series O	UF	Semi-annual	3.30%	3.30%	1,171,449	1,754,313	1,754,313	3,508,626
94.627.000-8	Parque Arauco S.A.	Chile	Series P	UF	Semi-annual	2.00%	1.91%	448,953	-	1,599,849	1,599,849
94.627.000-8	Parque Arauco S.A.	Chile	Series R	UF	Semi-annual	3.00%	2.55%	523,947	-	1,595,990	1,595,990
							Total	**6,408,734**	**6,050,295**	**13,740,008**	**19,790,303**

(1) On December 31, 2018, a notice of early redemption for the H bonds was published in Diario Financiero. The date of payment is 01.31.2019.

Note 16 - Other Financial Liabilities (continued)

c) Bonds issued (continued)

12.31.2018 Debtor Taxpayer ID	Debtor Name	Debtor Country	Series	Currency	Amortization	Contractual Rate %	Annual Effective Rate %	Balance in Statement of Financial Position	Non-Current					
									Maturity in ThCLP$ (Undiscounted Cash Flows)					
									More than 1 Year and up to 2 Years	More than 2 Years and up to 3 Years	More than 3 Years and up to 4 Years	More than 4 Years and up to 5 Years	More than 5 Years	Total Cash Flows
20423264617	Inmuebles Panamericana S.A.	Peru	Series A	PEN	Quarterly	7.81%	7.81%	11,129,800	2,052,658	2,052,658	2,052,658	2,052,658	6,671,138	14,881,770
20423264617	Inmuebles Panamericana S.A.	Peru	Series A	PEN	Quarterly	8.44%	8.44%	15,261,092	1,957,532	1,957,532	1,957,532	1,957,532	16,149,643	23,979,773
20423264617	Inmuebles Panamericana S.A.	Peru	Series A	PEN	Quarterly	VAC + 4.75%	4.75%	15,095,531	1,408,227	1,400,299	1,391,986	1,383,272	13,610,446	19,194,231
20423264617	Inmuebles Panamericana S.A.	Peru	Series A	PEN	Quarterly	9.09%	9.09%	12,055,019	1,107,116	1,107,116	1,107,116	1,107,116	33,831,015	38,259,478
20423264617	Inmuebles Panamericana S.A.	Peru	Series A	PEN	Quarterly	Vac +5.88%	5.88%	20,286,405	1,202,527	1,202,527	1,202,527	1,202,527	35,048,066	39,858,176
20423264617	Inmuebles Panamericana S.A.	Peru	Series A	PEN	Quarterly	8.25%	8.25%	20,455,017	1,702,362	1,702,362	1,702,362	1,702,362	41,690,767	48,500,214
20423264617	Inmuebles Panamericana S.A.	Peru	Series A	PEN	Quarterly	Vac + 5.31%	5.31%	13,847,864	742,041	742,041	742,041	742,041	22,595,430	25,563,594
94.627.000-8	Parque Arauco S.A.	Chile	Series K	UF	Semi-annual	3.65%	3.85%	80,811,153	2,991,329	2,991,329	2,991,329	2,991,329	116,349,824	128,315,141
94.627.000-8	Parque Arauco S.A.	Chile	Series L	UF	Semi-annual	2.30%	2.24%	55,147,925	55,762,010	-	-	-	-	55,762,010
94.627.000-8	Parque Arauco S.A.	Chile	Series O	UF	Semi-annual	3.30%	3.30%	110,219,626	3,609,134	3,609,134	3,609,134	3,609,134	152,670,482	167,107,017
94.627.000-8	Parque Arauco S.A.	Chile	Series P	UF	Semi-annual	2.00%	1.91%	82,855,122	22,217,165	21,805,746	21,394,326	20,982,907	-	86,400,145
94.627.000-8	Parque Arauco S.A.	Chile	Series R	UF	Semi-annual	3.00%	2.55%	57,770,317	1,641,708	1,641,708	1,641,708	1,641,708	69,496,516	76,063,349
94.627.000-8	Parque Arauco S.A.	Chile	Series T	UF	Semi-annual	1.65%	1.88%	27,342,614	452,975	452,975	11,479,291	5,784,943	11,252,803	29,422,986
94.627.000-8	Parque Arauco S.A.	Chile	Series V	UF	Semi-annual	2.55%	2.44%	111,345,192	2,794,011	2,794,011	2,794,011	2,794,011	124,233,214	135,409,258
							Total	633,622,674	99,640,796	43,459,438	54,066,022	47,951,541	643,599,345	888,717,141

12.31.2017 Debtor Taxpayer ID	Debtor Name	Debtor Country	Series	Currency	Amortization	Contractual Rate %	Annual Effective Rate %	Balance in Statement of Financial Position	Non-Current					
									Maturity in ThCLP$ (Undiscounted Cash Flows)					
									More than 1 Year and up to 2 Years	More than 2 Years and up to 3 Years	More than 3 Years and up to 4 Years	More than 4 Years and up to 5 Years	More than 5 Years	Total Cash Flows
20423264617	Inmuebles Panamericana S.A.	Peru	Series A	PEN	Quarterly	7.81%	7.81%	11,074,191	1,886,853	1,886,853	1,886,853	1,886,853	8,019,127	15,566,539
20423264617	Inmuebles Panamericana S.A.	Peru	Series A	PEN	Quarterly	8.44%	8.44%	14,009,755	1,647,476	1,799,412	1,799,412	1,799,412	16,644,558	23,690,270
20423264617	Inmuebles Panamericana S.A.	Peru	Series A	PEN	Quarterly	VAC + 4.75%	4.75%	13,693,590	1,181,154	1,181,154	1,181,154	1,181,154	10,630,384	15,355,000
20423264617	Inmuebles Panamericana S.A.	Peru	Series A	PEN	Quarterly	9.09%	9.09%	11,070,987	1,017,688	1,017,688	1,017,688	1,017,688	32,115,984	36,186,736
20423264617	Inmuebles Panamericana S.A.	Peru	Series A	PEN	Quarterly	VAC +5.88%	5.88%	18,343,025	1,014,072	1,014,072	1,014,072	1,014,072	30,806,758	34,863,046
20423264617	Inmuebles Panamericana S.A.	Peru	Series A	PEN	Quarterly	8.25%	8.25%	18,786,913	1,564,853	1,564,853	1,564,853	1,564,853	39,888,024	46,147,436
20423264617	Inmuebles Panamericana S.A.	Peru	Series A	PEN	Quarterly	VAC + 5.31%	5.31%	12,563,568	654,986	654,986	654,986	654,986	20,748,380	23,368,324
94.627.000-8	Parque Arauco S.A.	Chile	Series H	UF	Semi-annual	4.30%	3.91%	11,930,367	1,602,380	1,554,906	1,507,433	1,459,960	8,332,572	14,457,251
94.627.000-8	Parque Arauco S.A.	Chile	Series K	UF	Semi-annual	3.65%	3.85%	78,472,310	2,908,027	2,908,027	2,908,027	2,908,027	116,017,750	127,649,858
94.627.000-8	Parque Arauco S.A.	Chile	Series L	UF	Semi-annual	2.30%	2.24%	53,643,426	3,508,627	3,508,627	3,508,627	3,508,627	151,927,553	165,962,061
94.627.000-8	Parque Arauco S.A.	Chile	Series O	UF	Semi-annual	3.30%	3.30%	107,148,192	3,508,627	3,508,627	3,508,627	3,508,627	151,927,553	165,962,061
94.627.000-8	Parque Arauco S.A.	Chile	Series P	UF	Semi-annual	2.00%	1.91%	80,614,244	1,599,849	21,598,463	21,198,501	20,798,539	20,398,577	85,593,929
94.627.000-8	Parque Arauco S.A.	Chile	Series R	UF	Semi-annual	3.00%	2.55%	56,332,019	1,595,990	1,595,990	1,595,990	1,595,990	69,157,173	75,541,133
							Total	487,682,587	23,690,582	43,793,658	43,346,223	42,898,788	676,614,393	830,343,644

Note 16 - Other Financial Liabilities (continued)

The following table details the changes in liabilities arising from the Company's financing activities, including changes that represent and do not represent cash flows, as of December 31, 2018. The balances are classified into current and non-current.

Liabilities Arising from Financing Activities	Opening Balance	Cash Flows from Financing Activities	Changes that Do Not Represent Cash Flows				Closing Balance
	01.01.2018	Total	Acquisition of Subsidiaries	Foreign Exchange Differences	Interest Accrued	Other Changes (a)	12.31.2018
	ThCLP$	ThCLP$	ThCLP$	ThCLP$	ThCLP$	ThCLP$	ThCLP$
Finance leases	34,569,431	(3,488,204)	-	579,830	-	1,472,014	33,133,072
Bank loans	296,408,466	(4,763,212)	-	10,642,608	(2,368,038)	4,090,802	304,010,624
Bonds issued	494,091,321	127,524,064	-	12,532,200	11,167,494	9,173,818	654,488,897
Hedging liabilities	42,846,885	(38,982,999)	-	525,061	1,612,897	(1,501,093)	4,500,751
Total	**867,916,103**	**80,289,648**	**-**	**24,279,698**	**10,412,353**	**13,235,541**	**996,133,343**

(a) Includes movements from foreign exchange differences

Liabilities Arising from Financing Activities	Opening Balance	Cash Flows from Financing Activities	Changes that Do Not Represent Cash Flows				Closing Balance
	01.01.2017	Total	Acquisition of Subsidiaries	Foreign Exchange Differences	Interest Accrued	Other Changes (a)	12.31.2017
	ThCLP$	ThCLP$	ThCLP$	ThCLP$	ThCLP$	ThCLP$	ThCLP$
Finance leases	18,587,383	(4,859,387)	20,752,107	334,745	-	(245,416)	34,569,431
Bank loans	290,706,256	7,970,578	2,506,332	1,794,338	2,351,609	(8,920,646)	296,408,465
Bonds issued	456,696,168	28,829,305	-	6,534,763	1,578,379	452,705	494,091,321
Hedging liabilities	42,170,558	(452,431)	-	357,950	102,959	667,849	42,846,885
Total	808,160,365	31,488,065	23,258,439	9,021,796	4,032,946	(8,045,509)	867,916,102

Note 17 - Other Provisions

Details of other current provisions as of December 31, 2018 and 2017, are as follows:

	12.31.2018 ThCLP$	12.31.2017 ThCLP$
Other provisions	2,260,853	1,895,703
Total	**2,260,853**	**1,895,703**

Note 17 - Other Provisions (continued)

Details of movements in provisions for the years ended December 31, 2018 and 2017, are as follows:

12.31.2018	Provisions for Legal Proceedings ThCLP$	Other Miscellaneous Provisions ThCLP$	Total ThCLP$
Opening balance	**1,632,351**	**263,352**	**1,895,703**
Additions	2,437,454	0	2,437,454
Provisions used	(958,027)	0	(958,027)
Provisions released	(930,874)	0	(930,874)
Other movements	0	(210,626)	(210,626)
Increase in foreign currency	4,077	23,146	27,223
Changes in provisions	**552,630**	**(187,480)**	**365,150**
Closing balance	**2,184,981**	**75,872**	**2,260,853**

12.31.2017	Provisions for Legal Proceedings ThCLP$	Other Miscellaneous Provisions ThCLP$	Total ThCLP$
Opening balance	**1,805,698**	**277,255**	**2,082,953**
Additional provisions	22,645	-	22,645
Provisions used	(192,338)	-	(192,338)
Decrease in foreign currency	(3,654)	(13,903)	(17,557)
Changes in provisions	**(173,347)**	**(13,903)**	**(187,250)**
Closing balance	**1,632,351**	**263,352**	**1,895,703**

Note 18 - Employee Benefit Provisions

Details of current employee benefit provisions as of December 31, 2018 and 2017, are as follows:

Current	12.31.2018 ThCLP$	12.31.2017 ThCLP$
Profit sharing and bonuses	3,229,582	2,651,814
Vacation	864,448	728,955
Other employee benefits	440,287	320,679
Employee benefit provisions	**4,534,317**	**3,701,448**

Note 19 - Trade and Other Payables

Details of trade and other payables as of December 31, 2018 and 2017, are as follows:

Current	12.31.2018 ThCLP$	12.31.2017 ThCLP$
Suppliers	19,756,747	17,586,040
Notes payable	-	9,191
Withholding	225,139	219,330
Miscellaneous payables	7,225,800	8,501,775
Dividends payable	24,109,185	17,262,088
Total	**51,316,871**	**43,578,424**

Note 19 - Trade and Other Payables (continued)

Up-to-date and past due trade payables as of December 31, 2018 and 2017, are as follows:

a) Up-to-date trade payables

Type of Supplier	Amount by Payment Terms						Total ThCLP$
	Up to 30 days ThCLP$	31-60 ThCLP$	61-90 ThCLP$	91-120 ThCLP$	121-365 ThCLP$	366 or more ThCLP$	12.31.2018
Goods	3,554,247	677,556	-	-	-	-	4,231,803
Services	11,044,396	3,528,799	-	-	-	-	14,573,195
Total	**14,598,642**	**4,206,355**	**-**	**-**	**-**	**-**	**18,804,997**

Type of Supplier	Amount by Payment Terms						Total ThCLP$
	Up to 30 days ThCLP$	31-60 ThCLP$	61-90 ThCLP$	91-120 ThCLP$	121-365 ThCLP$	366 or more ThCLP$	12.31.2017
Goods	21,702,654						21,702,654
Services	1,195,537						1,195,537
Total	**22,898,191**						**22,898,191**

b) Past due trade payables

Type of Supplier	Amount by Payment Terms						Total ThCLP$
	Up to 30 days ThCLP$	31-60 ThCLP$	61-90 ThCLP$	91-120 ThCLP$	121-365 ThCLP$	366 or more ThCLP$	12.31.2018
Goods	32,679	30,111	-	-	-	-	62,790
Services	497,396	391,565	-	-	-	-	888,960
Total	**530,074**	**421,676**	**-**	**-**	**-**	**-**	**951,750**

Type of Supplier	Amount by Payment Terms						Total ThCLP$
	Up to 30 days ThCLP$	31-60 ThCLP$	61-90 ThCLP$	91-120 ThCLP$	121-365 ThCLP$	366 or more ThCLP$	12.31.2017
Goods	16,503	-	-	-	-	-	16,503
Services	200,165	-	-	-	-	-	200,165
Total	**216,668**	**-**	**-**	**-**	**-**	**-**	**216,668**

Note 20 - Other Non-Financial Liabilities

Details of other non-financial liabilities as of December 31, 2018 and 2017, are as follows:

	Current ThCLP$		Non-Current ThCLP$	
	12.31.2018	12.31.2017	12.31.2018	12.31.2017
Deferred income from leases and arantees	1,053,007	1,101,863	2,260,274	5,551,812
Cash guarantees	-	-	9,655,219	8,903,797
Other liabilities	6,382,888	7,352,689	3,649,956	2,570,591
Total	**7,435,895**	**8,454,552**	**15,565,449**	**17,026,200**

Note 21 - Equity

Details of equity accounts as shown in the statement of changes in equity are as follows.

i) Capital

The Company invests its unrestricted cash flows in financial instruments such as repo agreements, mutual funds, time deposits, etc., based on which offers the most convenient risk-return ratio and the Company's liquidity needs. The Company's financing policy consists of raising funds from capital markets in order to finance projects that allow the Company to grow, complying with the restrictions (covenants) stipulated in the obligations in force.

