

PARQUE ARAUCO

INTEGRATED REPORT 2017 >>



INTEGRATED REPORT

2017

PARQUE ARAUCO

We are proud to present our first Integrated Annual Report, prepared in accordance with International Integrated Reporting Council (IIRC) standards. This report provides a comprehensive view of our organization's performance in economic, social and environmental matters.

The report covers the period between January 1 and December 31, 2017.

The abbreviations beneath some titles are profile and performance indicators established by the Global Reporting Initiative (GRI-4), internal indicators and indicators associated with the Sustainable Development Goals. For additional details on these indicators, see the GRI-G4 Table.





PARQUE ARAUCO

GROWS WITH YOU

Just like you, we started with baby steps. Over time, we grew and our gait stabilized. We got stronger and ventured out into the world. Today we look to the future, always thinking about your family and friends as well as our suppliers, customers and neighbors. We create spaces where you can get together, spend time and keep growing with us.





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A MESSAGE FROM OUR CHAIRMAN

(G4-1)



Dear Shareholders,

Overall, this year was very positive at Parque Arauco and we saw many initiatives take shape. We were able to overcome the challenges of a context of high uncertainty to produce satisfactory results that continue to set the course as our company evolves.

I would like to present to you our Annual Report. Its new integrated format best represents the corporate foundations we have been working to lay. These days, we know that a company's sustained success is built on the combination of good financial results, exemplary ethical behavior framed by good corporate governance and management that is accountable to the community and the environment. In short, this means looking at business performance not just from a financial perspective, but from an integrated perspective.

We hit several relevant growth milestones in 2017, including surpassing the threshold of 1 million square

meters of leasable area in our consolidated portfolio. This achievement is consistent with our interest in continuing to expand our business.

In the last five years, consolidated revenue has nearly doubled. Specifically, the consolidated increase in 2017 reached 14%. These positive figures are also reflected in the consolidated rise in tenant sales, which grew 13% this year.

Another significant milestone was beginning the new expansion stage at our iconic shopping center, Parque Arauco Kennedy in Chile, the future site of the country's first Hotel Hilton by Hilton, a major convention center and additional retail space.

Our growth has been profitable. Through hard work and dedication over the past few years, we have made significant strides in efficiency. As a result, we recorded the highest EBITDA margin in the last five years, with 71.5% at year end.





In this context, our EBITDA for the 2017 calendar year hit an all-time high of over US\$200 million, with annual growth of 18%. During the same period, profit attributable to the controllers rose 27%.

I have the pleasure of presenting some milestones that demonstrate the company's progress toward making financial results compatible with sustainable management.

Parque Arauco's Board of Directors has played a role in this progress and the company's agenda of sustainability priorities. It participated in drafting the company's vision and mission statements and oversees the initiatives we are taking on as a company.

As far as the environment, we have prioritized progress on the management of energy, water, waste and carbon emissions in our shopping center operations. Likewise, we are interested in continuing to build good relationships with neighboring communities. From an ethical perspective, we continue to strive to abide by high transparency standards for the market information we publish.

As a result, I am proud to say that, for the second straight year, we are the only commercial real estate company in Latin

America listed on the Dow Jones Sustainability Index for Chile and Emerging Markets. We are one of few companies in the industry that are listed on the MILA index, which measures best practices in Pacific Alliance member countries.

This year, we also moved up five places to number 30 on the Great Place to Work ranking. At Parque Arauco, we want to build an excellent place to work—a place where the most talented and qualified professionals can develop their careers.

Like many industries, ours is experiencing a transformation led by increased digital activity. We have expanded our vocabulary to include concepts that are transforming the buying experience at our shopping centers, like "online shopping", "click and collect" and "big data".

In order to meet the challenges that technology presents, Parque Arauco is working hard to improve the customer experience with smart parking, wifi and applications as well as interactive screens that guide customers through our shopping centers.

This is our first Integrated Report and while there are many challenges ahead, I believe we have managed to make

steady progress, with accountability and the conviction that continued growth and development is possible. We continue to strive, on a daily basis, to make our corporate purpose a reality or, in other words, to make a contribution to the lives of those who are directly or indirectly related to our company.

JOSÉ SAID SAFFIE

Chairman of the Board, Parque Arauco S.A.





A MESSAGE FROM OUR EXECUTIVE VICE PRESIDENT

(G4-1)



Dear Shareholders and Stakeholders,

It is my pleasure to present Parque Arauco's Integrated Report, which communicates the main events, figures and milestones of 2017.

We have focused our strategy on growing our business in a profitable and sustainable manner and we have made concrete strides toward our objectives, which continue guiding our efforts to generate long-term value for our different stakeholder groups.

The following are some of last year's most significant milestones:

CONTINUED GROWTH

Increasing our shareholders' equity by surpassing 2016 with earnings of CLP\$88,990 million and revenue of CLP\$182,215 million was definitely one of last year's highlights.

We have also added shopping centers that continue to expand our portfolio and help us diversify. This year, we

added Arauco Coronel, in southern Chile, to our portfolio; opened new shopping centers including MegaPlaza Villa El Salvador II and MegaPlaza Huaral in Peru; and Arauco Premium Outlet Bogotá, the first outlet mall in our Colombian portfolio. Counting these, we have 49 shopping centers in operation and more than 1,000,000 m² in consolidated GLA.

We began expanding Parque Arauco Kennedy to add another 11,000 m² of commercial GLA, the new Hotel Hilton Santiago —the first in Chile—and the country's largest hotel convention center.

**PROFITABILITY AS A HALLMARK
OF OUR MANAGEMENT**

Our efforts to maintain efficient operations as we implement our growth plan have enabled us to attain satisfactory management results.

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



In 2017, these initiatives began to bear fruit, considerably improving our EBITDA margin by approximately 250 basis points, driving the EBITDA margin up to 71.5%, which is higher than in previous years. At the same time, we significantly reduced our cost of debt by renegotiating part of our bank borrowings in Chile.

We continue taking steps to consolidate our portfolio and have also signed business agreements that strengthen profitability and future prospects. For example, we reached an agreement to sell a plot of land in the San Isidro area of Lima. In addition to generating a significant gain on the sale, the deal will free up resources to optimize other medium- and long-term projects.

SUSTAINABLE APPROACH

We were the first real estate company in Latin America to be listed on the Dow Jones Sustainability Index for Chile and Emerging Markets. In our second straight year on the index, we are challenged to progressively improve our sustainability management.

In 2017, we took several concrete steps in sustainability matters. From the environmental perspective, we earned two

LEED certifications: Silver for Premium Outlet Lurín (Peru) and our first Gold for Parque La Colina (Colombia).

These are added to the energy efficiency seals earned by two of our shopping centers in Chile.

In parallel, we began a pilot project to work with our important suppliers to identify gaps and opportunities in sustainable management. Similarly, we continue making progress on initiatives related to our accountability to neighboring communities. We work to promote an inclusive culture and generate social value in the places where our shopping centers operate.

We are satisfied to have received recognition for our corporate governance, like being named number 1 in Transparency and Anti Corruption (TRAC) by Transparencia Chile. We also earned fourth place in the Chile Corporate Transparency ranking, advancing 21 places this year. This is in addition to continued efforts to consolidate our position as a company with one of the best reputations and most attractive working conditions, as demonstrated by the Great Place to Work (no. 30) and the Merco Talent Chile ranking, where we led the industry.

While we are rightfully proud that the market sees our achievements and publicly recognizes us for them, we do not want this to make us think, even for a moment, that our job is done. There is much to be done and improved. We will continue striving to maintain best practices and create an operation that is safe and close to our customers.

Continuing to build this company is an ongoing challenge. We seek to grow it in a profitable, sustainable manner. This is a constant, tireless task to which the entire Parque Arauco team has contributed. We will strive to continue taking steps in the same direction.



JUAN ANTONIO ÁLVAREZ AVENDAÑO

Executive Vice President of Parque Arauco S.A.



ABOUT US

COMPANY INFORMATION

(G4-3, G4-7, G4-31)



We are Parque Arauco S.A., a publicly traded corporation, located at Cerro Colorado 5240, Tower 1, 15th floor, Las Condes, Santiago.



We develop and operate multi-format real estate assets in the Andean region.

Taxpayer ID Number:

94.627.000-8

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OUR ESSENCE

(G4-56)

OUR PURPOSE



To create spaces that **contribute to improving** people's lives.

OUR MISSION



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



OUR 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 

STRATEGIC OBJECTIVES

 **Growth** + **PROFITABILITY** + **Sustainability**



1. YOU WATCHED
US GROW





Chile

1982

Opening of our first asset, Parque Arauco Kennedy.

2017

454,500 m2 of GLA
25 shopping centers.

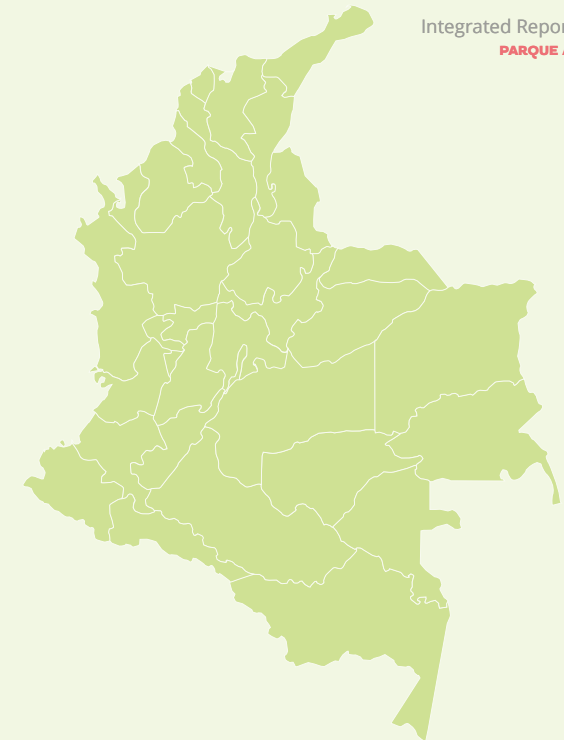
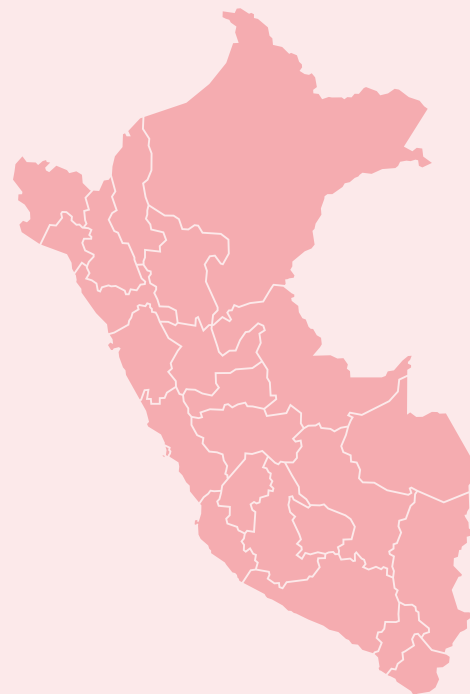
Peru

2006

We entered the Peruvian market, purchasing 45% of MegaPlaza Norte in Lima.

2017

402,000 m2 of GLA
20 shopping centers.



Colombia

2008

We opened our office in Colombia and began construction on Parque Arboleda in Pereira.

2017

155,500 m2 of GLA
4 shopping centers.



WHAT WE DID IN 2017

HIGHLIGHTS

(G4-13)

GROWTH

TENANT SALES

INCREASED

13.3%

THIS YEAR



REVENUE

WAS UP

13.8%

THIS YEAR



PROFIT ATTRIBUTABLE
TO SHAREHOLDERS

GREW

26.9%

THIS YEAR



WE SURPASSED

THE MILESTONE OF

1 million m²

OF GLA WITH THE ACQUISITION
OF ARAUCO CORONEL,

the opening of two regional
shopping centers and our first
Premium Outlet in Bogotá.



PROFITABILITY

EBITDA
MARGIN

17.9%
THIS YEAR

MARGEN EBITDA
INCREASED

250 *basis points*
TO
71.5%

WE SIGNED
AN AGREEMENT
TO SELL

A PLOT OF LAND IN
*San Isidro,
Lima, Peru.*



SUSTAINABILITY



PARQUE LA COLINA
IN COLOMBIA
EARNED

LEED Gold
CERTIFICATION



INOUTLET PREMIUM
LURÍN IN PERU
EARNED

LEED Silver
CERTIFICATION

MEMBER OF
**Dow Jones
Sustainability Indices**
In Collaboration with RobecoSAM

For the second straight year, we are the only real estate company in Latin America to be listed on the DJSI Chile and Emerging Markets indexes. This year we were also on the new DJSI MILA Index.



We designed and began to implement the Corporate Community Engagement Strategy.



Arauco Quilicura and Arauco San Antonio earned energy efficiency seals and the Chilean Ministry of Energy recognized their energy management efforts.



We launched the “Measure What Matters” program in partnership with Sistema B.



MOMENTS IN OUR GROWTH



HISTORY

THE YEAR WE WERE BORN

Our company was originally founded under the name Cocentral Compañía de Centros Comerciales S.A.

1979

OTHERS

At the extraordinary shareholders' meeting held on May 28, 1992, the shareholders agreed that as a publicly held corporation, our company would be subject to SVS standards and oversight.

Changed our corporate name to Parque Arauco S.A.

1992

OTHERS

We became minority shareholders in Alto Palermo S.A., the leading shopping center developer and manager in Argentina.

1994

CHILE

Together with Cencosud and Ripley, we own Inmobiliaria Mall Viña del Mar S.A. We hold a 33.3% interest in the company, which owns two shopping centers in Chile: Marina Arauco, in Viña del Mar, and Mall Center, in Curicó.

1997

1982

CHILE

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

1993

CHILE

Opened Arauco Maipú in the southern part of the Metropolitan Region of Santiago.

1995

OTHERS

Listed on Santiago Exchange.

2005

PERU

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



PERU

Entered the Peruvian market through a strategic partnership with the renowned Wiese group, purchasing 45% of the MegaPlaza Norte shopping center.

OTHERS

Placed our first corporate bonds on the Chilean market for UF 3.5 million.

Opened our offices in Colombia.

CHILE

Acquired Arauco Estación, an iconic shopping center located in Santiago's main train station.

Began format diversification by incorporating our first strip center, Arauco Express Pajaritos in Santiago.

OTHERS

Sold our interest in Alto Palermo S.A., a company that owns shopping centers in Argentina.

PERU

Acquired Larcomar in Miraflores, Lima.

Opened Parque Lambramani in Arequipa.

COLOMBIA

Opened Parque Arboleda, our first regional shopping center in Colombia, in the city of Pereira.

2006

2008

2010

2007

CHILE

Took control of Arauco Chillán, a largest shopping center in Chile's Ñuble province.

Opened the first design district in a Chilean mall, located at °Parque Arauco Kennedy.

2009

CHILE

Opened Arauco San Antonio.

PERU

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



OTHERS

Conducted a capital increase of Ch\$82,479 million.

CHILE

Completed transformation and expansion of Arauco Maipú.

CHILE

Opened a regional shopping center in Quilicura and acquired a strip center in Ciudad Empresarial.

Opened Chile's first Luxury District—featuring stores like Louis Vuitton, Emporio Armani and Salvatore Ferragamo.

PERU

Opened three neighborhood shopping centers and acquired our first outlet in Lima.

COLOMBIA

Opened Parque Caracolí, our second regional shopping center in Colombia, located in the city of Bucaramanga.

OTHERS

Issued our 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.