Financial liabilities mainly consist of bank loans and long-term structured institutional bonds designed to match the maturity of its assets and liabilities. Paid-in capital as of December 31, 2018 and 2017, totals ThCLP$ 420,016,646 and ThCLP$ 416,047,240, respectively.

ii) Capital Management Objectives, Policies and Processes

Investment and Financing Policies

The Company has an investment program designed to maintain its industry leadership and develop profitable projects by incorporating differentiating factors and developing new business areas, while maintaining an appropriate level of working capital and indebtedness levels in line with its cash flows.

Dividend Policy

Details of the Company's distributable net profits as of each year end are as follows:

Description	12.31.2018	12.31.2017
Profit attributable to equity holders of the parent	117,863,488	88,989,529
Fair value adjustment to investment property (net of deferred taxes) of ThCLP$12,932,850 and ThCLP$15,818,298 in 2018 and 2017, respectively.	(40,859,987)	(36,230,680)
Distributable net profits attributable to equity holders of the parent	**77,003,501**	**52,758,849**

iii) Movements in Common Shares

Description of Classes of Capital	Sole Series	
	12.31.2018	12.31.2017
Opening balance of common shares	897,746,765	893,863,060
Shares issued during the period / year		-
Subscribed and paid-in shares	4,410,451	3,883,705
Closing balance of common shares	**902,157,216**	**897,746,765**

iv) Share-Based Compensation Plans

At a meeting on June 26, 2014, the Company's Board of Directors decided to grant stock options to the Company's main executives to purchase a total of 12,777,777 shares, in accordance with agreements made at the extraordinary shareholders' meeting held October 23, 2013. The exercise price was set at the Chilean peso equivalent of UF 0.0382 per share (2014 Plan). The options may be exercised

Note 21 - Equity (continued)

between June 2016 and October 13, 2018. The cost of these options, calculated using the Black Scholes method to estimate the fair value from the granting date, amounts to ThCLP$ 2,245,565, as stipulated in IFRS 2 *Share-Based Payments*. As of September 30, 2018, the 2014 plan had expired and the Company's capital and number of shares were reduced to the amount actually subscribed and paid-in.

In accordance with agreements made at the extraordinary shareholders' meeting held November 19, 2015, stock options were granted to the Company's main executives to purchase a total of 7,800,000 shares (2015 Plan). The Board was authorized to set the final placement price in accordance with article 23 of the Corporations Law Regulations. Under this compensation plan, the shares must be issued, subscribed and paid in by November 19, 2020. At a meeting of the Company's Board on November 30, 2016, the Board set the exercise price for the options at the Chilean peso equivalent of 0.0469 UF per share and agreed that 50% of the options would vest on June 1, 2019, with the final 50% vesting on June 1, 2020.

Inputs used in valuation model for options granted:

Plan	Weighted Average Price of Shares	Exercise Price	Expected Volatility %	Life of Option	Expected Dividends %	Risk-Free Interest Rate %
2015	1,534.90	1,235.04	20.00	4.0 years	2.0	3.32

The accounting effect is accrued in the income statement account "compensation" on a straight-line basis from the granting date to the expiration date. That plan is in force from September 2018 to November 2020. The effect on income for the years ended December 31, 2018 and 2017, is ThCLP$ 1,042,268 and ThCLP$ 1,264,658, respectively. The balancing entry is recorded in the equity account other reserves.

In the period from January to December 2018, a total of ThCLP$ 3,969,406 in options have been exercised.

v) Unrealized Fair Value Adjustment (Net of Deferred Taxes)

As of December 31, 2018, the Company's equity includes gains from the fair value adjustment of its investment properties, which are not part of distributable net profits until they are realized. The table below details the amount accumulated as of December 31, 2018, net of deferred taxes:

Period	Amount ThCLP$
First application (01.01.2009)	61,027,858
Year 2009	28,434,100
Year 2010	12,028,082
Year 2011	9,692,241
Year 2012	5,054,461
Year 2013	14,763,320
Year 2014	13,674,210
Year 2015	26,906,230
Year 2016	30,566,121
Year 2017	36,230,680
Year 2018	40,859,987
Total fair value adjustment accumulated as of 12.31.2018	**279,237,290**

Note 21 - Equity (continued)

vi) Equity Movements

Other Miscellaneous Reserves	12.31.2018 ThCLP$	12.31.2017 ThCLP$
Opening balance	**9,696,008**	**6,956,224**
Interests in Chilean companies	(6,273)	(587,698)
Interests in Peruvian companies	488,875	2,183,116
Interests in Colombian companies	(2,997,790)	(98,437)
Other	1,590,761	1,242,803
Movement	**(924,426)**	**2,739,784**
Closing balance	**8,771,582**	**9,696,008**

Translation Adjustment Reserve	12.31.2018 ThCLP$	12.31.2017 ThCLP$
Opening balance	**(45,558,393)**	**(20,243,732)**
Interests in Chilean companies	58,495,785	(34,377,525)
Interests in Peruvian companies	(13,380,960)	8,591,782
Interests in Colombian companies	(8,180,168)	471,080
Movement	**36,884,723**	**(25,314,661)**
Closing balance	**(8,673,670)**	**(45,558,393)**

Increase (Decrease) Due to Transfers and Other Changes	12.31.2018			12.31.2017		
	Other Miscellaneous Reserves	Retained Earnings	Non-Controlling Interest	Other Miscellaneous Reserves	Retained Earnings	Non-Controlling Interest
	ThCLP$	ThCLP$	ThCLP$	ThCLP$	ThCLP$	ThCLP$
Interests in Chilean companies	(6,273)	1,503,995	10,080,941	(587,698)	(3,364,060)	-
Interests in Peruvian companies	488,875	-	-	2,183,116	-	-
Interests in Colombian companies	(2,997,790)	-	-	(98,437)	-	-
Other (1)	1,590,761	-	-	1,242,803	-	(4,435,847)
Movement	**(924,426)**	**1,503,995**	**10,080,941**	**2,739,784**	**(3,364,060)**	**(4,435,847)**

(1) Movements in non-controlling interest correspond to the equity effects of subsidiaries where Parque Arauco S.A. does not hold a 100% interest.

Note 21 - Equity (continued)

vi) Changes in Equity (continued)

Details of movements in non-controlling interest for the years ended December 31, 2018 and 2017, are as follows:

Taxpayer ID No.	Company Name	Country	Functional Currency	Ownership Interest %	Total Assets ThCLP$	Total Liabilities ThCLP$	Company's Equity in Investee ThCLP$	Non-Controlling Interest Over Equity ThCLP$	Company's Share of Profit (Loss) of Investee ThCLP$	Non-Controlling Interest in Profit (Loss) ThCLP$
20423264617	Inmuebles Panamericana S.A.	Peru	Peruvian sol	50.00%	347,022,012	160,046,516	186,975,496	93,499,723	(555,464)	(271,333)
20513561106	Soc.de Invers.y Gestión	Peru	Peruvian sol	50.00%	17,048,968	6,822,760	10,226,209	5,113,104	(133,339)	(66,669)
20524082374	Inversiones Bairiki S.A.C	Peru	Peruvian sol	50.00%	3,191,933	4,665,275	(1,473,342)	(736,671)	(1,205,444)	(602,722)
20543346218	Inmobiliaria Kotare S.A.C	Peru	Peruvian sol	50.00%	1,213,602	272,150	941,453	470,726	(65,221)	(32,611)
20514833088	Inmob.Nueva Centuria SAC	Peru	Peruvian sol	50.00%	1,550,393	2,621,570	(1,071,178)	(535,589)	(266,337)	(133,169)
20550016690	Inv. Inmob. Pto Pizarro	Peru	Peruvian sol	50.00%	16,296	109,610	(93,314)	(46,657)	(9,565)	(4,783)
900.079.790-5	Eje Construcciones S.A.	Colombia	Colombian peso	45.00%	42,086,365	5,524,814	36,561,551	16,452,698	3,431,318	1,544,093
76.111.950-8	Desarrollos Inmobiliarios San Antonio S.A.	Chile	Chilean peso	30.00%	33,806,781	15,999,667	17,807,114	5,342,426	1,817,905	545,401
96.547.010-7	Inmobiliaria Paseo de la Estación S.A.	Chile	Chilean peso	17.00%	119,670,213	32,836,289	86,833,924	14,736,736	11,986,459	2,037,698
76.187.012-2	Centros Comerciales Vecinales Arauco Express S.A.	Chile	Chilean peso	46.66%	62,971,618	26,190,400	36,781,218	17,162,116	5,052,767	2,357,621
76.263.221-7	Centro Comercial Arauco Express Ciudad Empresarial S.A.	Chile	Chilean peso	20.00%	6,300,342	1,626,564	4,673,778	934,756	1,535,054	307,011
76.459.763-K	Parque Angamos SPA	Chile	Chilean peso	45.00%	27,523,544	14,616,776	12,906,769	5,808,046	(343,586)	(154,614)
Total as of 12.31.2018								**158,201,415**		**5,525,925**

Taxpayer ID No.	Company Name	Country	Functional Currency	Ownership Interest %	Total Assets ThCLP$	Total Liabilities ThCLP$	Company's Equity in Investee ThCLP$	Non-Controlling Interest Over Equity ThCLP$	Company's Share of Profit (Loss) of Investee ThCLP$	Non-Controlling Interest in Profit (Loss) ThCLP$
20423264617	Inmuebles Panamericana S.A.	Peru	Peruvian sol	50.00%	316,533,486	151,191,954	165,341,532	82,450,879	10,012,564	5,082,886
20513561106	Soc.de Invers.y Gestión	Peru	Peruvian sol	50.00%	14,672,217	5,591,962	9,080,255	4,540,128	(505,065)	(252,533)
20524082374	Inversiones Bairiki S.A.C	Peru	Peruvian sol	50.00%	2,404,454	2,586,688	(182,234)	(91,117)	(468,747)	(234,374)
20543346218	Inmobiliaria Kotare S.A.C	Peru	Peruvian sol	50.00%	1,106,590	177,767	928,823	464,412	(31,057)	(15,528)
20514833088	Inmob.Nueva Centuria SAC	Peru	Peruvian sol	50.00%	1,452,032	2,177,715	(725,683)	(362,842)	(75,430)	(37,715)
20550016690	Inv. Inmob. Pto Pizarro	Peru	Peruvian sol	50.00%	13,760	90,236	(76,476)	(38,238)	(11,368)	(5,684)
900.079.790-5	Eje Construcciones S.A.	Colombia	Colombian peso	45.00%	39,295,147	5,264,598	34,030,549	15,314,453	4,577,820	2,060,725
76.111.950-8	Desarrollos Inmobiliarios San Antonio S.A.	Chile	Chilean peso	30.00%	33,434,463	16,289,340	17,145,123	5,143,537	4,709,252	1,412,776
96.547.010-7	Inmobiliaria Paseo de la Estación S.A.	Chile	Chilean peso	17.00%	105,581,296	21,895,988	83,685,308	14,226,502	10,783,277	1,833,157
76.187.012-2	Centros Comerciales Vecinales Arauco Express S.A.	Chile	Chilean peso	46.66%	57,414,455	26,081,512	31,332,943	14,619,951	1,560,844	728,290
76.263.221-7	Centro Comercial Arauco Express Ciudad Empresarial S.A.	Chile	Chilean peso	20.00%	6,586,213	3,447,626	3,138,587	627,717	290,166	58,033
76.459.763-K	Parque Angamos SPA	Chile	Chilean peso	45.00%	23,633,121	10,968,307	12,664,814	5,699,166	(337,763)	(151,993)
Total as of 12.31.2017								**142,594,549**		**10,478,040**

Note 22 - Earnings Per Share

Basic earnings per share is calculated by dividing profit for the year attributable to the parent company by the weighted average number of outstanding common shares during the year.

Details of basic and diluted earnings per share for the years ended December 31, 2018 and 2017, are as follows:

	12.31.2018 ThCLP$ Basic	12.31.2018 ThCLP$ Diluted	12.31.2017 ThCLP$ Basic	12.31.2017 ThCLP$ Diluted
Profit attributable to equity holders of the company	117,863,488	117,863,488	88,989,529	88,989,529
Profit available to common shareholders	117,863,488	117,863,488	88,989,529	88,989,529
Weighted average number of shares	899,956	910,171	895,371	915,275
Basic earnings (loss) per share	**130.97**	**129.50**	**99.39**	**97.23**

Note 23 - Revenue and Operating Expenses

Revenue comes from invoicing of minimum and percentage rent, utilities and other services provided as of each period end. It is recorded on a straight-line basis based on the duration of each client contract.

Details of revenue and operating expenses for the years ended December 31, 2018 and 2017, are as follows:

Revenue and Operating Expenses	12.31.2018 ThCLP$	12.31.2017 ThCLP$
Revenue	189,618,287	182,215,067
Operating expenses	(39,437,276)	(39,346,715)
Gross profit	**150,181,012**	**142,868,353**

For the years ended December 31, 2018 and 2017, total lease income was comprised of 87% fixed lease income and 13% variable lease income (86% and 14%, respectively, in 2017).

Details of revenue for these periods are as follows:

Revenue	12.31.2018 ThCLP$	12.31.2017 ThCLP$
Lease income	162,503,421	154,759,536
Other income	27,114,866	27,455,531
Total revenue	**189,618,287**	**182,215,067**

The main categories of operating and administrative expenses are as follows:

Costs and Expenses	12.31.2018 ThCLP$	12.31.2017 ThCLP$
Depreciation	(982,518)	(727,884)
Amortization	(2,361,061)	(3,181,764)
Salaries and wages	(22,990,803)	(21,989,778)
Allowance for doubtful accounts	(1,232,937)	(1,100,582)
Other (*)	(27,677,469)	(28,898,714)
Total costs and expenses	**(55,245,101)**	**(55,898,722)**

(*) Includes mainly the net amount of income, costs and expenses related to collecting common area maintenance charges from tenants.

Note 23 - Revenue and Operating Expenses (continued)

Details of revenue and expenses for operating assets versus assets under development for the years ended December 31, 2018 and 2017, are as follows:

	Operating Assets	Assets under Development	12.31.2018 ThCLP$
Revenue	189,618,287	-	189,618,287
Administrative expenses / costs	(55,102,064)	(143,037)	(55,245,101)

	Operating Assets	Assets under Development	12.31.2017 ThCLP$
Revenue	182,215,067	-	182,215,067
Administrative expenses / costs	(55,385,982)	(512,740)	(55,898,722)

Note 24 - Employee Benefits and Expenses

Details of employee benefits and expenses for the years ended December 31, 2018 and 2017, are as follows:

Employee Expenses	12.31.2018 ThCLP$	12.31.2017 ThCLP$
Wages and salaries	(19,266,703)	(18,286,494)
Short-term employee benefits	(2,274,242)	(2,070,791)
Other employee expenses	(1,449,857)	(1,632,493)
Total	**(22,990,803)**	**(21,989,778)**

Note 25 - Financial Income and Expenses

Financial income comes from investing the Company's cash surpluses mainly in time deposits, repo agreements, mutual funds and trusts. For the years ended December 31, 2018 and 2017, Parque Arauco S.A. had average cash surpluses of ThCLP$ 238,284,040 and ThCLP$ 120,332,341, with an annual effective interest rate of 3.35% and 4.76%, generating finance income of ThCLP$ 7,975,774 and ThCLP$ 5,730,163, respectively.

As of December 31, 2018 and 2017, the Company had financial liabilities in inflation-indexed units of ThCLP$ 732,334,974 and ThCLP$ 593,823,233, in Chilean pesos of ThCLP$ 47,782,400 and ThCLP$ 69,422,777, in Colombian pesos of ThCLP$ 86,758,604 and ThCLP$ 82,294,168 and in Peruvian soles of ThCLP$ 124,756,616 and ThCLP$ 122,375,923, respectively. For the years ended December 31, 2018 and 2017, these financial liabilities averaged ThCLP$ 913,888,008 and ThCLP$ 829,009,009, with an annual effective interest rate of 4.01% and 4.78%, generating finance costs of ThCLP$ (36,627,127) and ThCLP$ (38,086,741), respectively.

	12.31.2018 ThCLP$	12.31.2017 ThCLP$
Financial income	7,975,774	5,730,163
Financial expenses	(36,627,127)	(38,086,741)

Note 26 - Effect of Exchange Rate Changes

Gain (loss) for exchange differences corresponds to the weighted gain (loss) of asset and liability movements in foreign currency generated during the period.

	12.31.2018 ThCLP$	12.31.2017 ThCLP$
Foreign exchange differences	(5,862)	(80,514)
Translation adjustment reserve (1)	36,884,723	(25,314,661)

Foreign exchange differences	12.31.2018 ThCLP$	12.31.2017 ThCLP$
Financial liabilities	(1,504)	(172,300)
Related party transactions	159,925	841,265
Other	(164,282)	(749,479)
Total	**(5,862)**	**(80,514)**

(1) Movements in the translation adjustment reserve are detailed in Note 21 vi).

Note 27 - Depreciation and Amortization

	12.31.2018 ThCLP$	12.31.2017 ThCLP$
Depreciation	(982,518)	(727,884)
Amortization	(2,361,374)	(3,181,764)
Total	**(3,343,892)**	**(3,909,648)**

Note 28 - Gain (Loss) on Indexed Assets and Liabilities

Gain (loss) on indexed assets and liabilities corresponds mainly to bank loans, finance leases and bond issuances in indexation units detailed in Note 16 Other Financial Liabilities.

Details of the gain (loss) on indexed assets and liabilities for the years ended December 31, 2018 and 2017, are as follows:

	12.31.2018 ThCLP$	12.31.2017 ThCLP$
Loss on indexed assets and liabilities	(18,148,557)	(10,713,993)

Note 29 - Other Income and Expenses

This income statement account is detailed as follows:

29.1 Other Income by Function

	12.31.2018 ThCLP$	12.31.2017 ThCLP$
Gain on sale of property, plant and equipment (1)	29,949,323	90,849
Insurance compensation or refund	163,462	302,836
Other income	2,533,927	2,595,806
Total other income, by function	**32,646,712**	**2,989,491**

(1) This is for the sale of a non-current asset held for sale. See Note 41.

29.2 Other Expenses by Function

	12.31.2018 ThCLP$	12.31.2017 ThCLP$
Extraordinary taxes (2)	(1,673,324)	(686,401)
Penalties and fines (3)	(321,465)	(93,610)
Termination benefits and severance expenses	(2,172,569)	(884,232)
Research and project expenses	(4,314,216)	(1,920,002)
De-recognition of property, plant and equipment	(387,325)	(730,048)
Insurance claim deductible	(166,949)	(117,448)
Other expenses	(985,233)	(2,112,000)
Total other expenses by function	**(10,021,080)**	**(6,543,741)**

(2) Includes mainly taxes for business permits and taxes from the Chamber of Commerce in Colombia
(3) Corresponds to withholding for urban construction tax (Colombia)

Note 30 - Foreign Currency

Liquid Assets	12.31.2018	12.31.2017
Liquid Assets	**287,830,151**	**146,601,336**
Non-indexed CLP	199,926,218	120,127,501
US dollar	5,066,951	9,185,114
Peruvian sol	67,020,163	9,421,315
Colombian peso	15,816,819	7,867,406
Cash and cash equivalents	**281,223,537**	**146,599,021**
Non-indexed CLP	199,926,218	120,127,501
US dollar	5,066,951	9,185,114
Peruvian sol	67,017,774	9,418,000
Colombian peso	9,212,594	7,867,406
Other financial assets, current	**6,606,614**	**2,315**
Peruvian sol	2,389	2,315
Colombian peso	6,604,225	-
Short- and Long-Term Receivables	**30,274,080**	**33,075,757**
Indexed CLP	61,903	56,940
Non-indexed CLP	17,647,954	16,483,671
US dollar	2,179,604	1,991,251
Peruvian sol	7,866,620	12,175,309
Colombian peso	2,517,999	2,368,586
Current trade and other receivables	**30,216,487**	**29,055,567**
Indexed CLP	7,170	-
Non-indexed CLP	17,647,954	16,483,671
US dollar	2,179,604	1,940,885
Peruvian sol	7,863,760	8,262,425
Colombian peso	2,517,999	2,368,586
Rights receivable, non-current	**54,733**	**56,940**
Indexed CLP	54,733	56,940
Related party receivables, current	**2,860**	**3,963,250**
US dollar	-	50,366
Peruvian sol	2,860	3,912,884
Related party receivables, non-current	**6,614,830**	**1,699,267**
US dollar	83,503	24,306
Peruvian sol	6,531,327	1,674,961
Remaining assets	**2,053,380,988**	**1,899,637,621**
Indexed CLP	4,988,116	5,494,933
Non-indexed CLP	1,213,715,252	1,109,648,729
US dollar	11,746,246	88,198,264
Peruvian sol	580,604,916	466,336,625
Colombian peso	242,326,458	229,959,068
Argentinean peso	-	2
Total assets	**2,378,100,049**	**2,081,013,981**
Indexed CLP	5,050,019	5,551,873
Non-indexed CLP	1,431,289,424	1,246,259,901
US dollar	19,076,304	99,398,935
Peruvian sol	662,023,026	489,608,210
Colombian peso	260,661,276	240,195,060
Argentinean peso	-	2

Note 30 - Foreign Currency (continued)

	12.31.2018		12.31.2017	
	Up to 90 Days	91 Days to 1 Year	Up to 90 Days	91 Days to 1 Year
Total Current Liabilities	**84,515,332**	**105,816,659**	**45,094,137**	**51,751,430**
Indexed CLP	17,956,786	9,725,386	7,013,093	4,593,419
Non-indexed CLP	44,001,811	4,258,487	23,167,765	22,063,260
US dollar	6,026,503	296,949	2,313,403	85,707
Peruvian sol	10,658,503	4,754,867	5,212,711	17,969,695
Colombian peso	5,871,729	86,780,970	7,387,165	7,039,349
Other financial liabilities, current	**19,922,762**	**99,953,637**	**12,619,258**	**20,518,400**
Indexed CLP	17,955,541	9,725,386	6,989,800	4,593,419
Non-indexed CLP	-	-	68,065	2,433,657
US dollar	-	-	-	-
Peruvian sol	1,967,221	3,447,281	1,861,003	8,502,619
Colombian peso	-	86,780,970	3,700,390	4,988,705
Bank loans	**3,704,819**	**93,312,757**	**7,148,311**	**17,450,323**
Indexed CLP	3,704,819	4,757,919	3,379,856	3,389,192
Non-indexed CLP	-	-	68,065	2,433,657
US dollar	-	-	-	-
Peruvian sol	-	1,773,868	-	6,638,769
Colombian peso	-	86,780,970	3,700,390	4,988,705
Secured liabilities	**15,490,475**	**5,375,746**	**4,947,158**	**1,461,577**
Indexed CLP	14,097,181	4,509,201	3,467,417	779,810
Peruvian sol	1,393,294	866,545	1,479,741	681,767
Finance leases	**727,468**	**1,265,134**	**523,789**	**1,606,500**
Indexed CLP	153,541	458,266	142,527	424,417
Peruvian sol	573,927	806,868	381,262	1,182,083
Other current liabilities	**64,592,570**	**5,863,022**	**32,474,879**	**31,233,030**
Indexed CLP	1,245	-	23,293	-
Non-indexed CLP	44,001,811	4,258,487	23,090,700	19,629,603
US dollar	6,026,503	296,949	2,313,403	85,707
Peruvian sol	8,691,282	1,307,586	3,351,708	9,467,076
Colombian peso	5,871,729	-	3,686,775	2,050,644

Note 30 - Foreign Currency (continued)

	12.31.2018		12.31.2017	
	13 Months to 5 Years	More than 5 Years	13 Months to 5 Years	More than 5 Years
Total Non-Current Liabilities	**448,108,517**	**661,631,802**	**466,021,168**	**577,377,827**
Indexed CLP	286,307,920	431,648,795	241,058,211	349,507,842
Non-indexed CLP	69,736,215	110,022,723	90,158,944	95,947,341
US dollar	3,162,306	1,813,950	615,066	1,797,965
Peruvian sol	79,555,166	117,632,998	85,921,183	95,011,521
Colombian peso	9,346,910	513,336	48,267,764	35,113,158
Other financial liabilities, non-current	**350,018,437**	**526,238,507**	**361,689,707**	**473,088,737**
Indexed CLP	284,302,972	424,829,458	239,275,958	342,964,058
Non-indexed CLP	47,782,400	-	66,921,054	-
Peruvian sol	17,933,065	101,409,049	17,000,780	95,011,521
Colombian peso	-	-	38,491,915	35,113,158
Bank loans	**174,252,468**	**37,241,332**	**223,071,505**	**91,585,210**
Indexed CLP	126,470,068	37,241,332	117,658,536	56,472,052
Non-indexed CLP	47,782,400	-	66,921,054	-
Colombian peso	-	-	38,491,915	35,113,158
Secured liabilities	**166,471,981**	**467,150,693**	**128,416,357**	**359,266,230**
Indexed CLP	155,137,473	370,354,474	119,060,293	269,080,265
Peruvian sol	11,334,508	96,796,219	9,356,064	90,185,965
Finance leases	**9,293,989**	**21,846,482**	**10,201,845**	**22,237,297**
Indexed CLP	2,695,432	17,233,652	2,557,129	17,411,741
Peruvian sol	6,598,557	4,612,830	7,644,716	4,825,556
Other non-current liabilities	**98,090,080**	**135,393,295**	**104,331,461**	**104,289,090**
Indexed CLP	2,004,948	6,819,337	1,782,253	6,543,784
Non-indexed CLP	21,953,815	110,022,723	23,237,890	95,947,341
US dollar	3,162,306	1,813,950	615,066	1,797,965
Peruvian sol	61,622,101	16,223,949	68,920,403	-
Colombian peso	9,346,910	513,336	9,775,849	-

Note 31 - Summarized Financial Statements of Main Subsidiaries

The financial statements of the Company's main subsidiaries as of December 31, 2018 and 2017, are summarized as follows:

Subsidiaries	12.31.2018								
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Revenue	Expenses	Profit (loss) for the year
	ThCLP$	ThCLP$	ThCLP$	ThCLP$	ThCLP$	ThCLP$	ThCLP$	ThCLP$	ThCLP$
Arauco Express S.A. and subsidiary	2,419,908	63,108,236	65,528,144	5,178,050	22,634,120	27,812,170	10,437,611	(5,077,833)	5,359,778
Comercial Arauco Ltda.	-	-	-	6,576	-	6,576	-	(1,363)	(1,363)
Desarrollos Inmobiliarios San Antonio S.A.	3,495,868	32,025,844	35,521,712	1,290,218	14,947,232	16,237,450	4,783,391	(3,064,410)	1,718,981
Inmobiliaria Paseo de la Estación S.A. and subsidiary	7,705,605	112,501,931	120,207,536	7,038,202	25,871,255	32,909,457	16,225,998	(4,231,089)	11,994,909
Inversiones Parque Arauco Uno S.A.	236,706	6,942,496	7,179,202	226,356	-	226,356	28,485	(308,148)	(279,663)
Nueva Arauco SpA	450,418	435,264	885,682	954,941	-	954,941	107,085	(8,661)	98,424
Parque Arauco Internacional S.A. and subsidiaries	126,230,520	815,504,044	941,734,565	114,408,320	212,024,667	326,432,987	77,443,856	(36,043,589)	41,400,267
Arauco Malls Chile S.A.	8,346,938	140,616,734	148,963,672	3,575,329	25,576,882	29,152,212	41,019,917	(19,239,749)	21,780,168
Arauco Centros Comerciales Regionales SpA and subsidiary	9,938,368	92,024,156	101,962,524	57,290,455	966,453	58,256,908	1,990,014	(1,450,107)	539,907
Arauco Chillán SpA	1,618,853	51,552,784	53,171,637	384,031	3,155,994	3,540,025	9,302,230	(3,240,890)	6,061,340
Parque Angamos SpA	4,535,949	22,987,596	27,523,545	2,899,914	11,716,862	14,616,776	381,612	(725,198)	(343,586)
Todo Arauco S.A.	1,878,151	90,956,480	92,834,631	1,461,667	9,273,778	10,735,445	8,524,721	(3,650,142)	4,874,579