CHILE

Expanded the Luxury District at Parque Arauco Kennedy.

Opened the second phase of Arauco Premium Outlet Buenaventura.

PERU

Acquired 100% of Ekimed S.A.C. in Peru. The company owned the El Quinde shopping centers in the cities of Cajamarca and Ica.

Opened our sixth neighborhood shopping center and second strip center in Peru.

Purchased Las Portales S.A.'s minority interest.

COLOMBIA

Purchased minority interest in Grupo Bancolombia's minority interest.

2011

2013

2015

2012

2014

CHILE

Created Centros Comerciales Vecinales Arauco Express S.A., a joint venture for strip center development.

Entered the outlet market with the acquisition of Arauco Premium Outlet Buenaventura.

PERU

Partnered with Los Portales to create Strip Centers del Perú S.A., which specializes in strip center development.

Opened two neighborhood shopping centers.

OTHERS

Conducted a Ch\$103,894 million capital increase.

Issued a second line of Parque Arauco S.A. bonds in Chile for a total of UF 3 million.

CHILE

Expanded Arauco Chillán.

Opened two premium outlets.

Opened three new strip centers: Manuel Montt, Las Brujas and El Carmen de Huechuraba.

Arauco Quilicura was the first shopping center in Chile to earn LEED Silver certification

PERU

Opened Viamix Chorrillos, our first strip center in Peru as well as our first outside of Chile.



OTHERS

Successfully conducted a Ch\$70,477 million capital increase.

Issued our 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 DJSI Emerging Markets and Chile indexes for the first time.

CHILE

Opened three strip centers and our fourth premium outlet mall.

Acquired 16.7% of Inmobiliaria Mall Viña del Mar S.A.

PERU

Opened a neighborhood shopping center as well as our second premium outlet mall and acquired Plaza Jesús María.

COLOMBIA

Opened Parque La Colina, located in Bogotá, our third regional shopping center in Colombia.

2016





OUR MARKET SHARE

(G4-8)



We currently hold 2% market share in Latin America and 9% in the Andean region. We have an important market position and work to expand our presence, diversify our formats and reach all people.

MARKET SHARE RANKING

CHILE

Parque Arauco opened its first shopping center in 1982. It is currently the third largest shopping center company with 13% market share.

3rd

PERU

Entering Peru in 2006, Parque Arauco is currently the country's third largest shopping center company with 15% market share.

3rd

COLOMBIA

Colombia is a fragmented market in which 74% of the market is comprised of vendor-owned real estate. Parque Arauco opened its first shopping center in Colombia in 2010. It is currently the fourth largest company with 3% market share.

4th

1. Measured by m2 of GLA. Includes Chile, Peru, Colombia, Argentina, Brazil and Mexico as no data is available for the other countries in the region.
2. The Andean region includes: Chile, Peru and Colombia as no data is available for the other countries in the region.



WHERE WE ARE

SHOPPING CENTERS AND FORMATS

(G4-4, G4-5, G4-6, G4-8, G4-9)



We operate in markets with high growth potential: Chile, Peru and Colombia. We have:

49
SHOPPING
CENTERS

COLOMBIA

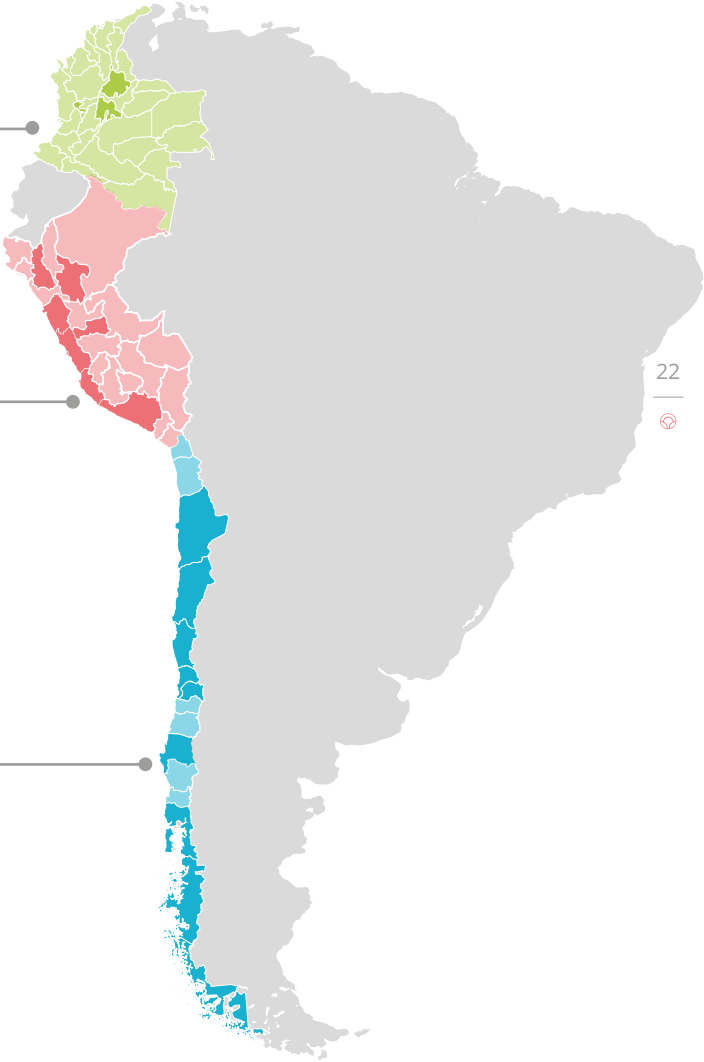
3 Regional shopping centers 1 Premium outlet

PERU

6 Regional shopping centers 2 Premium outlets 10 Neighborhood shopping centers 2 Strip centers

CHILE

7 Regional shopping centers 4 Premium outlets 14 Strip centers





Chile

| | |
|--------------|--|
| ANTOFAGASTA | Arauco Express |
| CALAMA | Arauco Express |
| COQUIMBO | Arauco Premium Outlet Coquimbo |
| 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 Express Las Brujas Colón Irrarázaval 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 |

Peru

| | |
|-----------|--|
| JAÉN | MegaPlaza Express Jaén |
| CAJAMARCA | El Quinde de 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 Plaza Jesús María Viamix Chorrillos Viamix Las Malvinas |
| CAÑETE | MegaPlaza Cañete |
| CHINCHA | MegaPlaza Express Chincha |
| PISCO | MegaPlaza Pisco |
| ICA | El Quinde de Ica |
| AREQUIPA | Parque Lambramani |

Colombia

| | |
|-------------|---|
| BUCARAMANGA | Parque Caracolí |
| BOGOTÁ | Parque La Colina Premium Outlet Bogotá |
| PEREIRA | Parque Arboleda |

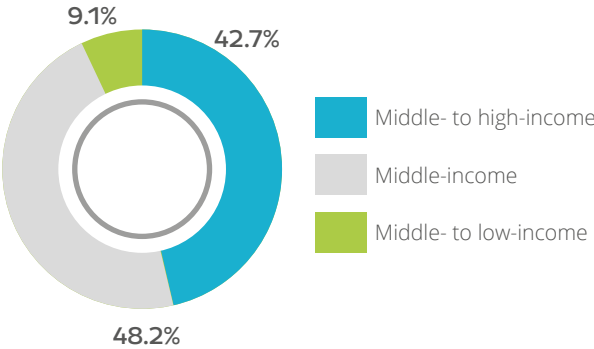




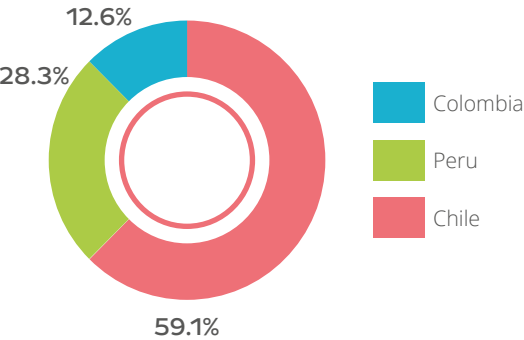
PORTFOLIO DIVERSIFICATION

The rates of GLA penetration per inhabitant in the countries where we operate remain below those of developed countries, which could present growth opportunities in our line of business. Given the economic and market context, we have increased relative investment outside of Chile and, consequently, diversified our business. Our strategic objectives focus on profitable, sustainable growth. Our efforts to diversify formats, earn revenue from several countries and attract retail customers from different socioeconomic strata are a reflection of those concepts.

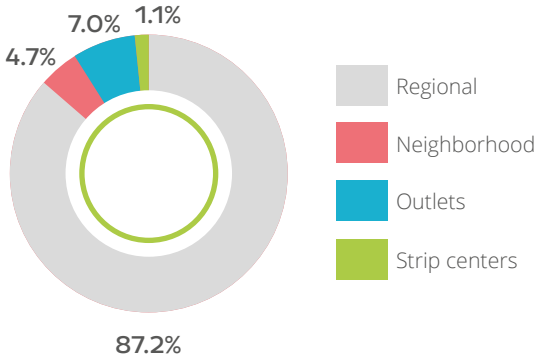
2017 REVENUE DIVERSIFICATION
BY SOCIO-ECONOMIC GROUP



2017 REVENUE DIVERSIFICATION
BY COUNTRY



2017 REVENUE DIVERSIFICATION
BY FORMAT





CUSTOMER EXPERIENCE



We concern ourselves with continuously improving our customers' shopping experiences. Thus, we offer:



More than
2,8 million
FOLLOWERS
ON SOCIAL MEDIA





More than
470
PREFERENTIAL PARKING
FOR PEOPLE WITH
A DISABILITY OR
SPECIAL NEEDS





More than
110
MOVIE THEATERS





More than
780
BICYCLE RACK
SPACES





More than
1,380
FREE SPORTS
AND CULTURAL
ACTIVITIES



PARQUE ARAUCO IS INVESTING IN TECHNOLOGY

Additionally, we have worked intensively on developing technological tools to improve customer experience. To that end, we have created two positions: Innovation and Digitalization Manager and Experience Manager, Chile Division.

This project includes investments in technology like digital shopping center directories, new web pages and Wifi in shopping centers, among others.



Digital
directories



New
webpages




New Wifi
points



Smart
parking



Customer
journey
redesign



App
development



2017 AWARDS AND RECOGNITION



DOW JONES SUSTAINABILITY INDEX

- » Dow Jones Sustainability Index Emerging Markets (for the second straight year).
- » Dow Jones Sustainability Index Chile (for the second straight year).
- » Dow Jones Sustainability Index MILA (first time). This ranking began in 2017.

CORPORATE TRANSPARENCY RANKING

- » No. 1 in compliance with Transparency in Reporting on Anti-Corruption (TRAC), according to Chile Transparente.
- » 4th most transparent company in Chile (No. 25 in 2016).

REPUTATION INSTITUTE – REPTRAK CHILE 2017

- » 10th place in Chile.
- » 1st place in Real Estate.

ALAS 20

- » Nominated in all categories.
- » 3rd place for Leading Company Director in Sustainability José Said Saffie.

REPORTA RANKING

- » 7th place in the 2017 IPSA (15th place in the 2016 IPSA).

MERCO CORPORATE REPUTATION RANKING

- 2016: No. 23.
- 2017: Lugar No. 24.
- » 1st place - Construction and Real Estate Sector.

MERCO TALENT RANKING

- Merco Talento identifies the top 100 companies in terms of capacity to attract and retain talent in Chile.
- » 2017: 47th place - Overall Ranking
- » 2016: 62nd place - Overall Ranking

MARKET DEVELOPMENTS / COUNTRY CONTEXT

CHILE

Chile's Gross Domestic Product (GDP) grew 1.5% in 2017, which was slightly below the 1.6% growth recorded in 2016. Inflation remained stable at 2.3% and unemployment rose slightly compared to 2016 figures, reaching 7.0%.

PERU

Peru's GDP grew 2.5%, which is below the 2016 figure of 3.9%. The mudslides that affected the country in the first quarter of 2017 were one explanation for the sluggish growth. On the other hand, both inflation and unemployment remained stable at 3.2% and 6.7%, respectively.

COLOMBIA

The Colombian GDP rose 1.8% in 2017, slightly below the 2016 figure of 2.0%. On the other hand, inflation improved, falling from 7.5% in 2016 to 4.3% in 2017. Finally, unemployment remained stable at 9.3%.

Figures based on estimates from the International Monetary Fund and data from the respective central banks.





ORGANIZATIONS IN WHICH THE COMPANY PARTICIPATES

(G4-15, G4-16, ODS 17)



CHILE

International Council of Shopping Centers
Chilean Chamber of Shopping Centers
Chilean Chamber of Construction
Chilean Chamber of Commerce
ICARE
SOFOFA
Generación Empresarial
Unión Social de Empresarios Cristianos
Chilean-Peruvian Business Council
Direct and Digital Marketing Association, Chile
Roundtable on Energy Efficiency and Sustainability in Chilean Retail
Green Building Council
Global Compact
Center for Public Research (CEP)
Innovation Center, Pontificia Universidad Católica de Chile

COLOMBIA

Colombian Shopping Center Association
National Merchants Federation of Risaralda
Bucaramanga Chamber of Commerce
National Merchants Federation of Santander

PERU

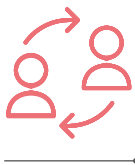
Peruvian Shopping Center Association





STAKEHOLDERS

(G4-24, G4-25, G4-26)



We strive to have good relationships with our stakeholders by creating opportunities for open, honest and comprehensive communication.

Stakeholders are defined as those organizations or social groups that have the most influence or impact on our business. As such, we have established formal communication channels in order to ensure ongoing contact with them.

Annual »

Quarterly »

Monthly »

Daily »

As necessary »

| STAKEHOLDERS | HOW WE INTERACT |
|---|--|
| Shareholders and other capital market representatives | <ul style="list-style-type: none">» Shareholders' meetings» Annual Report» Quarterly earnings reports» Corporate website» Meetings and conference calls with investors» Investor conferences» Other extraordinary meetings |
| Trade unions, chambers and associations | <ul style="list-style-type: none">» Meetings, assemblies and work groups |
| Authorities and public entities | <ul style="list-style-type: none">» Trade associations and work groups» Meetings and reports requested by the SVS and other regulatory bodies» Corporate website» Annual Report |
| Communities | <ul style="list-style-type: none">» Meetings with neighborhood councils» Foundations and social institutions» Meetings with community representatives through municipalities |

| STAKEHOLDERS | HOW WE INTERACT |
|------------------|--|
| Suppliers | <ul style="list-style-type: none">» 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:<ul style="list-style-type: none">• Chile: +56 22 299 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.) |
| Customers/ Users | <ul style="list-style-type: none">» Call center» Shopping center information desks» Shopping center websites» Corporate website» Social networks: Facebook, Instagram, Twitter, Pinterest» Satisfaction survey and measuring indicators» Detalle digital magazine |
| Tenants | <ul style="list-style-type: none">» Each division's commercial area meets with potential new tenants» Each division's commercial area meets with current tenants to discuss growth opportunities, expansion and contract renewal» Individual shopping center websites |
| Employees | <ul style="list-style-type: none">» Intranet» Corporate e-mail» One-on-one meetings and feedback sessions» Breakfasts to present strategic issues» Organizational climate survey» Events and celebrations |





2. OUR BUSINESS MODEL





BUSINESS MODEL AND CORPORATE STRATEGY



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

VALUE CREATION MODEL



1. We made the Great Place to Work Ranking: No. 39 in 2015 / No. 35 in 2016 / No. 30 in 2017
2. We are on the Corporate Transparency Ranking: No. 42 in 2015 / No. 25 in 2016 / No. 4 in 2017

SHARING THE FOUNDATIONS OF OUR DEVELOPMENT WITH YOU



Our value creation model and performance are based on three strategic pillars:



GROWTH

We focus on growth; Parque Arauco has the platform and experience to lead the region. A great deal of our efforts concentrate on leveraging business opportunities.

TARGET

Continue growing sustainably in retail real estate revenue.

Increase revenue from non-retail real estate assets in the medium term.



PROFITABILITY

We focus on adding and operating real estate assets that are successful as a result of their location, design, commercial offering and operations model.

Despite the challenges inherent to our sector, proper capital allocation, operating efficiency and careful financial management have enabled us to build a profitable business.

Maintain a positive spread between return on assets and cost of capital.

In the medium term, *improve the operating margin of our current portfolio.*



SUSTAINABILITY

Our culture and the decisions we make on a daily basis aim to strengthen corporate governance, responsibly manage operational and financial risks, care for the environment and work closely with communities near our operations.

Develop projects that make our operations *more energy and water efficient.*

Strengthen our *ties with neighboring communities*

Continue promoting sustainability practices in our value chain.



RISKS

(G4-2)

WEAKENED CONSUMPTION

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.

HIGH INTEREST RATES

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.

COMPETITION

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.

INDEBTEDNESS

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.

E-COMMERCE

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.





GROWTH IN 2017

(G4-13)

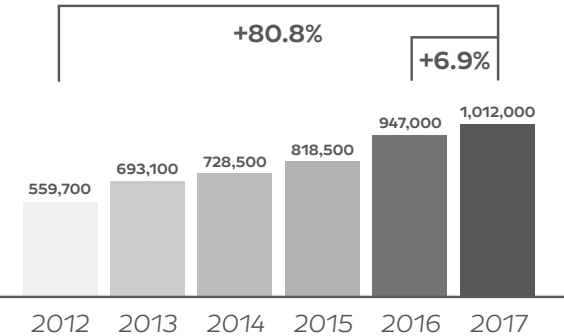
GROSS LEASABLE AREA (GLA)

Thanks to sustained growth in all three countries over the last five years, in 2017 we exceeded one million square meters of GLA at the consolidated level. Over the last five years, GLA has grown 80.8% (31.9% in Chile, 122.1% in Peru and 357.4% in Colombia). In 2017, consolidated GLA grew 6.9% (7.2% in Chile, 5.8% in Peru and 8.7% in Colombia).

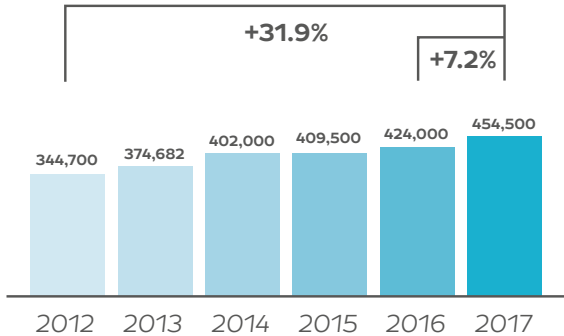
WE EXCEEDED

1 million m²
OF GLA

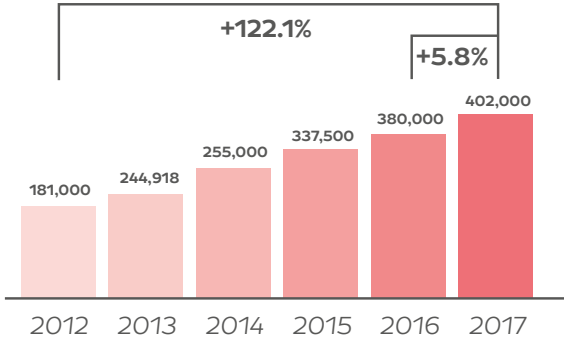
CONSOLIDATED GROSS LEASABLE AREA (m²)



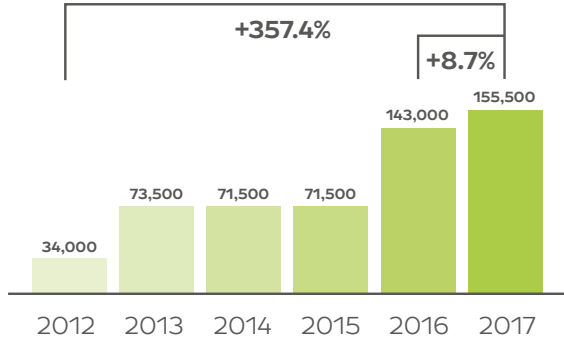
GROSS LEASABLE AREA, CHILE (m²)



GROSS LEASABLE AREA, PERU (m²)



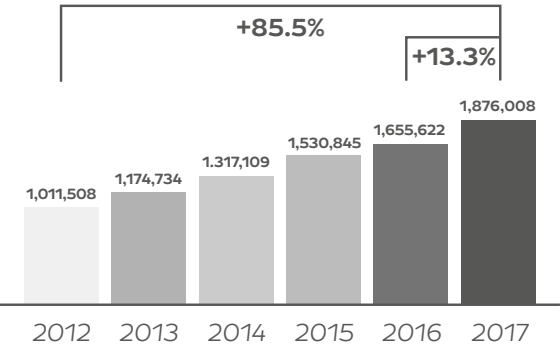
GROSS LEASABLE AREA, COLOMBIA (m²)



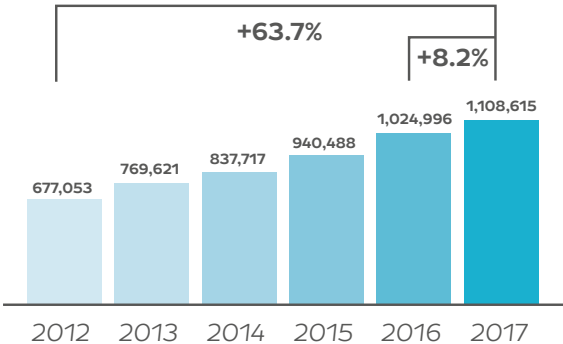
TENANT SALES

Thanks to the increased GLA, tenant sales also grew at the consolidated level and have increased 85.5% in the last five years (63.7% in Chile, 92.9% in Peru and 484.3% in Colombia). In 2017, consolidated tenant sales increased 13.8% (8.2% in Chile, 6.8% in Peru and 120.1% in Colombia).

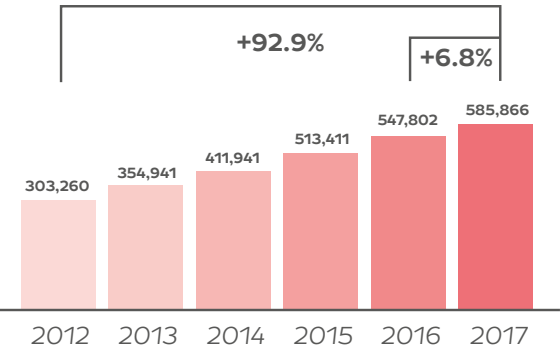
CONSOLIDATED TENANT SALES (MCLP\$)



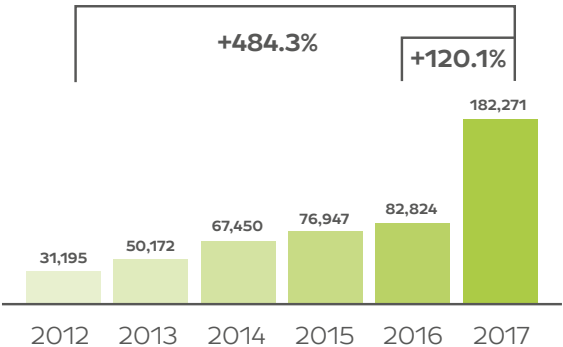
TENANT SALES, CHILE (MCLP\$)



TENANT SALES, PERU (MCLP\$)



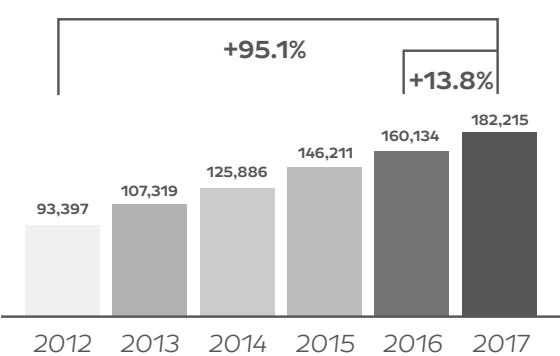
TENANT SALES, COLOMBIA (MCLP\$)



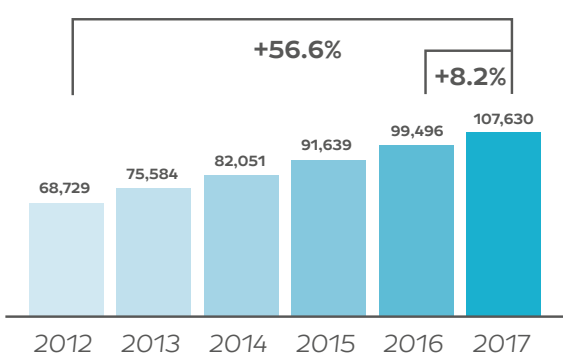
REVENUE

Along with GLA and tenant sales, our consolidated revenue has almost doubled in the last five years, growing 95.1%. Consolidated revenue also increased in 2017, up 13.8% (8.2% in Chile and 4.0% in Peru). Colombia boasted growth of 107.8% thanks to the opening of Parque La Colina in Bogota.

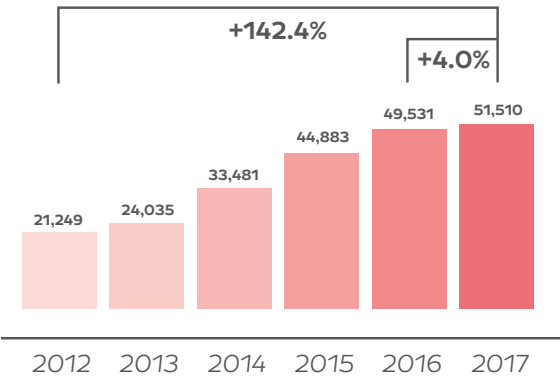
CONSOLIDATED REVENUE (MCLP\$)



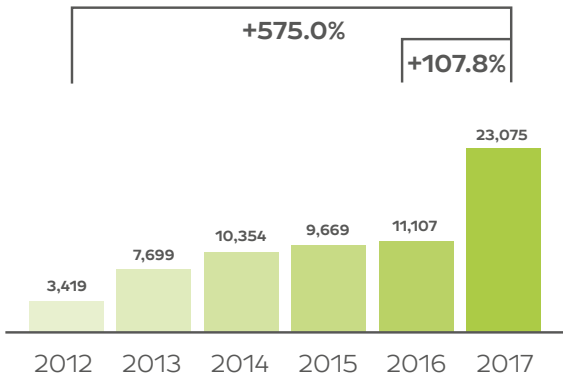
REVENUE, CHILE (MCLP\$)



REVENUE, PERU (MCLP\$)



REVENUE, COLOMBIA (MCLP\$)

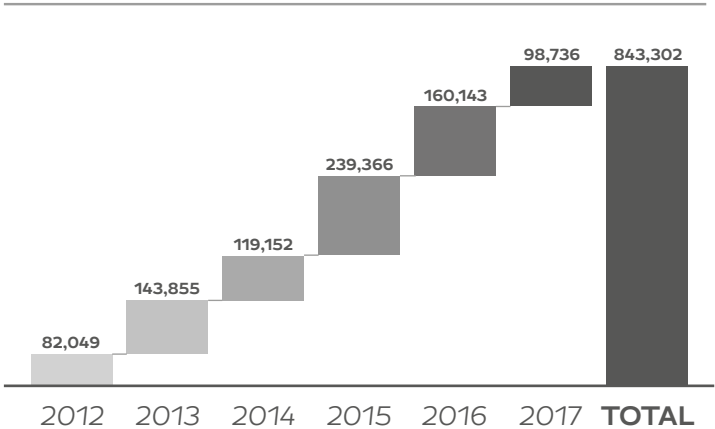


INVESTMENT

In order to achieve this growth in GLA, tenant sales and revenue, we have invested CLP\$843,302 million in the last five years. In keeping with our investment policies, growth was funded with equal parts debt and equity, including three capital increases.

We have invested in new projects, mergers and acquisitions as well as purchases of minority interests in Chile, Peru and Colombia.

TOTAL INVESTMENT (MCLP\$)



OUR 2017 GROWTH FOCUS

This year's investments were concentrated in acquisitions, new projects and expansion of real estate assets in the three countries where we operate.

CHILE

Arauco Coronel Acquisition

Location: Coronel, Chile
Format: Regional shopping center
GLA: 30,000 m²
Investment: MUS\$ 70

COLOMBIA

Arauco Premium Outlet Bogotá New Project

Location: Bogota, Colombia
Format: Premium outlet
GLA: 13,000 m²
Investment: MUS\$ 31

Hotel Bucaramanga Expansion

Location: Bucaramanga, Colombia
Guest rooms: 104
Investment: MUS\$ 7

PERU

MegaPlaza Express Huaral New Project

Location: Huaral, Peru
Format: Neighborhood shopping center
GLA: 9,000 m²
Investment: MUS\$ 12

MegaPlaza Villa El Salvador II New Project

Location: Lima, Peru
Format: Neighborhood shopping center
GLA: 11,000 m²
Investment: MUS\$ 11

Parque Lambramani Renovation

Location: Arequipa, Peru
Format: Regional shopping center
Investment: MUS\$ 8



PROJECTS UNDER DEVELOPMENT

| New Projects | Type | Country | Format | Date | Total GLA m² | Ownership (%) | Company- owned GLA m² | Total Investment (local currency) | Total Investment (MUS\$) |
|---|-------------|---------|---------------------------------|------------------|-----------------|------------------|-----------------------------|---|--------------------------------|
| Parque Angamos | New project | Chile | Neighborhood shopping center | 2H18 | 11,000 | 55% | 6,050 | 886,000 | 37 |
| Arauco Express Coquimbo | New project | Chile | Strip center | 2H18 | 3,000 | 53% | 1,590 | 155,000 | 7 |
| Viamix Colonial | New project | Peru | Strip center | 1Q18 | 3,000 | 100% | 1,000 | 25,000 | 7 |
| La Molina | New project | Peru | Neighborhood shopping center | To be defined | 19,500 | 100% | 19,500 | 180,000 | 56 |
| Parque Arauco Kennedy | Expansion | Chile | Regional/hotel | 2H21 | 11,000 | 100% | 11,000 | 5,355,000 | 233 |
| Bazar Gourmet Parque Arauco Kennedy | Expansion | Chile | Regional shopping center | 2H18 | N/A | 100% | N/A | 120,000 | 5 |
| Arauco Express Ossandón | Expansion | Chile | Strip center | 1H19 | 1,000 | 53% | 530 | 71,500 | 3 |
| El Quinde Cajamarca | Expansion | Peru | Regional shopping center | 1H18 | 2,500 | 100% | 2,500 | 40,000 | 12 |
| Total | | | | | 51,000 | | 44,170 | | 360 |





Parque Arauco Kennedy

IS GROWING

Marking a new stage for Parque Arauco Kennedy, work on its expansion began in 2017. The result will be the country's first Hilton hotel, a large convention center, new stores and additional parking spaces.

The expansion will include other novelties, like a new iconic 25,000 m2, four-level Falabella, the chain's largest in the world.