Subsidiaries	12.31.2017								
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Revenue	Expenses	Profit (loss) for the year
	ThCLP$	ThCLP$	ThCLP$	ThCLP$	ThCLP$	ThCLP$	ThCLP$	ThCLP$	ThCLP$
Arauco Express S.A.	3,029,924	58,094,824	61,124,748	2,924,418	26,238,156	29,162,574	4,780,079	(3,161,201)	1,618,878
Comercial Arauco Ltda.	-	-	-	5,212	-	5,212	-	(808)	(808)
Desarrollos Inmobiliarios San Antonio S.A.	2,212,217	33,163,689	35,375,906	830,842	15,732,869	16,563,711	4,361,480	246,587	4,608,067
Inmobiliaria Paseo de la Estación S.A.	14,633,344	107,823,199	122,456,543	12,165,405	25,943,724	38,109,129	16,042,165	(5,251,978)	10,790,187
Inversiones Parque Arauco Uno S.A.	60,712	7,093,753	7,154,465	6,922,144	-	6,922,144	10,845	(155,646)	(144,801)
Nueva Arauco SpA	302,633	352,422	655,055	859,910	-	859,910	-	106,665	106,665
Parque Arauco Internacional S.A.	83,343,387	744,511,384	827,854,771	38,408,769	266,806,013	305,214,782	75,958,224	(60,891,538)	15,066,686
Arauco Malls Chile S.A. and subsidiary	30,527,593	254,147,879	284,675,472	7,615,263	56,602,291	64,217,554	29,400,896	(16,952,307)	12,448,589
Parque Angamos SpA	2,480,641	21,152,480	23,633,121	10,968,307	-	10,968,307	-	(337,763)	(337,763)
Todo Arauco S.A.	1,418,743	90,052,325	91,471,068	4,310,681	9,936,586	14,247,267	9,230,054	616,036	9,846,090

Note 32 - Operating Segments

The Company's management has decided to segment its business geographically with operations in Chile, Peru and Colombia. This choice was made because the business is controlled separately by country division. The determining factors in this decision include the measurement of each country's participation with respect to Chile and other specific commercial factors such as contractual conditions set with operators in each country, the operating currency of each division and the maturity of the business.

The segment others includes the holding companies for the Company's foreign operations, which are the investment vehicles that hold the largest interests in foreign companies and their assets mainly correspond to advances to develop projects.

12.31.2018 Statement of Financial Position	CHILE ThCLP$	PERU ThCLP$	COLOMBIA ThCLP$	OTHER ThCLP$	TOTAL ThCLP$
Current assets	237,950,460	105,507,865	20,581,120	128,139	364,167,584
Non-current assets	1,198,428,421	566,567,788	240,722,300	8,213,956	2,013,932,465
Current liabilities	79,692,106	17,914,560	92,714,240	11,085	190,331,991
Non-current liabilities	897,715,652	202,161,248	9,863,108	310	1,109,740,318

12.31.2017 Statement of Financial Position	CHILE ThCLP$	PERU ThCLP$	COLOMBIA ThCLP$	OTHER ThCLP$	TOTAL ThCLP$
Current assets	147,858,148	65,377,322	13,330,376	6,140,865	232,706,711
Non-current assets	1,104,100,083	510,215,975	226,815,771	7,175,440	1,848,307,271
Current liabilities	56,986,834	25,372,371	14,465,912	20,450	96,845,567
Non-current liabilities	776,593,017	183,424,924	83,380,923	131	1,043,398,995

The main items are: Current assets: cash and cash equivalents, trade and other receivables, current tax assets; Non-current assets: investment properties; Liabilities: other current and non-current financial liabilities.

12.31.2018 Statement of Income	CHILE ThCLP$	PERU ThCLP$	COLOMBIA ThCLP$	OTHER ThCLP$	TOTAL ThCLP$
Revenue	112,289,428	50,718,710	26,610,149	-	189,618,287
Operating expenses	(22,298,290)	(11,681,502)	(5,456,620)	(864)	(39,437,276)
Gross profit	**89,991,138**	**39,037,208**	**21,153,530**	**(864)**	**150,181,012**
Administrative expenses	(8,482,340)	(4,462,572)	(2,849,980)	(12,934)	(15,807,825)
Financial income	5,608,784	2,109,305	252,880	4,804	7,975,774
Financial expenses	(20,453,495)	(9,118,272)	(7,055,337)	(22)	(36,627,127)
Other income and expenses	42,970,751	22,012,689	357,938	(214,619)	65,126,759
Income tax expense	(27,483,775)	(15,995,517)	(4,076,106)	(96,219)	(47,459,179)
Profit (loss) for the year	**82,151,063**	**33,582,840**	**7,782,926**	**(127,416)**	**123,389,413**

Note 32 - Operating Segments (continued)

12.31.2017 Statement of Income	CHILE ThCLP$	PERU ThCLP$	COLOMBIA ThCLP$	OTHER ThCLP$	TOTAL ThCLP$
Revenue	107,630,270	51,509,748	23,075,049	-	182,215,067
Operating expenses	(22,510,302)	(11,902,281)	(4,934,132)	-	(39,346,715)
Gross profit	**85,119,968**	**39,607,467**	**18,140,917**	**-**	**142,868,352**
Administrative expenses	(8,906,791)	(5,606,877)	(2,022,469)	(15,870)	(16,552,007)
Financial income	4,395,647	728,858	582,154	23,504	5,730,163
Financial expenses	(19,839,977)	(10,110,379)	(8,136,384)	-	(38,086,740)
Other income and expenses	50,017,587	7,161,317	(7,788,792)	(505,455)	48,884,657
Income tax expense	(28,071,897)	(9,287,184)	(6,035,309)	17,535	(43,376,855)
Profit (loss) for the year	**82,714,537**	**22,943,202**	**(5,259,883)**	**(480,287)**	**99,467,569**

Other Items

12.31.2018	CHILE ThCLP$	PERU ThCLP$	COLOMBIA ThCLP$	TOTAL ThCLP$
Depreciation	(209,071)	(424,170)	(349,277)	(982,518)
Amortization	(1,162,928)	(1,188,473)	(9,972)	(2,361,374)

12.31.2017	CHILE ThCLP$	PERU ThCLP$	COLOMBIA ThCLP$	TOTAL ThCLP$
Depreciation	(217,899)	(405,265)	(104,720)	(727,884)
Amortization	(1,921,401)	(1,252,545)	(7,818)	(3,181,764)

Cash Flows

12.31.2018 Statement of Cash Flows	CHILE ThCLP$	PERU ThCLP$	COLOMBIA ThCLP$	TOTAL ThCLP$
Net cash flows provided by operating activities	81,728,134	40,064,070	13,955,760	135,747,964
Net cash flows provided by (used in) investing activities	(47,801,167)	28,768,223	(4,144,833)	(23,177,778)
Net cash flows provided by (used in) financing activities	38,287,982	(10,253,494)	(8,850,099)	19,184,389
Net increase in cash and cash equivalents before effect of exchange rate changes	**72,214,948**	**58,578,799**	**960,827**	**131,754,575**
Effect of exchange rate changes on cash and cash equivalents	1,520,134	1,023,148	326,710	2,869,993
Increase in cash and cash equivalents	**73,735,083**	**59,601,948**	**1,287,538**	**134,624,568**
Cash and cash equivalents at beginning of period	126,341,531	12,318,761	7,938,729	146,599,021
Cash and cash equivalents at end of period	200,076,613	71,920,709	9,226,267	281,223,589

12.31.2017 Statement of Cash Flows	CHILE ThCLP$	PERU ThCLP$	COLOMBIA ThCLP$	TOTAL ThCLP$
Net cash flows provided by operating activities	78,022,786	30,194,777	8,170,301	116,387,865
Net cash flows used in investing activities	(52,566,566)	(21,411,876)	(24,958,447)	(98,736,362)
Net cash flows provided by (used in) financing activities	(27,139,400)	(6,564,054)	6,205,979	(27,497,475)
Net increase (decrease) in cash and cash equivalents before effect of exchange rate changes	**(1,482,652)**	**2,218,847**	**(10,582,167)**	**(9,845,972)**
Effect of exchange rate changes on cash and cash equivalents	(587,694)	(277,801)	(1,498,212)	(2,363,708)
Increase (decrease) in cash and cash equivalents	**(2,070,346)**	**1,941,046**	**(12,080,380)**	**(12,209,680)**
Cash and cash equivalents at beginning of period	128,411,880	10,377,715	20,019,109	158,808,701
Cash and cash equivalents at end of period	126,341,531	12,318,761	7,938,729	146,599,021

Note 33 - Operating Leases

Parque Arauco S.A. and its subsidiaries have operating leases with operators and shopping center tenants. These agreements produce minimum rental income and variable income. Variable income is determined based on sales made by the leased stores.

Minimum future payments receivable under non-cancellable operating leases as of December 31, 2018 and 2017, have been estimated as follows:

Minimum Payments	12.31.2018 ThCLP$	12.31.2017 ThCLP$
Less than One Year	168,526,324	143,678,684
Between 1 and 5 Years	700,011,108	597,767,679
More than 5 Years	932,292,033	796,410,134
Total	**1,800,829,465**	**1,537,856,497**

Note 34 - Financial Risk Management

The Corporate Finance Department is responsible for obtaining financing for each company's activities and managing exchange rate, interest rate, liquidity, inflation and credit risk. These duties are carried out using a framework of policies and procedures reviewed regularly in order to meet the objective of managing financial risks arising from business needs.

Based on the Company's risk management policies, it uses derivative instruments only to hedge exposures to exchange and interest rate risks from the Company's operations and sources of financing.

The Company does not have any derivative instruments for speculative purposes.

Exchange Rate Risks

The Company is exposed to exchange rate risk from: a) its net exposure to assets and liabilities in foreign currency and b) cash flows received from subsidiaries in Peru and Colombia as dividends. Its greatest exposure to exchange rate risk comes from variations in the Chilean peso with respect to the US dollar, Colombian peso and Peruvian sol.

As of December 31, 2018, the Company has financial liabilities in Colombian pesos totaling ThCLP$ 86,758,604, which account for 8.8% of its total financial liabilities and ThCLP$ 124,756,616 in Peruvian soles, which account for 12.6%. Of the Company's remaining debt, ThCLP$ 732,334,974 is denominated in inflation-indexed Chilean pesos and ThCLP$ 47,782,400 in Chilean pesos.

The main effects on accounting of a variation in the US dollar with respect to the Chilean peso (1% appreciation) are as follows:

Net Amount (Asset - Liability)	ThCLP$	Currency of Origin (Th)	ThUS$	Variation + CLP/US$ at 1% (ThCLP$)
US$	17,454,769	25,651	25,651	174,548
Peruvian sol	426,595,217	2,067,778	626,903	4,265,952
Colombian peso	157,792,654	687,270,393	231,884	1,577,926
Total	**601,842,640**	**689,363,822**	**884,438**	**6,018,427**

The S$/US$, and COL/US$ exchange rates are assumed to remain constant.

The main effects on accounting of a variation in the Peruvian sol and Colombian peso with respect to the dollar (1% increase in exchange rates), are as follows:

Net Amount (Asset - Liability)	ThCLP$	Currency of Origin (Th)	ThUS$	1% Variation + S$/US$	1% Variation + COL/US$
US$	17,454,769	25,651	25,651	NA	NA
Peruvian sol	426,595,217	2,067,778	626,903	(4,182,016)	NA
Colombian peso	157,792,654	687,270,393	231,884	NA	(1,546,879)
Total	**601,842,640**	**689,363,822**	**884,438**	**(4,182,016)**	**(1,546,879)**

This considers net values in foreign currency as of September 30, 2018, which can vary significantly over time.

Exchange Rate Sensitivity Analysis

A loss of ThCLP$ 6,160 was recognized in the consolidated statements of comprehensive income for the year ended December 31, 2018, for exchange differences related to assets and liabilities denominated in foreign currency.

Interest Rate Risk

Interest rate risk comes mainly from the Company's financing sources and its investments in marketable securities.

In prior periods, its main exposure to interest rate risk has been related to interest-bearing liabilities. However, as of December 31, 2018, less than 10% of its liabilities have variable rates. As a result, the Company's financing structure as of December 2018, is comprised of more than 90% fixed-rate debt. A 0.5% rise in interest rates could affect the variable-rate portion of the Company's debt. The estimated annualized effect on profit and loss is approximately (ThCLP$ 57,390).

The terms and conditions of the Company's obligations as of December 31, 2018, including exchange rates, interest rate, maturities and effective interest rates, are detailed in Other Financial Liabilities.

Inflation Risk

Inflation risk comes mainly from the Company's financing sources. Its main exposure is related to debt denominated in UF with fixed interest rates. As of December 31, 2018, the Company has a total of ThCLP$ 74,747,669 in debt with inflation-indexed interest rates. However, the Company's revenue is also indexed to inflation, creating a natural match. The Company does not actively hedge any potential changes in expected cash flows due to variations in inflation.

Credit Risk

The Company's credit risk comes mainly from receivables from clients.

Receivables

Credit risk related to receivables from clients is managed and monitored by the Credit and Collections Committee. The Company has a broad client base that is managed using policies, procedures and controls defined by the Company. Receivables pending payment are monitored regularly. The Company also established a policy of requiring guarantees from clients. These guarantees are almost entirely in the form of performance bonds or cash.

The Company uses the simplified approach described in IFRS 9 for expected credit losses, which permits the use of an estimate of expected credit losses over the life of the instrument for all trade receivables. To do this, trade receivables have been grouped by shared credit risk characteristics and days past due.

Credit Risk from Financial Instruments from Financial Institutions

The Company has policies to limit its exposure to counterparty credit risk from financial institutions. This risk is monitored frequently. As a result, the Company does not have significant concentrations of credit risk with financial institutions as of December 31, 2018. Its maximum exposure to credit risk from these financial assets is the carrying amount of these assets presented in the statement of financial position. Financial instruments held with banks and financial institutions, such as time deposits, investments in mutual funds, instruments purchased with repo agreements and derivative financial instruments, are very low risk.

Liquidity Risk

The Company manages liquidity risk on a consolidated level. Its main source of liquidity is cash flows from operating activities. In addition, the Company has unused lines of credit and cash equivalents available to meet its short- and long-term obligations.

In order to manage its short-term liquidity, the Company uses projected cash flows for a rolling period of 36 months. As of December 31, 2018, the Company has unused lines of credit with banks for a total of ThCLP$ 70,000,000, an available line for issuing commercial paper of ThCLP$ 27,565,790 and cash and cash equivalents of ThCLP$ 281,223,537 to manage its short-term liquidity needs.

Based on its current operating performance and liquidity position, the Company estimates that cash flows from operating activities and cash and cash equivalents will sufficiently fund working capital, maintenance capex, interest payments, dividend payments, debt repayment requirements and investments for the next 12 months and the foreseeable future.

Note 35 - Investments in Associates Accounted for Using the Equity Method

As of December 31, 2018 and 2017, in accordance with IFRS 11, the investment under joint control in Inmobiliaria Mall Viña del Mar S.A. is presented as investments in associates accounted for using the equity method (IAS 28). Details are as follows:

Taxpayer ID No.	Associate	Number of Shares	% Ownership	Balance as of 01.01.2018	Additional Dividends	Share of Profit (Loss)	Provision for Dividends	Balance as of 12.31.2018
96.863.570-0	Inmob. Mall Viña del Mar S.A. (i)	1,299	50%	113,466,856	(31,239,139)	10,330,051	(2,629,493)	89,928,275
Total								**89,928,275**

(i) During the 2018 period, ThCLP$ 33,857,834 in dividends were received.

Taxpayer ID No.	Associate	Number of Shares	% Ownership	Balance as of 01.01.2017	Additional Dividends	Share of Profit (Loss)	Provision for Dividends	Balance as of 12.31.2017
96.863.570-0	Inmob. Mall Viña del Mar S.A.	1,299	50%	108,601,145	(4,205,240)	11,668,528	(2,597,577)	113,466,856
Total								**113,466,856**

Taxpayer ID No.	Associate	Country	Currency	Ownership Interest %	Profit (Loss) of Associate ThCLP$	12.31.2018 ThCLP$
96.863.570-0	Inmobiliaria Mall Viña del Mar S.A.	Chile	Chilean peso	50.00%	20,660,102	10,330,051

Taxpayer ID No.	Associate	Country	Currency	Ownership Interest %	Profit (Loss) of Associate ThCLP$	12.31.2017 ThCLP$
96.863.570-0	Inmobiliaria Mall Viña del Mar S.A.	Chile	Chilean peso	50.00%	23,337,063	11,668,528
20381471374	Inmobiliaria San Silvestre S.A.	Peru	Peruvian sol	50.00%	(6,098)	(3,049)
20563672766	Administradora Camino Real S.A.C	Peru	Peruvian sol	50.00%	(3,142)	(1,571)
Total						**11,663,908**

Summarized financial information for associates as of December 31, 2018 and 2017, is as follows:

Inmobiliaria Viña del Mar S.A.	12.31.2018 ThCLP$	12.31.2017 ThCLP$
Balance		
Total assets	349,877,729	358,055,733
Total liabilities	225,709,142	186,809,983
Cash and cash equivalents	11,150,948	47,411,006
Other financial liabilities, current	35,198,195	7,647,644
Other financial liabilities, non-current	125,681,275	116,843,760
Profit (loss) for the year		
Revenue	33,973,901	30,907,820
Costs and Expenses	(4,756,178)	(4,146,759)
Depreciation and amortization	(346,290)	(288,483)
Financial income	946,147	1,570,176
Financial expenses	(3,072,433)	(2,334,730)
Other gains	188,361	6,144,034
Income tax expense	(6,619,695)	(8,803,478)

Note 36 - Financial Derivative Instruments

Details of cash flow hedges as of December 31, 2018 and 2017, presented in other financial assets and liabilities, are as follows:

Type of Derivative	Company	Bank	Contract Value	Maturity	Account Affected	Total
			ThCLP$			Total MTM
Cross Currency Swap	Plaza Estación S.A.	BCI	14,199,789	3Q 2022	Liability	(1,685,269)
Cross Currency Swap	Arauco Express S.A.	Security	9,104,808	2Q 2020	Liability	(2,411,952)
Cross Currency Swap	Arauco Express S.A.	BCI	3,067,500	3Q 2019	Liability	(381,164)
Cross Currency Swap	Inv. Inm. Bucaramanga S.A.S.	Davivienda	18,248,315	2Q 2019	Liability	(22,366)
Cross Currency Swap	Inmobiliaria La Colina S.A.S.	Santander	61,668,903	2Q 2019	Asset	6,604,226
Balance 12.31.2018					**Total liabilities**	**(4,500,751)**
					Total assets	**6,604,226**
					Net total	**2,103,475**

Type of Derivative	Company	Bank	Contract Value	Maturity	Account Affected	Total
			ThCLP$			Total MTM
Cross Currency Swap	P Arauco S.A.	Santander	11,010,384	2Q 2020	Liability	(760,562)
Cross Currency Swap	P. Arauco S.A.	Estado	41,088,581	3Q 2018	Liability	(37,227,260)
Cross Currency Swap	Plaza Estación S.A.	BCI	14,199,789	3Q 2022	Liability	(1,995,399)
Cross Currency Swap	Arauco Express S.A.	Security	9,104,808	2Q 2020	Liability	(2,508,204)
Cross Currency Swap	Arauco Express S.A.	BCI	3,067,500	3Q 2019	Liability	(355,460)
Balance 12.31.2017					**Total liabilities**	**(42,846,885)**
					Total assets	**-**
					Net total	**(42,846,885)**

Note 37 - Business Combination

As of December 31, 2018, the Company has not engaged in any business combinations.

Note 38 – Fair Value Determination

Several of the Group's accounting policies and disclosures require it to determine the fair value of financial and non-financial assets and liabilities. Fair values have been determined for valuation and/or disclosure purposes using the following methods:

1. Intangible Assets

Intangible assets are measured at fair value upon acquisition. These fair values are reviewed regularly and re-measured if there is any evidence of impairment.

a) Commercial Trademarks:

The fair value of trademarks acquired in a business combination is based on the estimated value that the intangible asset contributes to cash flows. For these purposes, the value of the trademark has been estimated using a combination of two valuation methods. The first determines the incremental value from owning the trademark, comparing discounted cash flows with and without it (the with and without approach). The second method is based on a current estimate of obtaining and/or creating that intangible asset based on the resources that will be consumed or handed over to obtain the asset (the cost method).

b) Client Portfolio:

The fair value of the client portfolio acquired in a business combination is determined using the excess earnings method for several periods. Based on this method, the asset is accounted for after deducting a reasonable rate of return on the assets that are part of the creation of related cash flows.

c) Other Intangible Assets:

The fair value of backlog contracts has been determined based on the revenue generated by current contracts with their respective maturity dates. The Company defined a percentage of credit risk to be applied as cost and the cash flows were discounted at a rate close to a risk-free rate.

2. Investment Properties

Fair values are based on market values, which are the estimated amount at which the properties could be exchanged at the valuation date between knowledgeable, willing parties in an arm's length transaction after a proper trade in which both parties acted voluntarily.

When there are no current prices in an active market, the valuation is prepared based on the total estimated cash flows that the Company expects to receive from the property lease. In calculating the valuation of the property, the Company uses a rate of return that reflects the specific risks inherent to the net annual cash flows.

3. Derivatives

The fair value of foreign currency forwards is based on the quoted market price, if available. The fair value of interest rate swaps is based on broker quotes.

4. Interest Rates Used to Determine Fair Value

Interest rates used to determine estimated cash flows, for valuing both investment properties and intangible assets, are as follows:

Assets/Liabilities	Nominal Interest Rate 12.31.2018	Nominal Interest Rate 12.31.2017
Investment properties	8.5% - 10.5%	8.5% - 10.5%
Intangible assets	8.5% - 10.5%	8.5% - 10.5%

Cash flows used to determine the fair value of assets consider tax effects contemplated in the operations of the shopping centers (the rates presented are after tax).

5. Fair Value Hierarchy

For the fair value measurements recorded in the statement of financial position, the entity discloses the level on the fair value hierarchy with which all fair value measurements are classified.

Details of financial instruments at fair value by valuation method are as follows:

Assets/Liabilities	Level 1 ThCLP$	Level 2 ThCLP$	Level 3 ThCLP$	12.31.2018 ThCLP$
Intangible assets (note 11)	-	-	16,170,952	16,170,952
Investment properties (note 13)	-	-	1,786,651,573	1,786,651,573
Derivatives (net liability) (note 36)	-	2,103,475	-	2,103,475

Assets/Liabilities	Level 1 ThCLP$	Level 2 ThCLP$	Level 3 ThCLP$	12.31.2017 ThCLP$
Intangible assets (note 11)	-	-	14,136,589	14,136,589
Investment properties (note 13)	-	-	1,595,031,879	1,595,031,879
Derivatives (net liability) (note 36)	-	(42,846,885)	-	(42,846,885)

Level 1: Quoted (unadjusted) prices in active markets for identical assets and liabilities.

Level 2: Inputs other than the quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. price derivatives).

Level 3: Unobservable inputs for the asset or liability.

Note 39 - Environment

As required by Circular No. 1,901 issued by the Financial Market Commission, Parque Arauco S.A. and its subsidiaries have made the following disbursements between January 1 and December 31, 2018, related to protecting the environment:

Parent Company or Subsidiary	Project Related to Disbursement	Reason for Disbursement	Asset or Expense	Description of Asset or Expense	Amount Disbursed ThCLP$	Certain or Estimated Date of Future Disbursement	Project Completed or Underway
Parque Arauco S.A.	Energy efficiency project	Energy efficiency	Expense	Energy efficiency consulting and design	3,309	March-2018	Completed
Parque Arauco S.A.	Recycling in offices	Waste management	Expense	Recycling services in offices	7,178	December 2018	Underway
Parque Arauco S.A.	Improvements to green walls	Landscaping	Asset	Change of trays on green walls	13,098	December 2018	Underway
Parque Arauco S.A.	Recycling program at Parque Arauco Kennedy	Waste management	Expense	Purchase of recycling containers for Parque Arauco Kennedy	80,081	December 2018	Underway
Inmobiliaria La Colina Arauco S.A.S.	Recycling and compost program at Parque La Colina	Waste management	Expense	Waste recycling and composting at Parque La Colina	25,662	December 2018	Underway
Parque Arauco S.A.	Project to measure carbon footprint 2017	Carbon Footprint	Expense	Calculation of regional carbon footprint	5,677	May 2018	Completed
Parque Arauco S.A.	Project to measure carbon footprint, scope 2018	Carbon Footprint	Expense	Calculation of regional carbon footprint	1,729	December 2018	Underway
Inmobiliaria La Colina Arauco S.A.S.	Park maintenance Parque La Colina	Landscaping	Expense	Maintenance at park bordering Parque La Colina	19,743	December 2018	Underway
Inv. Inmob. Bucaramanga S.A.S.	LED lighting	Energy efficiency	Asset	Replace existing lighting with LED lighting at Parque Caracolí	9,866	October 2018	Completed
Parque Lambramani S.A.C.	WTP implementation	Water efficiency	Asset	Implementation of wastewater treatment plant at Outlet Lurline	5,984	December 2018	Underway
Strip Center del Peru S.A.C.	Replacement with LED lighting	Energy efficiency	Asset	Replace existing lighting with LED lighting	16,301	December 2018	Underway
Arauco Malls Chile S.A.	Recycling Center	Waste management	Asset	Purchase containers for recycling center at Mall Arauco Maintop	15,740	December 2018	Underway
Eje Construcciones S.A.	Comprehensive waste management plan	Waste management	Asset	Develop and improve facilities, janitor's storage rooms, waste collection and processing equipment, facility disinfecting and operating efficiency of waste	22,734	December 2018	Underway
Eje Construcciones S.A.	Friendly structural columns	Other	Asset	Replace lighted columns containing Barri sol protective cloth with environmentally friendly structural walls at Tradable	11,153	December 2018	Underway
Inmobiliaria La Colina Arauco S.A.S.	Recycling center and container	Waste management	Asset	Purchase of recycling centers and ducts + container for plastic bottle tops for Food Court at Parque la Colina in order to separate waste at the source and optimize recycling efforts at the mall. The container project will also provide support for Fundamental Sanar by donating plastic bottle tops collected.	5,576	December 2018	Underway
Parque Arauco S.A.	Pre-feasibility study for solar panels	Energy efficiency	Expense	Technical feasibility study to install solar panels	2,883	November 2018	Underway

Note 40 - Contingencies, Commitments and Restrictions

1. Contingent Liabilities

As of December 31, 2018, the consolidated companies are party to pending lawsuits and proceedings related to their normal operations. The Company has recorded provisions for some lawsuits and proceedings that, in the opinion of its legal counsel, may result in a loss. They are presented in note 17.

Type of Proceeding	No. of Cases	Amount Involved (ThCLP$)
Arbitration	1	0
Civil	7	83,853
Other	13	1,702,969
Total	**21**	**1,786,822**

2. Direct Guarantees

Guarantee Creditor	Name	Relationship	Guarantee Type	Assets	Carrying Amount ThCLP$	Balance Outstanding as of 12.31.2018 ThCLP$	Balance Outstanding as of 12.31.2017 ThCLP$
Banco Corpbanca (1)	Inm. La Colina Arauco S.A.S.	Subsidiary of subsidiary	Deed of trust	Parque La Colina shopping center	-	-	42,175,843
Banco de Bogotá (1)	Inm. La Colina Arauco S.A.S.	Subsidiary of subsidiary	Deed of trust	Parque La Colina shopping center	-	-	11,122,875
Davivienda (1)	Inm. La Colina Arauco S.A.S.	Subsidiary of subsidiary	Deed of trust	Parque La Colina shopping center	-	-	11,107,712
Banco de Crédito e Inversiones	Inm. La Colina Arauco S.A.S.	Subsidiary of subsidiary	Guarantor and joint debtor	Arauco Malls Chile S.A.	118,698,628	68,398,656	-
Bancolombia S.A.	Inv.Inmob.Bucaramaga S.A.S.	Subsidiary of subsidiary	Deed of trust	Parque Caracolí shopping center	29,901,276	-	17,887,738
Davivienda	Inv.Inmob.Bucaramaga S.A.S.	Subsidiary of subsidiary	Deed of trust	Parque Caracolí shopping center	29,901,276	18,359,949	-
Banco Security	Arauco Express S.A.	Subsidiary	Mortgage	Colón, Luis Pasteur and Pajaritos strip centers	-	-	9,202,460
Banco de Crédito e Inversiones	Arauco Express S.A.	Subsidiary	Mortgage	Irarrázabal, Las Brujas, Reñaca and Calama strip centers	-	-	6,449,524
Bondholders	Inm. Panamericana S.A.	Subsidiary of subsidiary	Trust	Megaplaza shopping center	187,833,352	73,827,848	69,936,450
Scotiabank	Inm. Panamericana S.A.	Subsidiary of subsidiary	Trust	Real estate in Barranca, Pisco, Chincha, Cañete and Chimbote	52,942,760	34,302,880	31,767,086
Interbank Perú (1)	Parque Lambramani S.A.C.	Subsidiary of subsidiary	Mortgage	Parque Lambramani shopping center			1,287,216

(1) As of December 31, 2018, the guarantees held by Corpbanca, Banco de Bogotá, Banco Davivienda and Interbank Perú are in the process of being released since these obligations were fully paid during the period.