The new project will enable us to improve customer experience and renew our product and service offering.

TECHNICAL SPECIFICATIONS



Flagship store
25,000 m²



401
guest rooms



Estimated opening
2021



Convention center
3,000 m²
in meeting rooms



Investment
US\$ 233 million



5-star hotel
Hilton Santiago
Las Condes



700
parking spaces

LAND BANK

To develop new shopping centers, we must look ahead.
Our land bank is the basis of the company's future growth.

| Name | m ² | Ownership (%) | Total Investment (local currency) ¹ | Total Cost (MUSD) ² |
|-----------------------------------|----------------|---------------|--|--------------------------------|
| Quilicura | 25,486 | 100% | 78,000 | 3 |
| Buenaventura | 115,864 | 100% | 455,000 | 20 |
| Chicureo | 47,614 | 100% | 206,000 | 9 |
| Los Andes | 39,254 | 100% | 117,000 | 5 |
| Otros en Chile | 55,567 | 100% | 445,000 | 19 |
| Total Chile | 283,380 | 98% | 1,301,000 | 56 |
| Chimbote | 42,657 | 100% | 18,000 | 6 |
| Talara | 30,675 | 100% | 9,400 | 3 |
| Ica | 12,643 | 100% | 13,500 | 4 |
| Chiclayo | 51,651 | 100% | 12,865 | 4 |
| 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 | 25 |
| Total Peru | 349,043 | 70% | 168,765 | 51 |
| Neiva | 49,537 | 100% | 18,000 | 6 |
| Valledupar | 46,000 | 100% | 30,000 | 10 |
| Barranquilla | 56,166 | 100% | 76,000 | 25 |
| Total Colombia | 151,703 | 100% | 124,000 | 41 |
| Total | 784,531 | 87% | | 148 |

1. Land bank in Chile in UF, in Peru in MPEN and in Colombia in MCOP.
2. Using exchange rate as of December 31, 2017: 26,800 CLP/UF, 614.8 CLP/USD, 2,984.8 COP/USD, 3.24 PEN/USD.

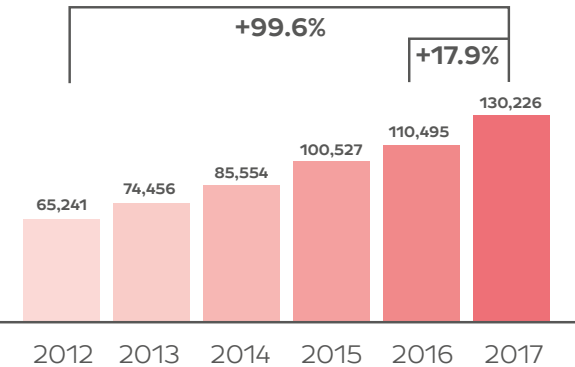
PROFITABILITY

IN 2017

EBITDA

In keeping with revenue, consolidated EBITDA grew 99.6% over the last five years and 17.9% last year.

GROWTH IN EBITDA (MCLP\$)

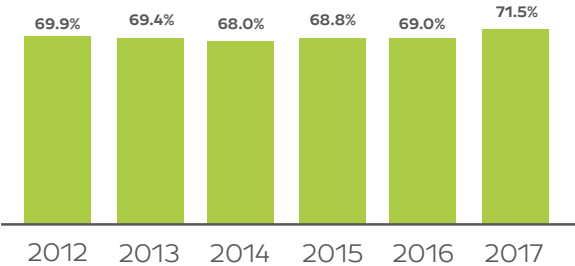


EBITDA MARGIN

In recent years, we have conducted numerous initiatives to improve efficiency levels. The results of those efforts have begun to show in recent quarters, especially recent months.

At 71.5%, our EBITDA margin at year-end 2017 was higher than the last five years.

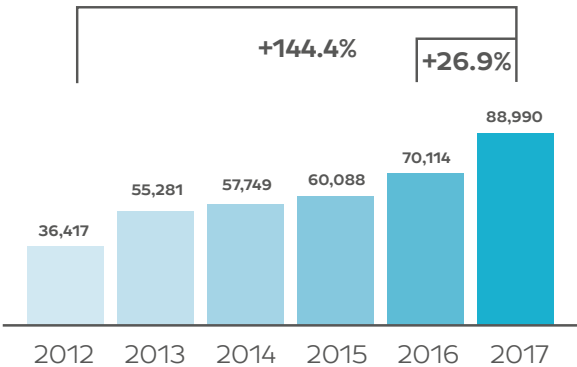
EBITDA MARGIN



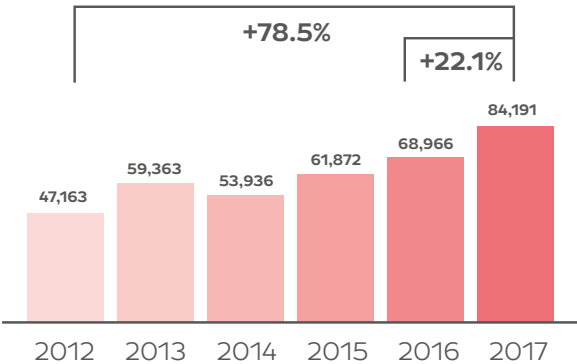
POSITIVE RESULTS

Thanks to our operational efficiency efforts, higher EBITDA and non-operating income, the company's results have improved. Profit attributable to equity holders of the parent increased 144.4% over the last five years and 26.9% in 2017. In terms of Adjusted Funds from Operation (AFFO) attributable to equity holders of the parent, we grew 78.5% in five years and 22.1% last year.

PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (MCLP\$)



AFFO ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (MCLP\$)





SUSTAINABILITY

IN 2017

In recent years, we have established priority issues for sustainability management. To do so, we gathered information and performed a diagnostic to map commonalities between stakeholders and their perspectives regarding Parque Arauco's sustainability approach. Below are some examples of the inputs we used to establish our sustainable work agenda:

» **Analysis of Latin American and global real estate practices**

Fifteen companies and their sustainability approaches, indicators and priorities were considered.

» **Review of the relevant criteria considered in international indexes and standards for the real estate industry**

On this point, we have considered the scope of assessment and indicators for the Dow Jones Sustainability Index, the GRI-G4 Construction and Real Estate Sector Disclosures supplement and the components of the Vigeo Eiris evaluation, among others.

» **Review of press coverage**

We examined the issues and type of press coverage and its focus in the countries where we operate.

» **Work meetings and virtual stakeholder surveys**

We hosted some face-to-face meetings with representatives from civil society, communities and suppliers. We have also gathered information on aspects related to sustainability management using virtual stakeholder surveys.

» **Analysis of the Merco 2017 Corporate Reputation Study**

Considers how the annual reputation ranking of Chilean companies is put together. For this point, we review the results and main findings of the survey given to more than 1,200 people from the following groups: financial analysts, public figures, unions, consumer associations, influencers, business professors, NGOs and journalists.

On the following question from the Merco Consumption survey:
To what extent do you think Parque Arauco is a company with a good reputation?

Parque Arauco received 7.3 of 10, which is slightly better than 2016 and above the industry average.

Based on the information from these different sources, we consolidated and prioritized efforts and, as a result, identified and established three action areas. Each has three work areas that help us organize and progressively strengthen our vision and sustainable management. The result is depicted below:



PERFORMANCE PROGRESS

The following table summarizes 2017 progress on our sustainability agenda as well as the purposes and challenges that will frame our performance in the short and medium terms.

GENERATING SOCIAL VALUE

| Work areas | Status | Progress | Challenges |
|--|-------------|---|--|
| Develop programs and initiatives that support local and emerging entrepreneurship in Chile, Peru and Colombia | In progress | We held 23 free fairs in Chile, Peru and Colombia. More than 400 local and emerging entrepreneurs benefited. | Implement a training and mentoring program for small-scale entrepreneurs. |
| Conduct activities that promote a culture of inclusion and accessibility at our shopping centers in Chile, Peru and Colombia | In progress | <p>We launched partnerships through which we offer student internships in 4 shopping centers in Chile. In 2017, 14 young people with cognitive disabilities held students internships. To date, 54 interns have participated in the program.</p> <p>We implemented programs that promote art and culture as a means of developing skills and inclusion of people with disabilities. This is done through cinema and sports in Chile, photography in Peru and fine arts in Colombia.</p> | <p>Identify accessibility gaps at our shopping centers.</p> <p>Optimize programs promoting a culture of inclusion at shopping centers in Chile, Peru and Colombia.</p> |
| Develop and implement a corporate strategy on engagement with surrounding communities | In progress | <p>Establish the strategy, phases of implementation and work tools required for the teams.</p> <p>Through a pilot program at the Arauco Maipú shopping center in Chile, we made progress on training and implementing the self-assessment phase of the community impact at shopping centers in Chile and Colombia.</p> | <p>Make progress on implementing infrastructure teams for projects under development.</p> <p>Implement subsequent phases at operational shopping centers.</p> |

RESPONSIBLY OPERATING OUR SHOPPING CENTERS

| Work areas | Progress | Description | Challenges |
|--|-------------|--|--|
| Provide training on and launch a tool for assessing our strategic suppliers' sustainability practices in Chile, Peru and Colombia. | In progress | <p>In 2017, we worked with Sistema B to launch the "Measure What Matters" program for a group of 23 strategic suppliers in Chile and Colombia.</p> <p>The initiative included a workshop and self-assessment tools for participants</p> | <p>Implement the initiative for strategic suppliers in Peru.</p> <p>Provide feedback and make progress with work plans that focus on the main assessment findings.</p> |
| Implement sustainable construction standards for future Parque Arauco projects. | In progress | <p>Two of the shopping centers in our portfolio earned LEED certification in 2017.</p> <p>We participated in the Chile Green Building Council.</p> | Develop a guide on sustainable construction criteria and practices for future projects. |
| Measure environmental performance of operational shopping centers and efficiently manage natural resources. | In progress | <p>We began implementing the Environmental Management Mechanism in the main shopping centers in Peru and Colombia in 2017.</p> <p>Thanks to their good practices, two shopping centers in Chile earned energy efficiency seals.</p> <p>We reused more than 16,000 m3 of water to supply the operation of our shopping centers in Colombia and Peru.</p> <p>Clean energy sources comprise 22% of the total energy matrix that supplies the operation of our shopping centers.</p> | <p>Progress on the Environmental Management Mechanism for all shopping centers in our portfolio.</p> <p>Implementation of energy and water efficiency projects as well as waste management in Chile, Peru and Colombia.</p> <p>Make progress on using clean energy sources to supply a portion of our operations.</p> <p>Conduct awareness activities that promote good environmental practices related to our operations.</p> |



COMMITMENT AND LEADERSHIP IN DECISION MAKING

| Work areas | Progress | Description | Challenges |
|---|-------------|---|---|
| Continue progress on assessment and implementation of labor practices in order to be recognized as a company that attracts the best talent. | In progress | <p>In 2017, we were ranked 30th on the Great Place to Work Ranking and 47th on the Merco Talent Ranking (Chile).</p> <p>The minimum salary at Parque Arauco is 1.7 times the legal minimum wage in the countries where we operate.</p> | Continue improving our GPTW and Merco Talent rankings. |
| Implement a risk management model. | In progress | <p>The work plans we established for implementing a risk management model include best practices backed by international standards (ISO 31,000 and COSO).</p> <p>We implemented a safety and security management process for teams in Chile, Peru and Colombia.</p> | <p>Continue strengthening the organization's risk management.</p> <p>Make progress on the Safety and Security Area's plans in Chile, Peru and Colombia.</p> |
| Strengthen ethics and good corporate governance practices. | In progress | <p>Conclusions from the corporate governance practices diagnostic were analyzed in 2017.</p> <p>We earned 4th place in the Chile Corporate Transparency Ranking, advancing 21 places since last year.</p> <p>Transparencia Chile awarded us 1st place in Transparency and Anti-Corruption (TRAC).</p> | <p>Make progress on implementation of internal activities that promote a culture of ethics and corporate values.</p> <p>Continue carrying out corporate transparency actions.</p> |



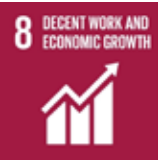
PRINCIPLES TO WHICH WE ADHERE (G4-15)



Adhering to the principles of the Global Compact since December 2015, in Chile we participate in the spaces and efforts proposed by the network.

In 2016 and in keeping with our UN Global Compact efforts, we began identifying the 2030 Agenda Sustainable Development Goals (SDGs) that are directly related to our operations and the action plans we have set from our sustainability perspective.

Over the coming years, we plan to extend this exercise with action plans that establish periodic monitoring of our progress. Internal analysis using SDG Compass methodology revealed that the following SDGs were most connected to the foundations of our corporate sustainability strategy:



The following action areas from our sustainability strategy are directly related to this SDG:

» Develop programs or initiatives that support local and emerging entrepreneurship in Chile, Peru and Colombia¹

» Provide training on and launch a tool for assessing our strategic suppliers' sustainability practices in Chile, Peru and Colombia.²

» Continue progress on assessment and implementation of labor practices in order to be recognized as a company that attracts the best talent.³



The following action area in our sustainability agenda is directly related to this SDG:

» Develop and implement a corporate strategy on engagement with surrounding communities.⁴



» We worked with more than 30 community organizations, trade associations or institutions in Chile, Peru and Colombia. Some examples of the partnerships we have developed in 2017 are:

» Our work with Sistema B Chile on the Measure What Matters program for strategic suppliers; our participation in the Energy Efficiency and Sustainability Working Group for the Chilean real estate industry, among others.⁵

1. For additional information on initiatives to support local entrepreneurs, see page 62.

2. For additional information on supplier sustainability evaluation practices, see page 65.

3. For additional information on labor practices in order to be recognized as a company that attracts the best talent, see page 86.



HUMAN RIGHTS

We also participated in the Human Rights and Companies working group, along with other companies from the Global Compact network in Chile. The information gathered was used to establish plans of action to identify and manage our impact on this issue. In relation to this issue, the action areas that we are addressing through our sustainability agenda are:

» Conduct activities that promote a culture of inclusion and accessibility at our shopping centers in Chile, Peru and Colombia.

» Develop and implement a corporate strategy on engagement with surrounding communities.

» Provide training on and launch a tool for assessing our strategic suppliers' sustainability practices in Chile, Peru and Colombia.

» Continue progress on assessment and implementation of labor practices in order to be recognized as a company that attracts the best talent.

Finally, after reviewing our agenda and sustainable management priorities, we believe that, in addition to the other SDGs that are part of our commitment to UN-Global Compact 2030 Agenda, we can also contribute positively to SDG 13: Climate Action.

Thus, in 2018, we expect to make progress on the following points related to SDG 13

» Effectively manage energy use, water, waste and emissions.

» Make progress on using clean energy sources to supply a portion of our operations.

» Conduct awareness activities that promote good environmental practices related to our operations.

4. For additional information on the community engagement strategy see page 59.

5. For additional information on social contributions, donations and other partnerships, see page 129.





3.