3. Indirect Guarantees

Details of performance bonds in force as of December 31, 2018, are as follows:

Company	Bank	Bond Number	Origin	Term	Maturity	Rate	Currency	Amount	Estado	Payment	Beneficiary	Taxpayer ID No.	Reason / Reference
Parque Arauco S.A.	Chile	009.492-8	2/26/2018	368	3/1/2019	0.40%	UF	100.00	Current	On demand	Municipality of Las Condes	69.070.400-5	To guarantee faithful and timely compliance with all obligations imposed by permit no. 591 for installing, managing and operating an elevator on the southern sidewalk along Avenida Presidente Kennedy - Parque Arauco.
Parque Arauco S.A.	Chile	000.259-9	7/24/2018	1105	8/2/2021	0.40%	UF	1,000.00	Current	30-day notice	Municipality of Chillan	69.140.900-7	To guarantee the correct use and conservation, functioning and maintenance of pedestrian overpasses during concession term. -
Arauco Express S.A.	BCI	439561	8/14/2018	364	8/13/2019	0.50%	UF	1,440.00	Current	On demand	Empresa de Transporte de Pasajeros Metro S.A.	61.219.000-3	To guarantee faithful and timely fulfillment of the obligations arising from lease agreement CO-188-2014-I between Empresa de Transporte de Pasajeros S.A. and Centros Comerciales Vecinales Arauco Express S.A.
Parque Arauco S.A.	Chile	356.013-0	8/13/2018	365	8/13/2019	0.40%	UF	2,000.00	Current	30-day notice	Municipality of Las Condes	69.070.400-5	To respond for damages that may arise in public spaces during construction of entrances at Parque Arauco, based on permit issued in municipal decree section 1° no. 5126 of 11.14.2016.
Parque Arauco S.A.	Chile	356.214-0	8/17/2018	185	2/18/2019	0.40%	UF	9,000.00	Current	30-day notice	Municipality of Las Condes	69.070.400-5	To guarantee urban development works along Avda. Presidente Kennedy, Boulevard 2 Parque Arauco S.A. P.E. 245/05 and plan S/7321
Parque Arauco S.A.	Chile	356.215-8	8/17/2018	185	2/18/2019	0.40%	UF	9,610.00	Current	30-day notice	Municipality of Las Condes	69.070.400-5	To guarantee sidewalk pavement, green area and public lighting works on Lot C-5-B on street Cerro Colorado S-7321.
Parque Arauco S.A.	Chile	009.157-2	8/21/2018	730	8/20/2020	0.40%	CLP$	1,142,971	Current	30-day notice	Ministry of Public Works - Highway Department - Coquimbo Region	61.202.000-0	To guarantee faithful compliance with MOP decree 1,319 of 1977 of 12.07-77
Arauco Express S.A.	BCI	443263	9/11/2018	157	2/15/2019	0.50%	UF	500.00	Current	On demand	PROIN SPA	76.524.368-8	To guarantee the seriousness of the bid in the assignment process for the lease held by PROIN SpA
Parque Arauco S.A.	Chile	500.456-2	11/20/2018	394	12/19/2019	0.40%	UF	1,032.65	Current	30-day notice	Chilquinta Energía S.A.	96.813.520-1	To guarantee faithful compliance with payment and use of power
Parque Arauco S.A.	Chile	500.457-0	11/20/2018	394	12/19/2019	0.40%	UF	918.61	Current	30-day notice	Chilquinta Energía S.A.	96.813.520-1	To guarantee faithful compliance with payment and use of power

4. Other Restrictions

Details of bonds payable and their associated covenants as of December 31, 2018, are as follows:

Bank	Company	Start	Maturity	Covenant / Restriction	Limit	Current	Clearance
Series H bonds	Parque Arauco S.A.	3/1/2008	3/1/2029	Total liabilities/equity	<= 1.40	1.21	0.19
				EBITDA / Financial Expenses	>= 2.50	3.76	1.26
Series K bonds	Parque Arauco S.A.	9/1/2014	9/1/2039	Net financial debt / equity	<= 1.50	0.66	0.84
				EBITDA / Financial Expenses	>= 2.50	3.76	1.26
Series L bonds	Parque Arauco S.A.	3/1/2015	3/1/2020	Net financial debt / equity	<= 1.50	0.66	0.84
Series O bonds	Parque Arauco S.A.	3/1/2015	3/1/2040	Net financial debt / equity	<= 1.50	0.66	0.84
Series P bonds	Parque Arauco S.A.	10/1/2016	10/1/2023	Net financial debt / equity	<= 1.50	0.66	0.84
Series R bonds	Parque Arauco S.A.	10/1/2016	10/1/2037	Net financial debt / equity	<= 1.50	0.66	0.84
Series T bonds	Parque Arauco S.A.	8/5/2018	8/5/2025	Net financial debt / equity	<= 1.50	0.66	0.84
Series V bonds	Parque Arauco S.A.	8/5/2018	8/5/2028	Net financial debt / equity	<= 1.50	0.66	0.84
Estado	Parque Arauco S.A.	4/3/2006	4/3/2021	Net financial debt / equity	<= 1.50	0.66	0.84
Estado	Parque Arauco S.A.	6/12/2007	6/12/2027	Net financial debt / equity	<= 1.50	0.66	0.84
BICE	Parque Arauco S.A.	5/5/2016	5/5/2019	Net financial debt / equity	<= 1.50	0.66	0.84
BCI	Parque Arauco S.A.	03.04-2017	7/28/2021	Net financial debt / equity	<= 1.50	0.66	0.84
Scotiabank	Centros Comerciales Vecinales Arauco Express S.A. (Consolidated Financial Statements)	12/11/2017	12/11/2021	Total liabilities/equity	<= 1.10	0.74	0.36
				Investment Property / Net Financial Debt	>= 1.50	2.76	1.26
Scotiabank	Centros Comerciales Vecinales Arauco Express S.A. (Standalone Financial Statements)	12/11/2017	12/11/2021	Investment Property / Net Financial Debt	>= 1.50	2.55	1.05
Scotiabank	Centro Comercial Arauco Express Ciudad Empresarial S.A.	12/1/2017	12/1/2021	Net financial debt / equity	<= 1.10	0.12	0.98
				Investment Property / Net Financial Debt	>= 1.50	11.63	10.13
BCI	Centros Comerciales Vecinales Arauco Express S.A.	3/15/2015	9/16/2019	Total Liabilities / Equity	<= 1.10	0.74	0.36
BCI	Plaza Estación S.A.	7/3/2012	7/3/2022	(Ebitda-Div)/(FE+Amort. Bank Debt)	> 1.20	3.86	2.66
				Net Financial Debt/ (Ebitda+Prepaid Leases)	< 4.00	0.32	3.68
Estado	Desarrollos Inmobiliarios San Antonio S.A.	6/30/2017	2/28/2022	Financial Debt / Equity	<= 1.30	0.81	0.49

4. Other Restrictions (continued)

Bank	Company	Start	Maturity	Covenant / Restriction	Limit	Current	Clearance
BCP	Inmobiliaria El Quinde S.A.C	5/4/2015	5/2/2025	Debt Coverage	> 1.20	2.78	1.58
				Leverage	< 1.50	0.43	1.07
				Contracted income	> 1.50	1.82	0.32
Bonds (first issuance) BCP	Inmuebles Panamericana S.A.	1/20/2012	1/20/2027	Rental income/debt service	>= 2.00	4.02	2.02
				Deferred liabilities/equity	<= 1.75	0.64	1.11
				EBITDA/debt service	>= 1.75	2.58	0.83
Bonds (second issuance) BCP	Inmuebles Panamericana S.A.	1/20/2012	1/20/2032	Rental income/debt service	>= 2.00	4.02	2.02
				Deferred liabilities/equity	<= 1.75	0.64	1.11
				EBITDA/debt service	>= 1.75	2.58	0.83
Bonds (third issuance) BCP	Inmuebles Panamericana S.A.	1/20/2012	1/20/2032	Rental income/debt service	>= 2.00	4.02	2.02
				Deferred liabilities/equity	<= 1.75	0.64	1.11
				EBITDA/debt service	>= 1.75	2.58	0.83
Bonds (fourth issuance) BCP	Inmuebles Panamericana S.A.	9/10/2015	9/10/2045	Rental income/debt service	>= 2.00	4.02	2.02
				Deferred liabilities/equity	<= 1.75	0.64	1.11
				EBITDA/debt service	>= 1.75	2.58	0.83
Bonds (fifth issuance) BCP	Inmuebles Panamericana S.A.	9/10/2015	9/10/2040	Rental income/debt service	>= 2.00	4.02	2.02
				Deferred liabilities/equity	<= 1.75	0.64	1.11
				EBITDA/debt service	>= 1.75	2.58	0.83
Bonds (sixth issuance) Scotiabank	Inmuebles Panamericana S.A.	1/19/2017	1/20/2042	Rental income/debt service	>= 2.00	3.46	1.46
				Deferred liabilities/equity	<= 1.75	0.85	0.90
				EBITDA/debt service	>= 1.75	2.58	0.83
Bonds (seventh issuance) Scotiabank	Inmuebles Panamericana S.A.	1/19/2017	1/19/2042	Rental income/debt service	>= 2.00	3.46	1.46
				Deferred liabilities/equity	<= 1.75	0.85	0.90
				EBITDA/debt service	>= 1.75	2.58	0.83
BCI Miami	Inmobiliaria La Colina Arauco S.A.S.	6/28/2018	6/28/2019	Net Financial Debt / Equity (Parque Arauco S.A.)	<= 1.50	0.66	0.84

Note 40 - Contingencies, Commitments and Restrictions (continued)

4. Other Restrictions (continued)

Covenants

The covenants in the table above have been met by the different companies restricted by them.
The restriction of GLA greater than 400,000 m2 set for the bond series K, L, O, P, R, T and V has also been met.
Details of guarantees in force as of December 31, 2018, as follows:
The series H bonds issued by Parque Arauco S.A. are guaranteed through a bank guarantee.
The property Mall Arauco Coronel is financed with a lease.
The loan taken out by Inversiones Inmobiliarias Bucaramanga S.A.S is guaranteed through a mortgage on the shopping center Comercial Parque Caracolí, which is constituted through a trust. The loan taken out by Inmobiliaria La Colina Arauco S.A.S is guaranteed by Arauco Malls.
The first, second, third, fourth, fifth, sixth and seventh issuances of bonds by Inmuebles Panamericana S.A. are guaranteed by the trust of the shopping center Megaplaza Norte. The leases taken out by El Quinde Shopping Plaza S.A.C are guaranteed by the shopping center El Quinde Cajamarca, and the leases taken out by Inmobiliaria El Quinde by the shopping center El Quinde ICA.
For calculations:
EBITDA = Revenue – Costs of sale – Administrative expenses + Depreciation + Amortization
Net Financial Debt = Other current financial liabilities + Other non-current financial liabilities – Cash and cash equivalents
Equity = Equity attributable to equity holders of the parent + Non-controlling interest
Total Equity = Total current liabilities + Total non-current liabilities
Debt = (Ebitda - Capex - Income Tax) / (Debt amortization + Debt interest)
Leverage = (Total liabilities - Deferred liabilities - Minority interest - Subordinated debt) / Equity
Contracted income = Income / (Amortization + Finance costs)

Note 40 - Contingencies, Commitments and Restrictions (continued)

5. Fines

As of December 31, 2018, regulators and other administrative authorities have not issued any fines to the Company or its Directors.

6. Commitments Undertaken

On June 1, 2018, the Company's subsidiaries Parque Arauco Internacional S.A. and Arauco Holding Perú S.A.C. (formerly Inmuebles Comerciales del Perú S.A.C.), together known as "PASA Group", signed a binding memorandum of understanding with different companies and individuals related to the Wiese Group, agreeing to carry out a business combination, detailed as follows:

Incorporation of a new company ("Newco I") to which the PASA Group and Wiese Group contribute the following assets via corporate reorganizations:

- Larcomar, Parque Lambramani, InOutlet Faucett and Lurín, Viamix Colonia, Chorrillos and Maldivas, El Quinde Ica, El Quinde Cajamarca and Jesús María (the "PASA Peru Shopping Centers"), which have a total of 165,500 square meters of GLA (gross leasable area) and are directly and indirectly wholly owned (100%) by PASA.
- MegaPlaza Norte, Chimbote, Cañete, Pisco, Jaén, Huaral, Express Villa El Salvador I and II, Villa Chorrillos, Chincha and Barranca (the "MegaPlaza Shopping Centers"), which have a total of 239,500 square meters of GLA. PASA directly and indirectly owns 50% of these centers while the Wiese Group directly and indirectly owns the remaining 50%.
- As a result, the PASA Group will control Newco I with approximately 70% and the Wiese Group will own approximately 30%.

In addition, both parties grant a sale option to the Wiese Group and a purchase option to the PASA Group over the Wiese Group's indirect interest in Newco I. The price of this purchase and sale option will be S/.583,485,000.

The potential financial effects of this transaction on PASA's results cannot be presently determined.

Note 41 - Non-Current Assets Held for Sale

On December 4, 2017, the Company committed to a plan to sell idle real estate in Peru. The assets in this plan are investment properties, whose carrying amount it expects to recover through sale, rather than through continuing use. The final sale of rights over these properties and the shares of the companies involved in this transaction are subject to a series of conditions precedent that are customary for this type of transaction.