ETHICS AND CORPORATE GOVERNANCE

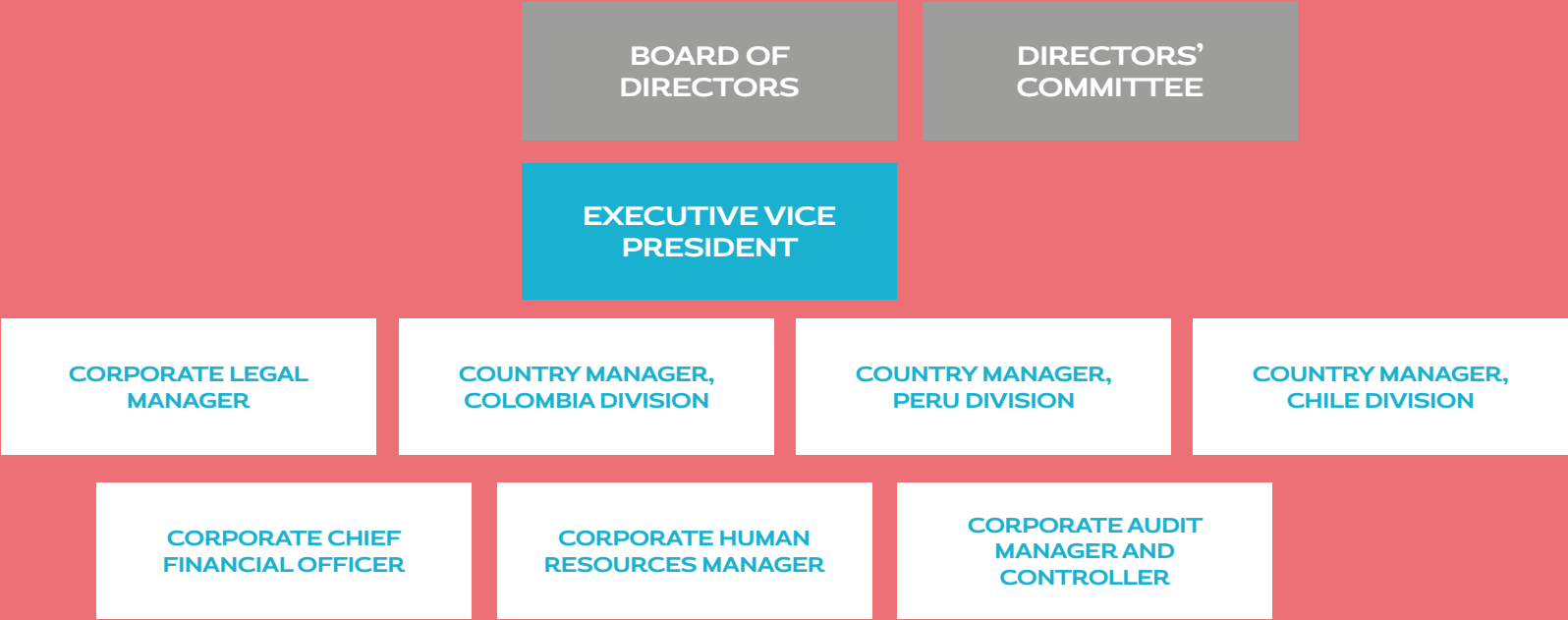




GOBIERNO CORPORATIVO



We are a publicly traded corporation, overseen by a nine-member Board of Directors. The directors serve three-year terms and may be subsequently re-elected. Board members make strategic decisions while monitoring the creation of sustainable value (economic, social and environmental) and the development of our plan. Likewise, they are responsible for reviewing and managing all potential business risks and requesting and evaluating information in a timely manner in order to mitigate and/or resolve potential gaps that may arise.



BOARD COMPOSITION

(G4-34, G4-38, G4-39, G4-41, G4-LA12)

A complete description of our directors' activities and experience as well as the criteria for selecting independent directors, according to Chilean legislation, is available on our website:
<http://www.parauco.com/estructura-del-directorio/>

1. **José Said Saffie**
Chairman

Chilean National ID: 2.305.902-9
Date appointed: 04/15/2016
Education: Bachelor of Laws,
Universidad de Chile

2. **Salvador Said Somavía**
Director

Chilean National ID: 6.379.626-3
Date appointed: 04/15/2016
Education: Bachelor of Business
Administration, Universidad
Gabriela Mistral de Chile.

3. **Orlando Sáenz Rojas**
Director

Chilean National ID: 3.599.669-9
Date appointed: 04/15/2016
Education: B.S. in Civil Engineering,
Pontificia Universidad Católica
de Chile.

4. **Juan Carlos Lobos Pérez**
Independent Director

Chilean National ID: 4.567.869-5
Date appointed: 04/15/2016
Education: Bachelor of Laws
and Social Sciences, Universidad
Católica de Valparaíso.

5. **José Domingo Eluchans Urenda**
Director

Chilean National ID: 6.474.632-4
Date appointed: 04/15/2016
Education: Attorney, Pontificia
Universidad Católica de Chile .

6. **Rafael Aldunate Valdés**
Independent Director

Chilean National ID: 5.193.449-0
Date appointed: 04/15/2016
Education: Bachelor of Business
Administration, Pontificia
Universidad Católica
AMP, Harvard University

7. **Luis Hernán Paúl Fresno**
Independent Director

Chilean National ID: 7.289.965-2
Date appointed: 04/15/2016
Education: B.S. in Civil Engineering,
Pontificia Universidad Católica de
Chile and MBA, Massachusetts
Institute of Technology.

8. **René Abumohor Touma**
Director

Chilean National ID:
3.065.693-8
Date appointed: 04/15/2016
Education: Financial Investor

9. **Guillermo Said Yarur**
Director

Chilean National ID: 6.191.544-3
Date appointed: 04/15/2016
Education: B.S. in Industrial
Engineering, Universidad de Chile
Post graduate degree in Finance,
Universidad Adolfo Ibáñez.

Directors no longer serving:

Rossana Gaio Cuevas

Independent Director
Chilean National ID: 6.934.528-K
Education: Bachelor of Accounting,
Escuela de contadores Auditores de Santiago
Date appointed: 04/25/2013
Date resigned: 04/15/2016

Joaquín Brahm Barril

Independent Director
Chilean National ID: 7.052.386-8
Education: Bachelor of Business Administration,
Pontificia Universidad Católica de Chile
Date appointed: 04/25/2013
Date resigned: 04/15/2016

As of year-end 2017, none of the directors held executive positions at Parque Arauco. Parque Arauco directors do not own any direct interest in the Company, with the exception of Guillermo Said Yarur, who holds a direct interest of 0.04%. The company's bylaws do not call for alternate directors. In 2017, the company incurred no expenses for advisory services hired by the board.



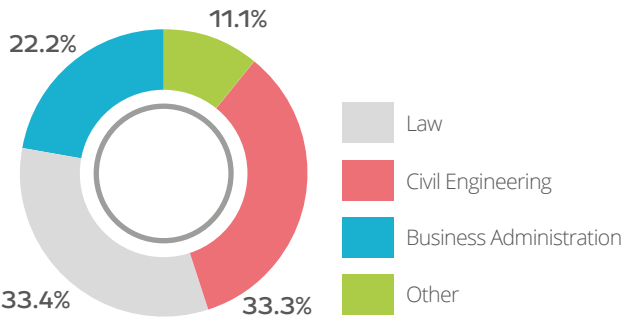


DIVERSITY ON OUR BOARD



In accordance with current regulations, corporations are required to report on the representative diversity—in terms of the age, gender, years of service and nationality—of their directors, managers and the organization in general. The diversity of our board is shown below:

DIVERSITY BY EDUCATIONAL BACKGROUND



DIRECTORS' COMMITTEE

Parque Arauco's Directors' Committee was established in 2001. In 2017, the committee held 11 sessions and the members were Luis Hernán Paúl, Rafael Aldunate Valdés and Guillermo Said Yarur.

This year, the Committee performed the following roles in accordance with current regulations:

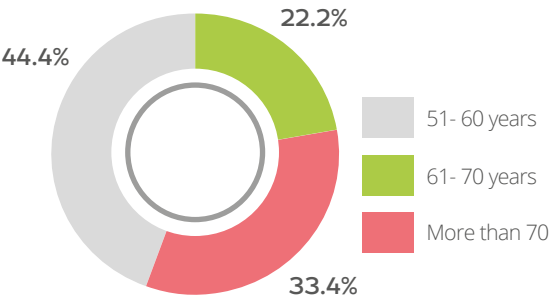
- 1. Internal Auditing**
Reviewed and monitored the annual audit plan.
- 2. Financial Statements**
Analyzed and approved standalone and consolidated financial statements. Quarterly statements were reviewed and special attention was paid to year-end statements.
- 3. External Auditors**
Proposed external auditors. Also includes monitoring work performed throughout the year in the corresponding board meetings.
- 4. Risk and Compliance**
Supervised implementation of risk model for Chile, Peru and Colombia.

Monitored implementation of Crime Prevention Models and data protection laws in Peru and Colombia.

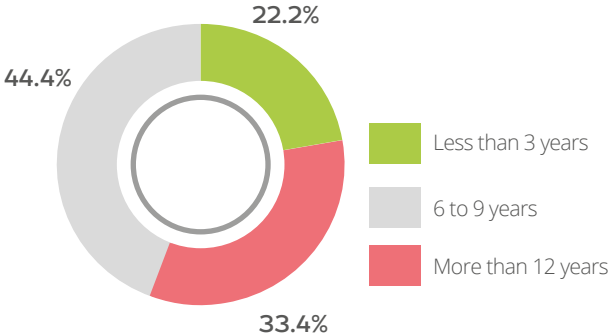
Monitored compliance with the Crime Prevention Model. Reviewed proposal for design and implementation of a comprehensive compliance model.
- 5. Others**
Proposed committee expenses needed to properly perform their duties.

Analyzed compensation systems and plans for main executives.

DIVERSITY BY AGE



DIVERSITY BY YEARS OF SERVICE ON THE BOARD



For more information on the composition of our Board of Directors, see page 46.



SENIOR EXECUTIVES

(G4-36, G4-43, G4-47)

Our senior executives are responsible for overseeing business development. In addition to economic aspects, they must also consider environmental and social variables. All initiatives and projects are submitted to the Board for analysis. In order to create sustainable value for all stakeholders, Parque Arauco's teams and areas also account for these variables when developing projects.

*For additional information on the prior experience of our executive team, please visit our website:
www.parauco.com/organigrama-y-ejecutivos/*

1. Juan Antonio Álvarez Avendaño

Executive Vice President

Chilean National ID: 7.033.770-3

Date appointed: 11/01/2011

Education: Attorney, Universidad de Chile; MBA, Pontificia Universidad Católica de Chile

2. Claudio Chamorro Carrizo

Corporate Chief Financial Officer

Chilean National ID: 10.585.375-0

Date appointed: 02/01/2013

Education: Bachelor of Business Administration, Pontificia Universidad Católica; MBA, University of California (UCLA).

3. Duncan Grob Urzúa

Corporate Legal Manager

Chilean National ID: 10.777.541-2

Date appointed: 09/02/2015

Education: Attorney, Pontificia Universidad Católica de Chile Master's in Corporate Law (LL.M.), Universidad de Los Andes.

4. Marco Henríquez Espinoza

Corporate Audit Manager and Controller

Chilean National ID: 9.401.560-K

Date appointed: 01/02/2013

Education: Bachelor of Accounting, Universidad Tecnológica Metropolitana. He specialized in computer auditing at Universidad de Chile and earned a certificate in operational risk and project management.

**5. Carolina Galletti Vernazzani
Fuente-Alba**

Corporate Human Resources Manager

Chilean National ID: 10.036.478-6

Date appointed: 08/01/2012

Education: Bachelor of Business Administration, Universidad de Concepción.

6. Andrés Torrealba Ruiz-Tagle

Country Manager,
Chile Division

Chilean National ID: 7.622.704-7

Date appointed: 01/01/2011

Education: Bachelor of Business Administration and MBA, Pontificia Universidad Católica de Chile.

7. Eduardo Herrera Vázquez

Country Manager,
Peru Division

National ID: 07257688

Date appointed: 11/01/2008

Education: B.S. in Industrial Engineering, Pontificia Universidad Católica de Perú; M.S. in Finance, London Business School

8. Juan Pablo Romero Restrepo

Country Manager,
Colombia Division

National ID: 79.778.451

Date appointed: 09/01/2008

Education: Bachelor of Business Administration, CESA School of Business MBA, Thunderbird School of General Management in Phoenix, Arizona.



**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 1,785,180 shares (0.20%).*



OTHER EXECUTIVES

» Nicolás Bennett Nualart

Shopping Center Manager,
Chile Division

Chilean National ID: 13.829.061-1

Serving since: 11/1/2016

Education: B.S. in Industrial
Engineering

» Felipe Castro del Río

Commercial Manager, Chile Division

Chilean National ID: 13.434.482-2

Serving since: 10/01/2012

Education: Bachelor of Business
Administration

» Andrés Neely Erdos

Corporate Planning
and Control Manager

Chilean National ID: 14.039.604-4

Serving since: 9/20/2016

Education: B.S. in Industrial
Engineering

» Diego Mauricio Bermúdez Farías

Shopping Center Manager,
Colombia Division

National ID: 0-E Foreigner

Serving since: 10/01/2017

Education: Bachelor of Business
Administration with special
mention in Finance

» Alonso Fernando Gamero Eguiluz

Shopping Center Manager,
Peru Division

National ID: 0-E Foreigner

Serving since: 02/15/2007.

Education: B.S. in Civil Engineering

» Eduardo Pérez Marchant

Corporate Finance Manager

Chilean National ID: 10.662.089-K

Serving since: 06/01/2013

Education: Bachelor of Business
Administration.

» Carolina Bermúdez Rueda

Finance Manager,
Colombia Division

National ID: 0-E Foreigner

Serving since: 11/20/2017

Education: Bachelor of Economics

» César Morales Guerra

Finance Manager,
Peru Division

National ID: 0-E Foreigner

Serving since: 01/06/2016

Education: Bachelor of Business
Administration



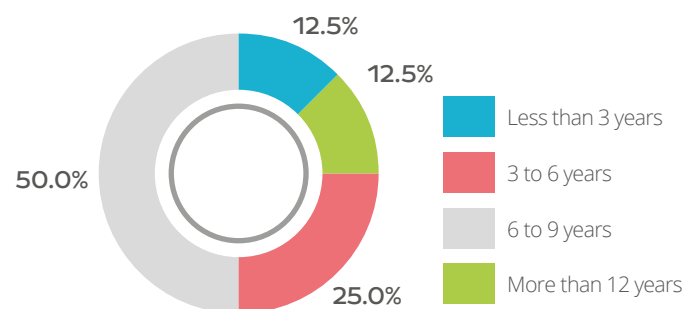


DIVERSITY ON OUR EXECUTIVE TEAM

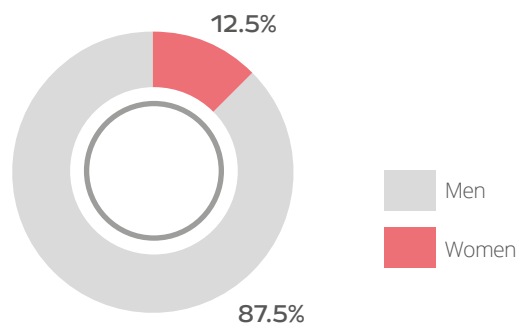


The following graphs illustrate how this reality is reflected within our senior executive team:

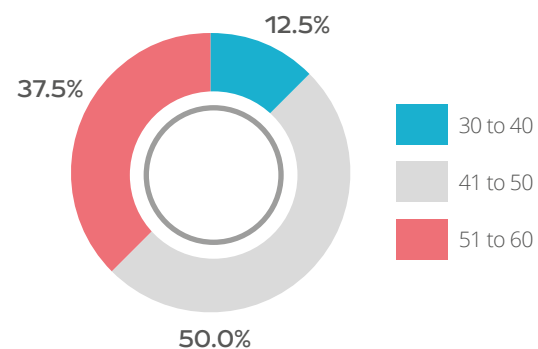
DIVERSITY BY YEARS OF SERVICE



DIVERSITY BY GENDER



DIVERSITY BY AGE



For more information on the composition of our executive team, see page 48.





EXECUTIVE COMMITTEES

Executives reporting to our Executive Vice President lead committees that address issues like risk, sustainability and corporate ethics in Chile, Peru and Colombia from an interdisciplinary, comprehensive perspective.

RISK COMMITTEE

This committee is comprised of the Controller, Corporate Chief Financial Officer, Corporate Finance Manager, Corporate Legal Manager, and the Risk Auditor (secretary). The committee met twice in 2017. Its main responsibilities or objectives are to:

- Disseminate and uphold the company's risk management commitment throughout the entire organization.
- Provide guidelines to reduce risk exposure, offer opportunities and encourage risk monitoring initiatives from the Office of the Controller.
- Monitor and assess action plans created by the divisions and/or individuals responsible for the company's processes

SUSTAINABILITY COMMITTEE

Comprised of the Corporate Chief Financial Officer, Corporate Finance Manager, Corporate Legal Manager, and the Corporate Head of Sustainability. In 2017, the committee met four times. The committee's main responsibilities are to:

- Monitor progress on the action areas and priorities set forth in the sustainability strategy in the countries where we operate.
- Prepare information on and present the milestones or most relevant issues regarding implementation of the Sustainability Plan to the Board of Directors.
- Analyze and approve donation requests; carry out the approved social assistance and contribution proposals in Chile, Peru and Colombia.

ETHICS COMMITTEE

Comprised of the Corporate Human Resources Manager, the Controller and the Corporate Legal Manager. This committee lends support, objectivity and rigor to the process of investigating reports received through our complaint hotline, EthicsPoint.

This committee reviews reports and the results of inquiries, depending on the facts established for each case. The process ends in a report containing conclusions and measures to be adopted as a result of the complaint.

In 2017, the committee met twice.



CULTURE OF ETHICS AND COMPLIANCE

(G4-2, G4-14, G4-56, G4-57, G4-58, G4-LA16)



The company's policies and practices are based on ethical behavior and regulatory compliance.

Our culture is guided by our corporate values and based on business ethics that define our business decisions.

We are constantly working to reinforce this culture with internal tools that communicate the frame of reference, follow-up processes, monitoring and support available to our teams.

OUR CODE OF BUSINESS CONDUCT

All Parque Arauco employees receive a copy of the code of conduct, which is always available on the intranet and our website.

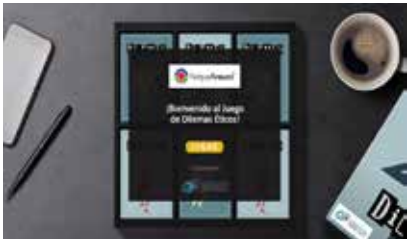
It specifies basic, non-negotiable behavior, whether acting individually or collectively, that is applicable to all members of our organization, including directors and representatives of our subsidiaries.

The main points of the document are:

- » Compliance with laws, standards and regulations.
- » Conflicts of interest.
- » Use of insider information.
- » Antitrust law
- » Use of confidential information
- » Fraud and integrity of financial 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

VIRTUAL ETHICAL DILEMMA GAMES

We have implemented a virtual game platform to promote a culture of ethics. The tool poses ethical dilemma scenarios related to our business and provides possible alternatives for conduct or decisions. In 2017, more than 200 employees participated in the nine dilemmas offered and the platform was accessed more than 900 times.





ETHICSPPOINT

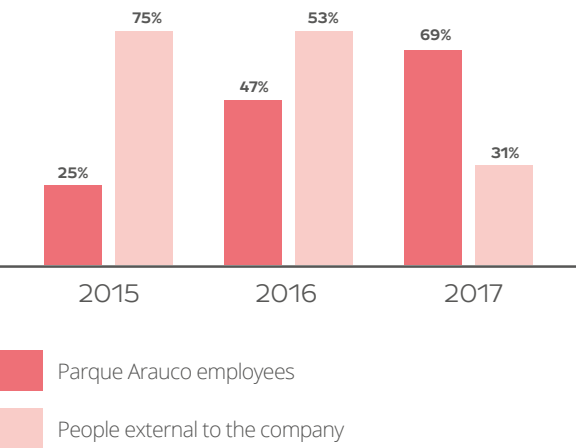
We have an open mechanism through which all our stakeholders can make anonymous complaints. EthicsPoints provides anyone—whether customer, tenant, user, employee, supplier, investor, shareholder, neighbor or a member of the general community—with a simple, risk-free way of anonymously reporting activities that could involve irregularities, misuse of company assets or resources, abusive behavior, or violations of current law or corporate policy.

Parque Arauco is committed to upholding the highest standards of ethics and integrity. Consequently, we ensure proper and effective follow-up for each complaint received through this channel.

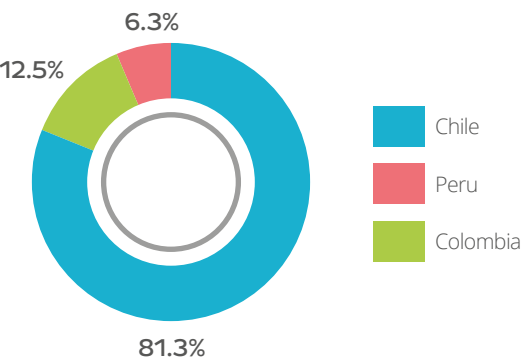
The Ethics Committee analyzes all complaints received through EthicsPoint and decides how to proceed. They follow up on each case and periodically report to the Executive Vice President and Directors' Committee on the results of the investigations.

In 2017, we received 16 complaints (one less than in 2016), 69% of which were filed by Parque Arauco employees.

ETHICSPPOINTS COMPLAINTS



ORIGIN OF COMPLAINTS



* To access EthicsPoints, visit:
<http://www.parauco.com/etica-y-cumplimiento/codigo-de-conducta-empresarial/>





CRIME PREVENTION MODEL

Our Crime Prevention Model consists of ongoing monitoring through controls on processes and/or situations that could pose a risk in terms of the provisions of Law 20,393, which refers to:

- » Money laundering
- » Terrorism finance
- » Bribery of a public national or foreign official
- » Receiving stolen property (added with Law No. 20,931)

Our crime prevention model involves the following process:

PREVENTION



| Corporate Governance | | |
|---|-----------------------------------|-----------------------------------|
| Crime Prevention Officer (CPO) / Compliance Officer | | |
| Director / Executive Vice President / First and Second Line Executives / Employees | | |
| Crime Prevention Manual | | |
| Identification of risky activities <ul style="list-style-type: none">• Terrorism finance• Money laundering• Bribery• Receiving stolen property | » Legal compliance | » Support areas |
| Identification of controls <ul style="list-style-type: none">• Prevention activities• Retention activitie | » Clause in employee contracts | » Individual and the organization |
| Training and disclosure <ul style="list-style-type: none">• Context of the model• Operating activities | » Clause in third-party contracts | » Support areas |
| Compliance assessment <ul style="list-style-type: none">• Test effectiveness of the controls | » Internal regulations | » Ethics Committee |
| Action Plans <ul style="list-style-type: none">• Improvements to model design• Investigation• Sanctions• Record keeping and follow-up | » Code of Business Conduct | » Internal audit |
| | » Financial Analysis Unit (UAF) | » Directors' Committee |
| | » CMF | |

DETECTION



RESPONSE



Supervising and Monitoring the Model

Certification of Crime Prevention Model

Complaints Channel - Investigation - Sanctions

Reports (Directors' Committee)

RISK MANAGEMENT AND MONITORING*

Based on a three-year timeline (2016-2018), Parque Arauco has established a risk management model that includes best practices backed by international standards (ISO 31,000 and COSO). We strive to uphold the principle of precaution and anticipate situations that could threaten the sustainability of our operations or the stakeholders with which we interact.

At the same time, we use our internal control and management map to classify risks into three categories, each of which is directly or indirectly associated with environmental, social or economic aspects of the operation.



1. GENERAL RISKS

General risks, also called environmental risks, are the result of external factors that can trigger important changes in the foundations of the objectives and business strategy.

This category includes issues related to:

- Competition
- Customer needs
- Technological innovation
- Sensitivity
- Shareholder relations
- Capital availability
- Bribery or political risks
- Legal and regulatory risks

2. INFORMATION RISKS

Information risks are related to the handling, reliability and backing up of data or information relevant to the company's strategic decision making.

This category includes issues related to:

- Setting prices
- Commitments undertaken
- Preparing reports
- Context and environmental analysis
- Business portfolio
- Valuation
- Measuring performance
- Planning
- Life cycle
- Business model

3. PROCESS RISKS

Process risks are those that are inherent to management of the business.

They are issues that affect the company's value creation:

- Operational risks
- Financial risks
- Regulatory risks
- Technological risks
- Integrity risks

MATURE RISK MANAGEMENT:

This year, Deloitte conducted a study on risk management in different industries, including real estate and construction, financial services, mass consumption and industrial products as well as energy and resources.

Eighty companies were surveyed.

The survey examined the level of maturity in risk management at participating organizations, on a scale of 1 to 5. Parque Arauco scored above average for the real estate sector.

* For more information, see page 109.



SAFETY & SECURITY TOWARD A CULTURE OF SAFETY

(CRE6, G4-PR1, ODS 8, ODS 11)

In 2016, Parque Arauco began systematically working on an action plan for moving toward a culture of safety at each of our shopping centers. To do so, we are working with an international consulting firm, Dupont.

In 2017, efforts focused on:

- I. Adopting best practices
- II. Standardizing processes

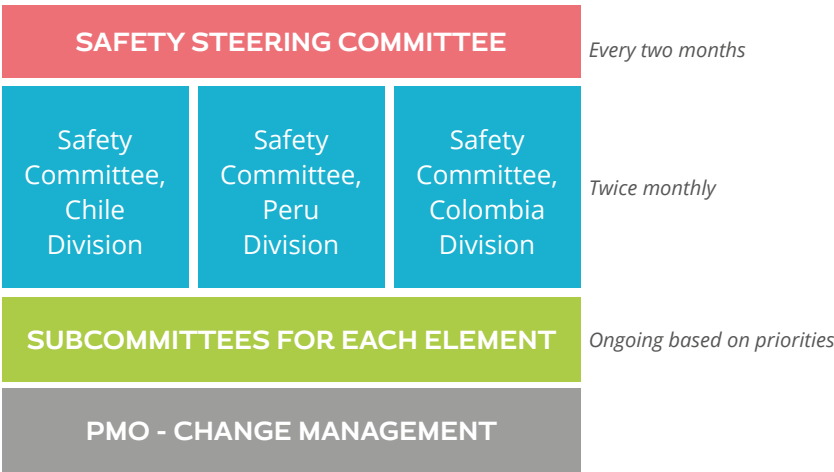
Through the first stage of reviewing the processes at some of our shopping centers, we identified six critical priorities:

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

In order to standardize safety in our organization, we created a Steering Committee, whose objective is to monitor all current programs and establish safety policies, targets and objectives.

The Steering Committee leads a network of subcommittees that are responsible for guiding implementation and development of the proposed solutions.

The following diagram illustrates the structure of the integrated organization:



The results of this initiative:

- 45 people trained as part of the Safety & Security project.
- Best practices have been identified for the six critical elements.
- Standardized safety procedures have been created.





4. SOCIAL CONTRIBUTION



GENERATING SOCIAL VALUE

Our shopping centers are built with the aim of contributing to people's lives. Integrating our spaces with their surroundings and the community, and contributing to urban development are important to fulfilling the social role we seek to play in the areas where we operate.

SUMMARY OF OUR CONTRIBUTION TO SOCIETY AND THE COMMUNITIES WHERE WE OPERATE / 2017 FIGURES





We identified three work areas directly related to our business that we believe translate into concrete ways we can contribute to society.

**A. STRENGTHENING
TIES WITH
NEIGHBORING COMMUNITIES**

**B. SOCIAL INTEGRATION AT
OUR SHOPPING CENTERS**

**C. SUPPORT FOR LOCAL AND
EMERGING ENTREPRENEURS**

**A. STRENGTHENING
TIES WITH
NEIGHBORING
COMMUNITIES**

(G4-SO1, G4-SO2, G4-27, ODS 11)

As a company, we strive to maintain open and ongoing relationships with our neighboring communities. Implicit in the management of each of our shopping centers is the commitment to maintain and strengthen channels of communication with communities, authorities and area representatives from the beginning of shopping center construction and during operation.

We empower the leaders at our shopping centers so that they can respond to community inquiries and suggestions with a willing, proactive and responsible attitude.

**STRENGTHENING TIES
WITH OUR NEIGHBORS**

In 2017, we worked on our corporate community engagement strategy. Casa de la Paz foundation in Chile supported the design process as we worked together to identify the scope of potential impact and define processes to standardize and organize our community relations efforts.

As a basis for the strategy, we analyzed the main challenges facing the real estate industry, the industry's best practices and recurring socio-environmental impacts as well as the measures required to manage those impacts responsibly.

**STAGES OF IMPLEMENTATION FOR THE
COMMUNITY ENGAGEMENT STRATEGY**

PHASE 1: SELF-ASSESSMENT

- » Determine the level of community impact based on the characteristics of the environment and the asset under development or operation.



PHASE 2: ANALYSIS AND PREPARATION

- » Considering the specific surroundings, establish a road map and prepare the inputs required to apply the community engagement strategy.



PHASE 3: IMPLEMENTATION

- » Implement the road map, logging and documenting all community engagement processes and assessing progress, commitments and gaps, as appropriate.



PHASE 4: MONITORING

- » Review the conclusions of each phase and report the most relevant elements, taking the next steps toward continuous improvement.

In 2017, teams from shopping centers in Chile and Colombia were trained on the community engagement strategy and its procedures. We completed the initial steps of the self-assessment phase at 10 of our shopping centers, which represent 51% of our GLA: Parque Arauco Kennedy, Arauco Maipú, Arauco Estación, Arauco Quilicura, Arauco San Antonio, Arauco Chillán, Arauco Coronel, Parque La Colina, Parque Arboleda and Parque Caracolí.



PILOT PLAN AT MALL ARAUCO MAIPÚ, CHILE

We launched a pilot project involving all phases of the community engagement strategy at Mall Arauco Maipú.

The process included:

- Gathering information through 27 interviews with figures from the community, municipality and within Parque Arauco.
- Three on-site information gathering campaigns in the area of influence defined for Arauco Maipú.
- Nine work sessions with representatives from the community within the shopping center's area of influence and municipal service representatives.

Following work and community dialog sessions, the resulting plan was validated through an agreement signed by all the participants. Formal quarterly meetings are held to address progress on the plan in order to continue to cultivate relationships with our neighbors.



PERSPECTIVE FROM CIVIL ORGANIZATIONS:
MARÍA ELIANA ARNTZ, EXECUTIVE DIRECTOR AT CASA DE LA PAZ



What were the most valuable parts of your experience at Mall Arauco Maipú?

The dialog process in Maipú produced very good outcomes and enabled an agreement to be reached. It was participatory, transparent and enabled us to take measures in the shopping center's surroundings that, once in place, will improve our co-existence in the area.

The process also built ties of mutual cooperation and understanding between Mall Arauco Maipú management and the community. The direct inquiry mechanism in the event of any obstacles is expected to help these ties endure.

How did the dialog process contribute to the company's internal efforts?