On January 16, 2018, a share purchase agreement was signed between Arauco Holding Perú S.A.C and Parque El Golf S.A.C., as sellers, and Inversiones Centenario S.A.A. and Inmobiliaria San Silvestre S.A., as buyers. The sale price was US$ 78.6 million, which generated a net gain of US$32.4 million; taxes on the transaction totaled US$ 16.7 million.

Note 42 - Subsequent Events

- On January 10, 2019, Parque Arauco S.A. received an offer from Ameris Capital Administradora General de Fondos S.A. for Ameris Rentas Comerciales I Investment Fund to acquire 49% of the shares of its subsidiary Arauco Centros Comerciales Regionales S.A., for a total price of 2,721,394 UF, notwithstanding certain adjustments. The objective of this transaction is for Arauco Centros Comerciales Regionales S.A. to continue to be controlled by Parque Arauco S.A. and to itself control the following shopping centers: (i) Arauco Quilicura, (ii) Arauco El Bosque, (iii) Arauco Coronel, and (iv) Arauco San Antonio.

  On the same date, Parque Arauco S.A. communicated its acceptance of the offer to Ameris Capital Administradora General de Fondos S.A. Therefore, if the conditions precedent detailed in the offer are met, the fund will acquire 49% of all shares of Arauco Centros Comerciales Regionales S.A., and Parque Arauco S.A. will retain the remaining 51% of the shares issued by Arauco Centros Comerciales Regionales S.A. The conditions are customary for this type of transaction.

  According to the terms of the offer, and subject to meeting the conditions precedent, the transaction should be completed no later than March 11, 2019.

- On January 2, 2019, Parque Arauco S.A. received an offer from Larraín Vial Activos S.A. Administradora General de Fondos, in representation of the LV – Patio Renta Inmobiliaria I investment fund to (i) purchase the entire interest held by Parque Arauco S.A. in Sociedad Centros Comerciales Vecinales Arauco Express S.A., consisting of 62,730 shares, or alternatively, (ii) to sell the fund's entire interest in Sociedad Centros Comerciales Vecinales Arauco Express S.A., consisting of 54,880 shares. Both offers are for a price per share of 18.1175 unidades de fomento.

  Parque Arauco has until February 6, 2019, to respond to the aforementioned purchase or sale offer. The respective share purchase/sale between Parque Arauco S.A. and the LV – Patio Renta Inmobiliaria I investment fund will be completed by March 13, 2019.



6.3

Summarized financial statements of subsidiaries

SUMMARIZED FINANCIAL STATEMENTS OF SUBSIDIARIES

TODO ARAUCO S.A.

STATEMENT OF FINANCIAL POSITION	2018 THCLP$	2017 THCLP$
Assets		
Current assets	1,878,151	1,563,224
Non-current assets	90,180,859	89,276,704
Total assets	92,059,010	90,839,928
Liabilities and equity		
Current liabilities	1,461,667	4,455,161
Non-current liabilities	9,064,361	9,738,803
Equity attributable to equity holders of the parent	81,532,982	76,645,964
Non-controlling interest		
Total liabilities	92,059,010	90,839,928

SUMMARIZED STATEMENT OF INCOME	2018 THCLP$	2017 THCLP$
Revenue	9,584,351	9,197,661
Cost of sales	(1,957,870)	(1,631,477)
Gross profit	7,626,481	7,566,184
Administrative expenses	(565,613)	(452,131)
Other income	16,243	258,344
Other expenses	(181,641)	(638,396)
Financial income	38,422	32,393
Financial expenses	(20,239)	(1,267,384)
Exchange differences	72	(56)
Share of profit (loss)		
Gain (loss) on indexed assets and liabilities	4,620	(17,924)
Gain (loss) arising from the difference between the prior carrying amount and the fair value of financial assets reclassified at fair value	(1,098,051)	8,931,103
Income tax benefit (expense)	(945,715)	(3,726,535)
Profit (loss) for the year	4,874,579	10,685,598
Profit (loss) attributable to equity holders of the parent	4,874,579	10,685,598
Profit (loss) attributable to non-controlling interest	0	0
Profit (loss) for the year	4,874,579	10,685,598

SUMMARIZED STATEMENT OF CASH FLOWS	2018 THCLP$	2017 THCLP$
Net cash flows provided by (used in) operating activities	7,021,701	6,880,082
Net cash flows provided by (used in) investing activities	(19,393,212)	(68,288,080)
Net cash flows provided by (used in) financing activities	12,521,459	61,517,589
Increase (decrease) in cash and cash equivalents before effect of exchange rate changes	149,948	109,591
Effect of exchange rate changes on cash and cash equivalents	12,014	4,992
Net increase (decrease) in cash and cash equivalents	161,962	114,583
Cash and cash equivalents at beginning of period	147,427	32,844
Cash and cash equivalents at end of period	309,389	147,427

SUMMARIZED FINANCIAL STATEMENTS OF SUBSIDIARIES

COMERCIAL ARAUCO LIMITADA

STATEMENT OF FINANCIAL POSITION	2018 THCLP$	2017 THCLP$
Assets		
Current assets	0	0
Non-current assets	0	0
Total assets	0	0
Liabilities and equity		
Current liabilities	6,575	5,212
Non-current liabilities	0	0
Equity attributable to equity holders of the parent	(6,575)	(5,212)
Non-controlling interest		
Total liabilities	0	0

SUMMARIZED STATEMENT OF INCOME	2018 THCLP$	2017 THCLP$
Revenue	0	0
Cost of sales	0	0
Gross profit	0	0
Administrative expenses	(1,363)	(808)
Other income		
Other expenses		
Financial income		
Finance costs		
Exchange differences		
Share of profit (loss)		
Gain (loss) on indexed assets and liabilities		
Gain (loss) arising from the difference between the prior carrying amount and the fair value of financial assets reclassified at fair value		
Income tax benefit (expense)		
Profit (loss) for the year	(1,363)	(808)
Profit (loss) attributable to equity holders of the parent	(1,363)	(808)
Profit (loss) attributable to non-controlling interest	0	0
Profit (loss) for the year	(1,363)	(808)

SUMMARIZED STATEMENT OF CASH FLOWS	2018 THCLP$	2017 THCLP$
Net cash flows provided by (used in) operating activities	0	0
Net cash flows provided by (used in) investing activities	0	0
Net cash flows provided by (used in) financing activities	0	0
Increase (decrease) in cash and cash equivalents before effect of exchange rate changes	0	0
Effect of exchange rate changes on cash and cash equivalents	0	0
Net increase (decrease) in cash and cash equivalents	0	0
Cash and cash equivalents at beginning of period	0	0
Cash and cash equivalents at end of period	0	0

SUMMARIZED FINANCIAL STATEMENTS OF SUBSIDIARIES

NUEVA ARAUCO SPA		
STATEMENT OF FINANCIAL POSITION	2018 THCLP$	2017 THCLP$
Assets		
Current assets	450,418	303,402
Non-current assets	412,142	353,067
Total assets	862,560	656,469
Liabilities and equity		
Current liabilities	954,940	860,230
Non-current liabilities	0	0
Equity attributable to equity holders of the parent	(92,380)	(203,761)
Non-controlling interest		
Total liabilities	862,560	656,469

SUMMARIZED STATEMENT OF INCOME	2018 THCLP$	2017 THCLP$
Revenue	0	0
Cost of sales	0	0
Gross profit	0	0
Administrative expenses	(1,743)	(1,464)
Other income		
Other expenses		
Financial income		
Finance costs		
Exchange differences		30,657
Share of profit (loss)	83,992	72,913
Gain (loss) on indexed assets and liabilities		
Gain (loss) arising from the difference between the prior carrying amount and the fair value of financial assets reclassified at fair value		
Income tax benefit (expense)	(6,918)	4,496
Profit (loss) for the year	75,331	106,602
Profit (loss) attributable to equity holders of the parent	75,331	106,602
Profit (loss) attributable to non-controlling interest	0	0
Profit (loss) for the year	75,331	106,602

SUMMARIZED STATEMENT OF CASH FLOWS	2018 THCLP$	2017 THCLP$
Net cash flows provided by (used in) operating activities	(7,002)	(1,176)
Net cash flows provided by (used in) investing activities	(84,950)	(21,706)
Net cash flows provided by (used in) financing activities	93,050	13,941
Increase (decrease) in cash and cash equivalents before effect of exchange rate changes	1,098	(8,941)
Effect of exchange rate changes on cash and cash equivalents	0	0
Net increase (decrease) in cash and cash equivalents	1,098	(8,941)
Cash and cash equivalents at beginning of period	1,862	10,803
Cash and cash equivalents at end of period	2,960	1,862

SUMMARIZED FINANCIAL STATEMENTS OF SUBSIDIARIES

ARAUCO MALLS CHILE S.A. AND SUBSIDIARY

STATEMENT OF FINANCIAL POSITION	2018 THCLP$	2017 THCLP$
Assets		
Current assets	10,818,386	30,527,593
Non-current assets	140,616,733	253,484,020
Total assets	151,435,119	284,011,613
Liabilities and equity		
Current liabilities	6,046,777	7,615,252
Non-current liabilities	25,576,882	56,505,433
Equity attributable to equity holders of the parent	119,811,460	219,890,652
Non-controlling interest		276
Total liabilities	151,435,119	284,011,613

SUMMARIZED STATEMENT OF INCOME	2018 THCLP$	2017 THCLP$
Revenue	22,236,181	28,475,140
Cost of sales	(188,244)	(2,558,040)
Gross profit	22,047,937	25,917,100
Administrative expenses	(1,674,273)	(2,155,115)
Other income	43,651	26,374
Other expenses	(214,208)	(96,703)
Financial income	782,030	925,756
Finance costs	(1,810)	(1,278,448)
Exchange differences	(4,165)	(1,346)
Share of profit (loss)	716,137	
Gain (loss) on indexed assets and liabilities	(35,562)	(425,240)
Gain (loss) arising from the difference between the prior carrying amount and the fair value of financial assets reclassified at fair value	6,237,040	(6,545,567)
Income tax benefit (expense)	(5,956,733)	(3,876,284)
Profit (loss) for the year	21,940,044	12,490,527
Profit (loss) attributable to equity holders of the parent	21,940,044	12,490,409
Profit (loss) attributable to non-controlling interest	0	118
Profit (loss) for the year	21,940,044	12,490,527

SUMMARIZED STATEMENT OF CASH FLOWS	2018 THCLP$	2017 THCLP$
Net cash flows provided by (used in) operating activities	19,373,398	22,133,948
Net cash flows provided by (used in) investing activities	(89,400,422)	(65,973,908)
Net cash flows provided by (used in) financing activities	51,022,950	54,100,383
Increase (decrease) in cash and cash equivalents before effect of exchange rate changes	(19,004,074)	10,260,423
Effect of exchange rate changes on cash and cash equivalents	23,397	30,223
Net increase (decrease) in cash and cash equivalents	(18,980,677)	10,290,646
Cash and cash equivalents at beginning of period	25,188,892	14,898,246
Cash and cash equivalents at end of period	6,208,215	25,188,892

INMOBILIARIA PASEO DE LA ESTACIÓN S.A. AND SUBSIDIARY

STATEMENT OF FINANCIAL POSITION	2018 THCLP$	2017 THCLP$
Assets		
Current assets	7,705,605	11,941,646
Non-current assets	111,964,608	107,214,688
Total assets	119,670,213	119,156,334
Liabilities and equity		
Current liabilities	7,038,202	9,473,707
Non-current liabilities	25,798,087	25,851,336
Equity attributable to equity holders of the parent	86,686,681	83,685,309
Non-controlling interest	147,243	145,982
Total liabilities	119,670,213	119,156,334

SUMMARIZED STATEMENT OF INCOME	2018 THCLP$	2017 THCLP$
Revenue	15,974,248	15,689,645
Cost of sales	(1,763,824)	(1,034,465)
Gross profit	14,210,424	14,655,180
Administrative expenses	(1,868,734)	(1,720,798)
Other income	77,110	3,075
Other expenses	(327,126)	(29,425)
Financial income	174,640	352,520
Finance costs	(394,478)	(452,339)
Exchange differences	(684)	(1,825)
Share of profit (loss)		
Gain (loss) on indexed assets and liabilities	(235,207)	(182,014)
Gain (loss) arising from the difference between the prior carrying amount and the fair value of financial assets reclassified at fair value	4,677,031	1,756,425
Income tax benefit (expense)	(4,221,100)	(3,537,491)
Profit (loss) for the year	12,091,876	10,843,308
Profit (loss) attributable to equity holders of the parent	11,986,459	10,783,277
Profit (loss) attributable to non-controlling interest	60,417	60,029
Profit (loss) for the year	12,046,876	10,843,306

SUMMARIZED STATEMENT OF CASH FLOWS	2018 THCLP$	2017 THCLP$
Net cash flows provided by (used in) operating activities	11,693,800	12,614,240
Net cash flows provided by (used in) investing activities	(29,995,473)	(25,675,874)
Net cash flows provided by (used in) financing activities	21,168,947	13,106,327
Increase (decrease) in cash and cash equivalents before effect of exchange rate changes	2,867,274	44,693
Effect of exchange rate changes on cash and cash equivalents	9,287	10,322
Net increase (decrease) in cash and cash equivalents	2,876,561	55,015
Cash and cash equivalents at beginning of period	184,999	129,984
Cash and cash equivalents at end of period	3,061,560	184,999

DESARROLLOS INMOBILIARIOS SAN ANTONIO S.A.