This process is an example of how a team that works in shopping mall construction and operations comes to understand that the community environment is also part of managing the company and that, in places like Maipú, it must be addressed with greater understanding of those who co-exist with the shopping center on a daily basis. This is key to respect and personal dignity and, consequently, to business sustainability. Today, this starting point makes Parque Arauco innovative and an industry leader in terms of community engagement initiatives.

B. SOCIAL INTEGRATION AT OUR SHOPPING CENTERS

(PA-ISO1, ODS 8)

We want to make our shopping centers gathering places that promote inclusion and access to opportunities for all people, regardless of their condition or physical state.

We hosted more than 50 free and inclusive activities at our shopping centers in Chile, Peru and Colombia. These activities attracted more than 6,000 participants.



2017 INITIATIVES

CHILE

The International Social Innovation Festival and Parque Arauco host the second FiiS Revealed event, film that inspires change.

For the second straight year, the International Social Innovation Festival program included film, with the *FiiS REVEALED* section. Parque Arauco joined this initiative by screening a selection of films related to the 2030 Agenda for Sustainable Development.

A Spanish film, *La Historia de Jan*, which narrates the life of Jan Moll Vic, a boy with Down syndrome, kicked off the event at Parque Arauco Kennedy. With a sense of humor, effort and love, his parents seek to normalize and raise awareness of the world of disability, sharing a message of inclusion with those that see his story. Jan and his parents attended the premier and spoke with more than 160 attendees.

More than 20 media channels covered the message of respect and inclusion, reaching thousands of people in Chile.

PERU

Inclusive photography, the approach in Peru

Working with the Best Buddies foundation and Lima's Centro de Imagen, a group of 16 young people with cognitive disabilities, between 11 and 30 years old, participated in the first inclusive photography experience held by Parque Arauco in Peru. This activity provided its beneficiaries with the opportunity to show off their skills and develop artistic ability through photography.

Visitors at Larcomar Shopping Center could see the result of the process in a sample of images entitled "*Mirror of Life*".



Photos Peru: Solange Adum Abdala

COLOMBIA

Fine arts training in Colombia

In 2017, Parque Arauco worked with the Art without Borders Foundation to bring together people with disabilities to participate in a formal, three-year fine arts program at the Guerrero Fine Arts Academy. Ten of the 36 applicants were selected.

The program sought to provide complete training so that participants could chose to use art as a tool for expression and making a living in the future.

Their progress will be on display at Colombian shopping centers, showcasing the inclusion message that we want to share with our visitors.



C. SUPPORT FOR LOCAL AND EMERGING ENTREPRENEURS

(PA-ISO1, PA-AE1, PA-AE2, ODS 8)

There is a great opportunity to turn new entrepreneurial ventures into successful proposals that impact and develop the local economy. Our company focuses efforts on small and medium enterprises, for whom we provide exposure and support. We also support organizations that provide tools and training to build up small entrepreneurial ventures and boost their economic activity.

PARQUE ARAUCO AND INDAP BROUGHT THE BEST CHILEAN HANDICRAFTS TO SANTIAGO

Twenty craftspeople from throughout Chile displayed their products, which are made 100% by hand using locally sourced raw materials. The event sought to bring tradition, talent and Chilean handicraft culture to our visitors. Parque Arauco partnered with INDAP to fund 100% of the fair, which was an opportunity to sell products while sharing their cultural value. Products included traditional pottery; textiles from the Aymara, Huasa, Mapuche and Chiloe cultures; silver jewelry; and other techniques.

This experience provided craftspeople from rural areas outside Santiago with exposure and a business opportunity. Some products have earned Seals of Excellence and represented Chile internationally.

EMPRENDIENDO JUNTOS FAIR

In our second year working with the Baniguladad foundation, we supported more than 20 micro entrepreneurs. We sponsored a fair for small-scale entrepreneurs who participate in the foundation's mentoring program, showcasing products from Chile's 5th to 10th regions.

Of the 26 entrepreneurs who had the opportunity to display their products for more than 3,000 attendees in 2017, 96% were women and 52% were heads of household. These initiatives provide stimulus for families starting business ventures, many of whom are from rural areas.

Lilian Herrada, an entrepreneur from Melipilla participating in the initiative, shared the following opinion: "Thank you to the Baniguladad foundation. This event surprised us. I am pleased and thankful, but, best of all, proud of myself and my achievements."

SIGNATURE WINE AND THE PRODUCTION DEVELOPMENT FAIR AT ARAUCO CHILLÁN

We partnered with the municipality of Chillán to host the Production Development Fair at our Arauco Chillán shopping center. The fair offered local craftspeople an opportunity to access a business platform, show their products and create a contact network. More than 9,000 customers attended the event.

Through partnership with the Institute for Agricultural Development, the first Mundo Rural (Rural World) store, specializing in wine from the Chilean countryside, opened in 2017.

It stocks wine from 20 small producers who have benefited from showcasing their products and generating new business opportunities. This initiative is part of the INDAP marketing program that aims to bring rural family agriculture to new urban markets.





5.

OUR VALUE CHAIN





SUPPLIERS AND THE VALUE CHAIN

(G4-EN32, G4-LA14, G4-SO9, G4-12)

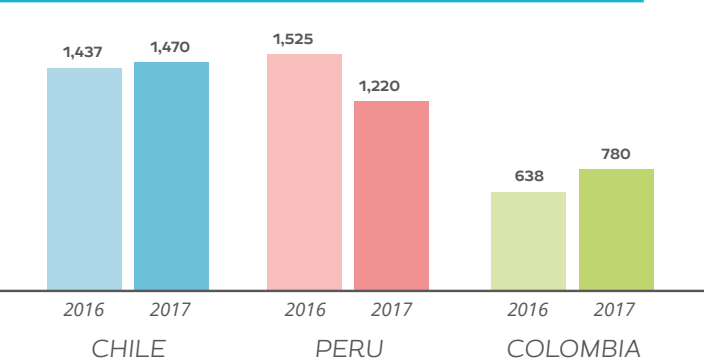
Our suppliers are a very important part of the relationship we build each day with tenants and visitors. Many times, they are the face of Parque Arauco, making them a key ally as we do business.

COMPOSITION OF OUR VALUE CHAIN



Our supply chain in Chile, Colombia and Peru is comprised of 3,470 registered suppliers, 3.6% less than in 2016.

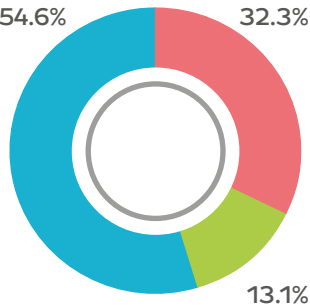
NUMBER OF SUPPLIERS



PAYMENTS TO SUPPLIERS

In 2017, payments to suppliers reached CLP\$92,078 million¹,

4% higher than the prior year (CLP\$88,508 million).



Chile Peru Colombia

SUPPLIER PAYMENT TERMS

Our purchase, payment and supplier policy stipulates a standard payment term, calculated as of the date the invoice is accepted, for each division.

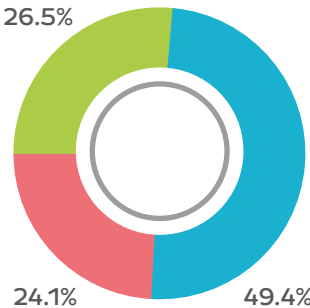
In 2017, 83% of payments to suppliers³ were made within 30 days.

1. Includes payments to suppliers for shopping center operations. Excludes payments to construction companies for work on new shopping centers.
2. Since payments to our construction suppliers are closely tied to expansion of our project portfolio, year-on-year results may vary without suggesting correlation.



PAYMENTS TO CONSTRUCTION SUPPLIERS

Including 2017 payments to construction suppliers, payments reached CLP\$93,449 million, down from the prior year's CLP\$121,570 million.



Chile Peru Colombia

In 2017, two suppliers individually represent more than 10% of the company's purchases in 2017. Both were related to the company's construction projects.

3. Average weight based on number of payments per country. (Does not include MegaPlaza)



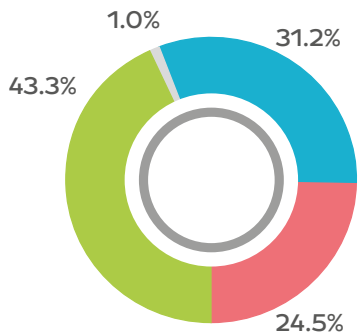
NEW SUPPLIERS

Of the 683 new suppliers added to our supply chain in 2017, 99% come from or have branches in the country where are operations are located.

We support local employment and, indirectly, other small and medium-sized companies, by selecting strategic suppliers located in capital cities and other regions of the countries.



LOCATION OF OUR NEW SUPPLIERS



■ Chile ■ Peru ■ Colombia ■ Other countries

CONSIDERATIONS IN ASSESSING, SELECTING AND MANAGING SUPPLIERS

Selecting the right suppliers plays a decisive role in the short-and long-term quality of our operational performance and development. Consequently, we are working to establish organization-wide criteria that apply from the beginning of the supplier selection process through phases after the services are provided.

To that end, we have established general guidelines for selecting strategic supplier:

» Preference will be given to suppliers that have high standards in:

- Quality and risk management
- Ethics and transparency
- Environmental matters
- Social issues

» Suppliers must:

- Meet current regulatory standards and operate within that framework.

» Suppliers are expected to be aligned in terms of development and implementation of:

- Cost
- Efficiency
- Quality
- Excellence and operational continuity

OUR STRATEGIC SUPPLIERS



Our strategic suppliers are categorized by impact on the basis of three business-related criteria: operational continuity, importance of developing new projects and the size of the transactions.

According to these criteria, our suppliers are classified as shown:

CRITERIA

OPERATIONAL CONTINUITY

Contributes to maintaining the company's operational continuity. Interruption or flaw in service provided threatens shopping center operations or personal safety. It may also expose the company to violations of laws or regulations.

NEW PROJECT DEVELOPMENT

The supplier is directly involved in material phases of developing the company's future assets or the expansion of current assets.

ANNUAL PAYMENTS IN EXCESS OF US\$ 1 MILLION

Suppliers to whom annual payments exceed US\$1 million.

CATEGORIES

This segment is broken down into five main categories:

- Utilities
- Maintenance
- Housekeeping
- Security
- Technological infrastructure

There are two main categories:

- Landbank leases
- Construction, architecture and engineering

This category includes suppliers of:

- Utilities
- Security
- Construction, architecture and engineering
- Maintenance
- Telephone and Internet
- Landbank leases

In addition to these categories:

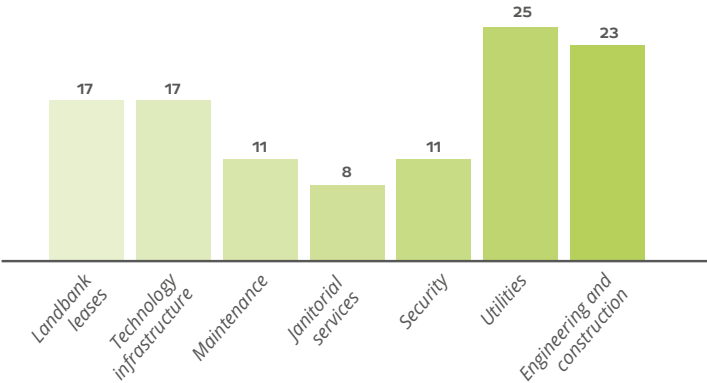
- Banks
- Service outsourcing
- Insurance
- Advisory services
- Permits, licenses and property taxes

In bidding process, strategic suppliers are evaluated using a matrix of broad spectrum parameters, including: the economic bid, business stability and soundness, proof of good practices towards employees, among others.

112 strategic suppliers in Chile, Peru and Colombia, up 18% from 2016.

57% of strategic supplier bid processes were evaluated using the matrix of broad spectrum parameters that includes items related to sustainability.

CATEGORY AND NUMBER OF STRATEGIC SUPPLIERS IN 2017



SUSTAINABILITY AND SUPPLY CHAIN

We are working to establish principles of reciprocity to support the way we relate to our suppliers:



Respectful relationship in terms of values, ethics, free competition and accountability in all our actions.



Compliance with our Code of Business Conduct, preservation of best practices and avoidance of favoritism, discrimination or decisions that are not objective.



Assessment, support and openness to continuous improvement, availability to identify opportunities and manage shortcomings.



Careful and professional use of information, especially that which is decisive for the parties involved.



Careful and appropriate use of our complaint channel to identify irregularities, poor practices or ethical violations.



Compliance with laws, principles, labor and social standards on issues related to:

- Human rights
- Freedom of association
- Environmental responsibility
- Risk prevention, wellbeing and safety
- Decency, ethics and anti-corruption

We know that building strong relationships with our supply chain directly impacts our business. Beyond minimizing potential risks, environmental and social costs, promoting best practices and quality standards makes our operation more efficient as we strive toward continuous improvement. Bilateral efforts with our main strategic suppliers make this possible.

We took steps toward identifying elements that progressively integrate management objectives and priorities with suppliers and the sustainable standards to which the company aspires.

Together, we aim to work on three areas that correlate to criteria relevant to our supplier relationships:

1.

Choose suppliers that apply standards of excellence



Quality

2.

Encourage operational efficiency along with continuous improvement



Operational Continuity

3.

Generate the skills necessary to integrate sustainability as the Parque Arauco team selects critical suppliers



Internal Alignment

CRITICAL SUPPLIERS ON ENVIRONMENTAL AND SOCIAL ISSUES

We work with a subset of suppliers, whose environmental and social impact classifies them as critical, to prioritize action as we work toward integrating the sustainability vision with our value chain.

This subset of suppliers includes construction, maintenance, housekeeping and security companies.

Fifty-three of Parque Arauco's strategic suppliers were classified as a priority subset, based on the size of the workforce or the type of activities performed for our operations as well as the impact of their social and environmental practices.



MEASURE WHAT MATTERS

In 2017, we made progress on implementing tools to better monitor the supplier practices that are especially relevant to sustainability, encouraging greater interest in identifying gaps and opportunities related to best practices.

In this context, we signed an agreement with Sistema B in Chile to implement the Measure What Matters Program with a group of suppliers. We selected 23 suppliers from our operations in Chile and Colombia, which represented 43.4% of the suppliers from the priority subset.

The Measure What Matters program, lead by Sistema B, was kicked off with awareness workshops that highlighted the importance of measuring and objectively managing sustainability. The workshops also presented Parque Arauco's corporate sustainability agenda and interest in working with companies to align their standards and practices with ours.

This pilot program aimed to launch the voluntary assessment process. As of year end, 48% of the companies invited to participate had responded to the entire assessment or were in the process of responding. Our aim is to expand the scope and pilot program to Peru in 2018 and use the results of this initiative to create opportunities for joint work and continuous improvement.

WHAT IS THE MEASURE WHAT MATTERS PROGRAM?

Developed by Sistema B, the Measure What Matters program is based on international management standards (ISO 14000, ISO 26000, Fair Trade, FSC) and proposes a virtual measurement system that enables companies to self-assess their practices and receive objective data on their impact. To date, more than 60,000 companies around the world have participated.

AREAS CONSIDERED IN THE MEASURE WHAT MATTERS ASSESSMENT

GOVERNANCE

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

THE ENVIRONMENT

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



WORKERS

- Salary, compensation, benefits
- Training, education
- Employee ownership
- Management/employee communication
- Inclusion, non-discrimination

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

A group of children in white t-shirts and blue jeans are planting young trees in a grassy field. They are wearing gloves and using tools to dig holes and plant the saplings. The scene is outdoors with a building in the background.