STATEMENT OF FINANCIAL POSITION	2018 THCLP$	2017 THCLP$
Assets		
Current assets	3,495,868	2,132,865
Non-current assets	30,310,913	30,134,787
Total assets	33,806,781	32,267,652
Liabilities and equity		
Current liabilities	1,290,218	842,490
Non-current liabilities	14,709,449	14,280,039
Equity attributable to equity holders of the parent	17,807,114	17,145,123
Non-controlling interest		
Total liabilities	33,806,781	32,267,652

SUMMARIZED STATEMENT OF INCOME	2018 THCLP$	2017 THCLP$
Revenue	4,709,158	4,343,978
Cost of sales	(1,224,463)	(1,154,576)
Gross profit	3,484,695	3,189,402
Administrative expenses	(478,578)	(339,648)
Other income	6,203	438
Other expenses	(46,051)	(7,015)
Financial income	68,030	17,502
Finance costs	(368,609)	(658,078)
Exchange differences		
Share of profit (loss)		
Gain (loss) on indexed assets and liabilities	(405,027)	(263,099)
Gain (loss) arising from the difference between the prior carrying amount and the fair value of financial assets reclassified at fair value	50,044	4,362,930
Income tax benefit (expense)	(492,802)	(1,593,180)
Profit (loss) for the year	1,817,905	4,709,252
Profit (loss) attributable to equity holders of the parent	1,817,905	4,709,252
Profit (loss) attributable to non-controlling interest		
Profit (loss) for the year	1,817,905	4,709,252

SUMMARIZED STATEMENT OF CASH FLOWS	2018 THCLP$	2017 THCLP$
Net cash flows provided by (used in) operating activities	2,691,375	3,095,773
Net cash flows provided by (used in) investing activities	(8,833,812)	(43,045,508)
Net cash flows provided by (used in) financing activities	8,436,548	39,945,262
Increase (decrease) in cash and cash equivalents before effect of exchange rate changes	2,294,111	(4,473)
Effect of exchange rate changes on cash and cash equivalents	1,421	2,896
Net increase (decrease) in cash and cash equivalents	2,295,532	(1,577)
Cash and cash equivalents at beginning of period	10,051	11,628
Cash and cash equivalents at end of period	2,305,583	10,051

INVERSIONES PARQUE ARAUCO UNO S.A.

STATEMENT OF FINANCIAL POSITION	2018 THCLP$	2017 THCLP$
Assets		
Current assets	236,706	61,377
Non-current assets	6,942,496	7,094,418
Total assets	7,179,202	7,155,795
Liabilities and equity		
Current liabilities	226,356	6,923,472
Non-current liabilities	0	1
Equity attributable to equity holders of the parent	6,952,846	232,322
Non-controlling interest		
Total liabilities	7,179,202	7,155,795

SUMMARIZED STATEMENT OF INCOME	2018 THCLP$	2017 THCLP$
Revenue	0	10,845
Cost of sales	0	(8,875)
Gross profit	0	1,970
Administrative expenses	(840)	(1,462)
Other income	22,565	
Other expenses	(355,347)	(40,793)
Financial income	5,919	
Finance costs	(37)	(238,193)
Exchange differences		
Share of profit (loss)		
Gain (loss) on indexed assets and liabilities	344	962
Gain (loss) arising from the difference between the prior carrying amount and the fair value of financial assets reclassified at fair value		
Income tax benefit (expense)	47,732	132,715
Profit (loss) for the year	(279,664)	(144,801)
Profit (loss) attributable to equity holders of the parent	(279,664)	(144,801)
Profit (loss) attributable to non-controlling interest		
Profit (loss) for the year	(279,664)	(144,801)

SUMMARIZED STATEMENT OF CASH FLOWS	2018 THCLP$	2017 THCLP$
Net cash flows provided by (used in) operating activities	(27,433)	(24,429)
Net cash flows provided by (used in) investing activities	(7,024,805)	(17,000)
Net cash flows provided by (used in) financing activities	7,228,928	42,103
Increase (decrease) in cash and cash equivalents before effect of exchange rate changes	176,690	674
Effect of exchange rate changes on cash and cash equivalents		
Net increase (decrease) in cash and cash equivalents	176,690	674
Cash and cash equivalents at beginning of period	1,108	434
Cash and cash equivalents at end of period	177,798	1,108

SUMMARIZED FINANCIAL STATEMENTS OF SUBSIDIARIES

PARQUE ANGAMOS SPA		
STATEMENT OF FINANCIAL POSITION	2018 THCLP$	2017 THCLP$
Assets		
Current assets	4,535,948	2,480,644
Non-current assets	22,987,596	21,152,480
Total assets	27,523,544	23,633,124
Liabilities and equity		
Current liabilities	2,899,914	10,968,310
Non-current liabilities	11,716,861	
Equity attributable to equity holders of the parent	12,906,769	12,664,814
Non-controlling interest		
Total liabilities	27,523,544	23,633,124

SUMMARIZED STATEMENT OF INCOME	2018 THCLP$	2017 THCLP$
Revenue	361,935	0
Cost of sales	(129,596)	0
Gross profit	232,339	0
Administrative expenses	(207,639)	(262,158)
Other income	2	
Other expenses	0	(40)
Financial income	19,675	
Finance costs	(352,695)	(138,448)
Exchange differences		
Share of profit (loss)		
Gain (loss) on indexed assets and liabilities	(20,856)	24,182
Gain (loss) arising from the difference between the prior carrying amount and the fair value of financial assets reclassified at fair value		
Income tax benefit (expense)	(14,412)	38,701
Profit (loss) for the year	(343,586)	(337,763)
Profit (loss) attributable to equity holders of the parent	(343,586)	(337,763)
Profit (loss) attributable to non-controlling interest		
Profit (loss) for the year	(343,586)	(337,763)

SUMMARIZED STATEMENT OF CASH FLOWS	2018 THCLP$	2017 THCLP$
Net cash flows provided by (used in) operating activities	111,081	(95,698)
Net cash flows provided by (used in) investing activities	(18,893,087)	(10,203,521)
Net cash flows provided by (used in) financing activities	19,077,525	10,299,219
Increase (decrease) in cash and cash equivalents before effect of exchange rate changes	295,519	0
Effect of exchange rate changes on cash and cash equivalents		
Net increase (decrease) in cash and cash equivalents	295,519	0
Cash and cash equivalents at beginning of period	781	781
Cash and cash equivalents at end of period	296,300	781

SUMMARIZED FINANCIAL STATEMENTS OF SUBSIDIARIES

CENTROS COMERCIALES VECINALES ARAUCO EXPRESS S.A. AND SUBSIDIARY

STATEMENT OF FINANCIAL POSITION	2018 THCLP$	2017 THCLP$
Assets		
Current assets	2,419,908	3,054,719
Non-current assets	63,108,236	58,094,824
Total assets	65,528,144	61,149,543
Liabilities and equity		
Current liabilities	5,178,050	2,949,214
Non-current liabilities	22,634,120	26,238,156
Equity attributable to equity holders of the parent	36,781,218	31,334,456
Non-controlling interest	934,756	627,717
Total liabilities	65,528,144	61,149,543

SUMMARIZED STATEMENT OF INCOME	2018 THCLP$	2017 THCLP$
Revenue	5,431,002	4,764,655
Cost of sales	(1,761,653)	(1,676,534)
Gross profit	3,669,349	3,088,121
Administrative expenses	(674,371)	(492,070)
Other income	35,778	16,981
Other expenses	(18,731)	(69,875)
Financial income	20,363	15,424
Finance costs	(733,852)	(892,752)
Exchange differences	546	
Share of profit (loss)		
Gain (loss) on indexed assets and liabilities	(598,152)	(304,786)
Gain (loss) arising from the difference between the prior carrying amount and the fair value of financial assets reclassified at fair value	4,986,246	1,021,380
Income tax benefit (expense)	(1,327,399)	(763,546)
Profit (loss) for the year	5,359,777	1,618,877
Profit (loss) attributable to equity holders of the parent	5,052,767	1,560,844
Profit (loss) attributable to non-controlling interest	307,010	58,033
Profit (loss) for the year	5,359,777	1,618,877

SUMMARIZED STATEMENT OF CASH FLOWS	2018 THCLP$	2017 THCLP$
Net cash flows provided by (used in) operating activities	3,761,393	3,862,883
Net cash flows provided by (used in) investing activities	(9,549,090)	(19,126,453)
Net cash flows provided by (used in) financing activities	6,423,813	15,269,355
Increase (decrease) in cash and cash equivalents before effect of exchange rate changes	636,116	5,785
Effect of exchange rate changes on cash and cash equivalents	3,014	3,317
Net increase (decrease) in cash and cash equivalents	639,130	9,102
Cash and cash equivalents at beginning of period	24,109	15,007
Cash and cash equivalents at end of period	663,239	24,109

SUMMARIZED FINANCIAL STATEMENTS OF SUBSIDIARIES

ARAUCO CENTROS COMERCIALES REGIONALES SPA AND SUBSIDIARY

STATEMENT OF FINANCIAL POSITION	2018 THCLP$	2017 THCLP$
Assets		
Current assets	10,617,870	
Non-current assets	124,067,600	
Total assets	134,685,470	
Liabilities and equity		
Current liabilities	60,643,436	
Non-current liabilities	30,336,138	
Equity attributable to equity holders of the parent	43,705,603	
Non-controlling interest	293	
Total liabilities	134,685,470	

SUMMARIZED STATEMENT OF INCOME	2018 THCLP$	2017 THCLP$
Revenue	5,383,617	
Cost of sales	(1,129,967)	
Gross profit	4,253,650	
Administrative expenses	(664,090)	
Other income	145,003	
Other expenses	(25,513)	
Financial income	635	
Finance costs	(1,380,392)	
Exchange differences	73	
Share of profit (loss)	(716,149)	
Gain (loss) on indexed assets and liabilities	(587,173)	
Gain (loss) arising from the difference between the prior carrying amount and the fair value of financial assets reclassified at fair value	92,808	
Income tax benefit (expense)	(578,940)	
Profit (loss) for the year	539,912	
Profit (loss) attributable to equity holders of the parent	539,894	
Profit (loss) attributable to non-controlling interest	18	
Profit (loss) for the year	539,912	

SUMMARIZED STATEMENT OF CASH FLOWS	2018 THCLP$	2017 THCLP$
Net cash flows provided by (used in) operating activities	2,869,130	
Net cash flows provided by (used in) investing activities	(5,600,107)	
Net cash flows provided by (used in) financing activities	2,732,441	
Increase (decrease) in cash and cash equivalents before effect of exchange rate changes	1,464	
Effect of exchange rate changes on cash and cash equivalents	9	
Net increase (decrease) in cash and cash equivalents	1,473	
Cash and cash equivalents at beginning of period	23,563	
Cash and cash equivalents at end of period	25,036	

SUMMARIZED FINANCIAL STATEMENTS OF SUBSIDIARIES

ARAUCO CHILLAN SPA		
STATEMENT OF FINANCIAL POSITION	2018 THCLP$	2017 THCLP$
Assets		
Current assets	1,618,853	
Non-current assets	51,552,785	
Total assets	53,171,638	
Liabilities and equity		
Current liabilities	384,031	
Non-current liabilities	3,155,995	
Equity attributable to equity holders of the parent	49,631,612	
Non-controlling interest		
Total liabilities	53,171,638	

SUMMARIZED STATEMENT OF INCOME	2018 THCLP$	2017 THCLP$
Revenue	2,421,227	
Cost of sales	(706,438)	
Gross profit	1,714,789	
Administrative expenses	(300,095)	
Other income	1,328	
Other expenses	(11,570)	
Financial income	960	
Finance costs	(5,395)	
Exchange differences		
Share of profit (loss)		
Gain (loss) on indexed assets and liabilities	(7,592)	
Gain (loss) arising from the difference between the prior carrying amount and the fair value of financial assets reclassified at fair value	6,878,715	
Income tax benefit (expense)	(2,209,800)	
Profit (loss) for the year	6,061,340	
Profit (loss) attributable to equity holders of the parent	6,061,340	
Profit (loss) attributable to non-controlling interest		
Profit (loss) for the year	6,061,340	

SUMMARIZED STATEMENT OF CASH FLOWS	2018 THCLP$	2017 THCLP$
Net cash flows provided by (used in) operating activities		
Net cash flows provided by (used in) investing activities		
Net cash flows provided by (used in) financing activities		
Increase (decrease) in cash and cash equivalents before effect of exchange rate changes	0	
Effect of exchange rate changes on cash and cash equivalents		
Net increase (decrease) in cash and cash equivalents	0	
Cash and cash equivalents at beginning of period		
Cash and cash equivalents at end of period	0	

PARQUE ARAUCO INTERNACIONAL S.A. AND SUBSIDIARY

STATEMENT OF FINANCIAL POSITION	2018 US$	2017 US$
Assets		
Current assets	181,686,775.54	138,043,956.48
Non-current assets	1,173,775,557.10	1,211,079,925.57
Total assets	1,355,462,332.64	1,349,123,882.05
Liabilities and equity		
Current liabilities	164,670,782.61	64,949,878.81
Non-current liabilities	305,172,455.51	434,007,285.21
Equity attributable to equity holders of the parent	720,967,222.78	683,182,711.92
Non-controlling interest	164,651,871.74	166,984,006.11
Total liabilities	1,355,462,332.64	1,349,123,882.05

SUMMARIZED STATEMENT OF INCOME	2018 US$	2017 US$
Revenue	120,710,147.86	114,889,126.01
Cost of sales	(26,753,911.83)	(25,934,517.25)
Gross profit	93,956,236.03	88,954,608.76
Administrative expenses	(12,177,077.36)	(12,548,590.00)
Other income	49,307,950.19	5,283,905.23
Other expenses	(9,110,519.89)	(10,955,265.85)
Financial income	3,698,940.87	2,115,485.91
Finance costs	(25,295,481.71)	(28,106,997.87)
Exchange differences	869,008.41	(132,806.58)
Share of profit (loss)		(7,117.86)
Gain (loss) on indexed assets and liabilities	(1,333,987.72)	(2,311,413.01)
Gain (loss) arising from the difference between the prior carrying amount and the fair value of financial assets reclassified at fair value	(3,519,431.17)	6,357,115.44
Income tax benefit (expense)	(31,769,928.60)	(23,575,493.39)
Profit (loss) for the year	64,625,709.05	25,073,430.78
Profit (loss) attributable to equity holders of the parent	63,919,693.89	15,013,338.05
Profit (loss) attributable to non-controlling interest	706,015.17	10,060,092.73
Profit (loss) for the year	64,625,709.06	25,073,430.78

SUMMARIZED STATEMENT OF CASH FLOWS	2018 US$	2017 US$
Net cash flows provided by (used in) operating activities	76,404,449.30	62,777,924.84
Net cash flows provided by (used in) investing activities	11,409,632.55	(205,249,453.97)
Net cash flows provided by (used in) financing activities	(13,118,769.27)	140,314,908.36
Increase (decrease) in cash and cash equivalents before effect of exchange rate changes	74,695,312.58	(2,156,620.77)
Effect of exchange rate changes on cash and cash equivalents	(667,181.82)	(339,383.11
Net increase (decrease) in cash and cash equivalents	74,028,130.76	(2,496,003.88)
Cash and cash equivalents at beginning of period	42,928,323.13	45,424,327.01
Cash and cash equivalents at end of period	116,956,453.89	42,928,323.13

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