6. COMMITMENT TO THE ENVIRONMENT





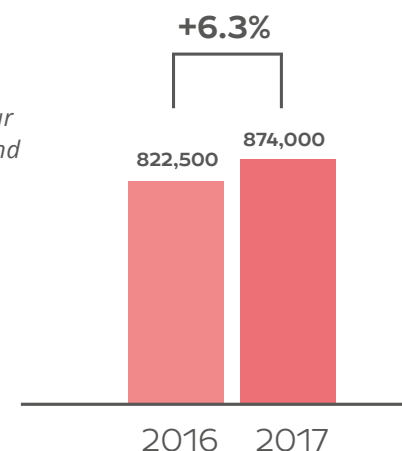
At Parque Arauco, we work to progressively improve our environmental indicators. We strive to adopt responsible practices in both shopping center construction and operation.

We have expanded the scope and monitoring of environmental management at our shopping centers, concentrating initially on those with the largest surface area and that present the greatest challenges.

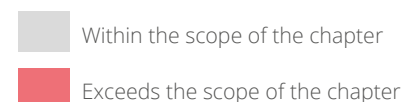
The indicators in this chapter include the portfolio's 24 largest shopping centers in terms of GLA, representing 87.5% of our total shopping center GLA. In other words, we have increased the scope of reportability and transparency in environmental aspects by 6.3% relative to the previous year.

EXPANDING THE SCOPE OF THE ENVIRONMENT CHAPTER

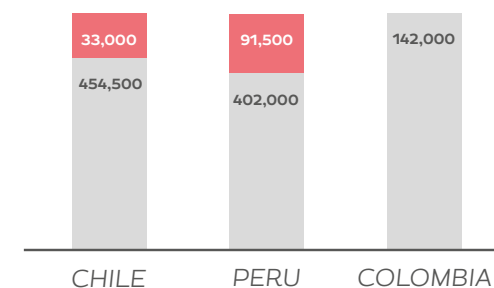
This year's expanded scope included three outlets in Chile and two new shopping centers that were added to our portfolio: Parque La Colina and Arauco Coronel, which began operating in 2017.



GLA BY SCOPE OF THE ENVIRONMENT CHAPTER



GLA BY COUNTRY ACCORDING TO THE SCOPE OF THE ENVIRONMENT CHAPTER



* In Colombia, Premium Outlet Bogotá was excluded since it began operating in December 2017.

RESPONSIBLY MANAGING THE ENVIRONMENT








(G4-22, G4-23)

CONTEXT AND CHALLENGES THAT GUIDE OUR ENVIRONMENTAL MANAGEMENT

We are aware of the environmental challenges facing our planet and the general call for companies and society to work together to adopt practices that reduce environmental impact.

We have made recent progress on an initiative that seeks to identify and analyze the potential impact on our industry in order to decrease the associated potential risks.

In 2016 and 2017, we worked with an external consultant to identify the possible risks that climate change could pose for the specific geographic areas where we operate. The main results were as follows:

| Summary | Chile | Peru | Colombia |
|--|---|---|---|
| Drought: Decreased precipitation and higher temperatures in some cities, which could affect future water availability. |  |  | |
| Fluctuation in the price of energy: Droughts would drive down production of hydroelectric power, triggering restrictions on consumption or surcharges. |  |  | |
| Heat waves: Would trigger greater demand on air conditioning units and drive up energy consumption. |  |  | |
| Increased precipitation and flooding: Would effect living conditions in the cities and increase demand for infrastructure investment. | | |  |

This helps us understand the possible impacts of climate change on the real estate industry, as well as the importance of putting environmentally sustainable practices into place for both constructing and operating our shopping centers.

SUSTAINABLE CONSTRUCTION

(G4-EN11)

The projects in our portfolio are designed and developed under sustainable construction standards. The following diagram shows the criteria at various levels, depending on the format, size, location and other characteristics of each project:



Identification and assessment of environmental impacts

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

100% of our shopping centers are located in highly populated urban areas.



To date, environmental impact studies show that none of our shopping centers significantly impact biodiversity.



None of our shopping centers are located near or in protected areas or in areas of high biodiversity value.



Efficient use of resources: Installation of energy- and water-efficient artifacts and fixtures is considered during the design and construction phases as a factor that optimizes water savings.

66.7% of shopping centers in Colombia feature rainwater collection systems for reuse in bathrooms and watering.



We prioritize the use of efficient lighting and nearly half of our shopping centers have installed efficient lighting in **80%** of fixtures.



Practices and high materials standards:

We make sure to select highly durable building materials and strive to chose materials from local suppliers, with preference shown for those with recycled content. We have taken progressive steps toward recycling waste produced during our construction projects.

During construction of Parque La Colina, 100% of the steel used was supplier-certified, post-consumer recycled, while 4% of the concrete used was supplier-certified, pre-consumer recycled.

SUSTAINABLE CONSTRUCTION CERTIFICATIONS

In 2015, Arauco Quilicura became the first shopping center in Chile to earn LEED (Leadership in Energy and Environmental Design) Silver certification. In 2017, we added two other shopping centers to our LEED-certified portfolio:



InOutlet Premium Lurín LEED Silver

First shopping center in Peru to earn the certification.



Parque La Colina Colombia LEED Gold

Only Parque Arauco shopping center with LEED Gold certification.





OUR GREEN WALLS

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

Today, we have 900m² of green walls at Parque Arauco Kennedy and 470m² at Arauco Quilicura. The plants are hung on a support structure made of plastic recovered from industrial waste and textiles, making it possible to grow vegetation without requiring soil.

All materials are from recycling centers throughout the Metropolitan Region of Santiago.

Our green walls block the sun's direct rays, providing a ventilated façade. Furthermore, a drip watering mechanism and a water reuse system enables water to be used more efficiently.

SUSTAINABLE OPERATIONS

The main environmental impacts associated with shopping center operations are tied to the intensity of energy and water demands as well as generation of waste and greenhouse gas emissions.

In 2017, we established two work areas that enable us to structure efficient use of resources and reduce environmental impact.

I. Establishing an environmental management mechanism

- » *We implemented a universal process for logging and monitoring the shopping centers in Peru and Colombia, accounting for 54.2% of our main shopping centers.**
- » *In 2018, we plan to implement the process in the rest of the portfolio in Chile.*

II. Implementing the operational efficiency project

- » *We conducted energy diagnostics to learn about behavior and management opportunities in some of our main shopping centers.*
- » *We formed operational efficiency committees to establish a road map and environmental management projects in our operations.*

**See the beginning of this chapter for details on the environmental scope of the portfolio.*



MECHANISMS FOR ENVIRONMENTAL MANAGEMENT

In an effort to monitor change and continuous improvement, we developed a process that enables us to learn about and oversee our shopping centers' environmental performance.

In 2017, when we began implementing this initiative in shopping centers in Peru and Colombia, we established performance indicators and defined procedures for proper management.

In order to implement the environmental management mechanism, we offered more than 10 trainings for Parque Arauco employees who are directly involved in managing and using natural resources, like operations supervisors and shopping center managers.

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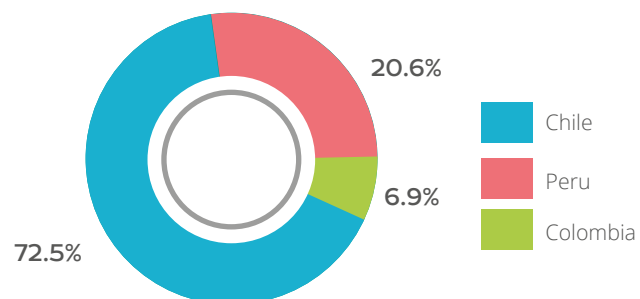
MEASURING AND MONITORING ENVIRONMENTAL PERFORMANCE INDICATORS

CARBON FOOTPRINT

(G4-EN15, G4-EN16, G4-EN18)

We measured the carbon footprint (scopes 1 and 2) of the operations of all shopping centers, according to the Greenhouse Gas Protocol guidelines.

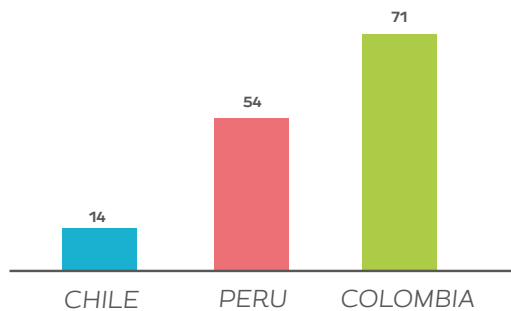
Our 2017 emissions totaled 20,152 tons of CO₂e, broken down as follows:



DIRECT EMISSIONS (SCOPE 1)

Our direct emissions¹, generated by consumption of diesel² needed to fuel our emergency generators and fire fighting systems, were 140 tons CO₂e.

SCOPE 1 EMISSIONS (TONS CO₂e)



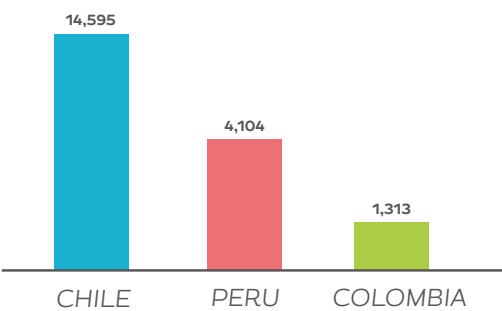
Scope 1 emissions were highest in Colombia, reflecting use of electric generators at some points during Parque La Colina's grand opening.

Scope 2 emissions are higher in Chile, where the greatest number of shopping centers and GLA included in the analysis are located.

INDIRECT EMISSIONS (SCOPE 2)

Our indirect emissions³ from electricity consumption in the operation of our shopping centers was 20,012 tons CO₂e.

SCOPE 2 EMISSIONS (TONS CO₂e)

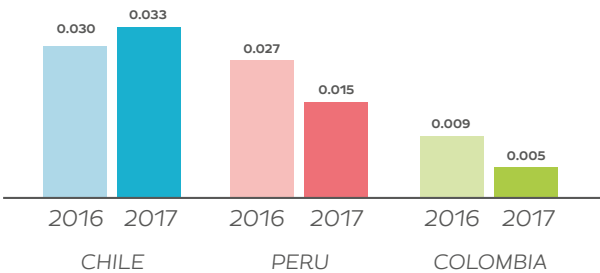


GREENHOUSE GAS EMISSIONS INTENSITY.

Since our greenhouse gas emissions come from energy consumption in our common areas, we use an indicator that monitors tons of CO₂e generated per square meter of common areas.

The intensity of our 2017 emissions was 0.021 tons CO₂e/m² of common area, while it was 0.026 tons CO₂e/m² the previous year. This lower intensity of greenhouse gas emissions is associated, in part, new energy efficiency projects implemented in several of our shopping centers.⁴

GREENHOUSE GAS EMISSIONS INTENSITY. (TONS CO₂e/m²)



In 2017
23% OF THE ENERGY MATRIX

for our shopping centers in Chile,
Peru and Colombia was renewable
energy.

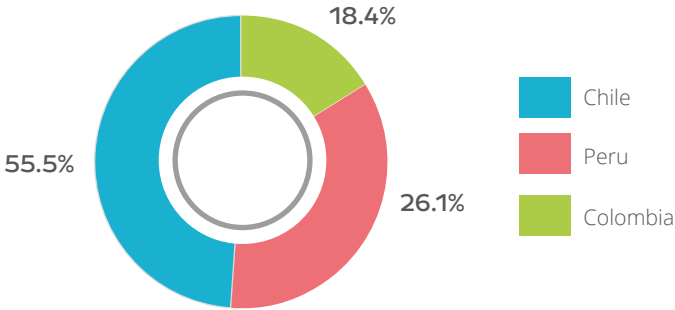


1. Direct emissions: Emissions generated by the use of fossil fuels, release of refrigerant gases or chemical reactions during production processes.
2. Data tied to replacing refrigerant gases is not included.
3. Indirect emissions: Emissions released by the producer of the energy required by the organization. Thus, they depend on the quantity of energy consumed and the energy mix from the network serving the organizations.
4. For other examples of energy efficiency initiatives we have implemented, see page 80.

ENERGY CONSUMPTION
(G4-EN3, G4-EN5)

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

In 2017, energy consumption at Parque Arauco was 238,768 GJ.

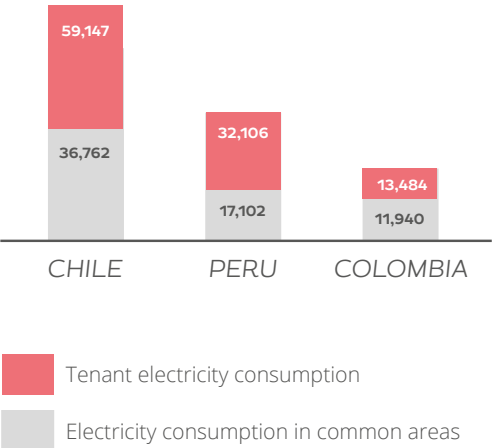


90% OF LIGHTING
in our Colombian operations uses LED technology. We are replacing lighting fixtures in the other countries in order to make lighting increasingly efficient.²

ELECTRICITY CONSUMPTION¹:

Parque Arauco's total electricity consumption was 170,541 MWh in 2017. The company's own consumption in common areas represented 38.6% of that total, at 65,804 MWh. The remainder of the energy was used by tenants and stores.

ELECTRICITY CONSUMPTION (MWH)

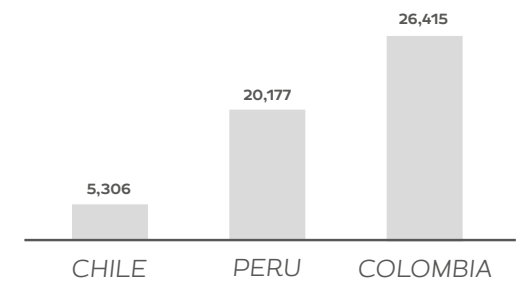


FUEL CONSUMPTION

Our shopping centers use diesel fuel sporadically for emergency generators and fire fighting systems, primarily when the main systems are under maintenance.

In 2017, a total of 59,898 liters were consumed.

DIESEL CONSUMPTION (LITERS)



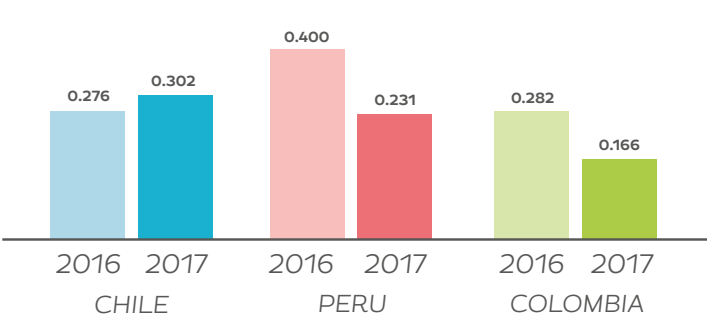
The majority of diesel consumption in Colombia reflects use of generators at the La Colina shopping center during a specific period. With the greatest number of shopping centers, Chile leads electricity consumption.

ENERGY INTENSITY

Parque Arauco's energy intensity indicator is calculated by dividing energy consumed by the number of square meters in the common areas of our shopping centers.

The intensity of Parque Arauco's energy use in common areas in 2017 was 0.245 GJ/m², down 22.2% from 2016.

ENERGY INTENSITY (GJ/m²)



The decrease in energy intensity is partially attributable to improvement projects² associated with efficient lighting fixtures and other efficiency initiatives.

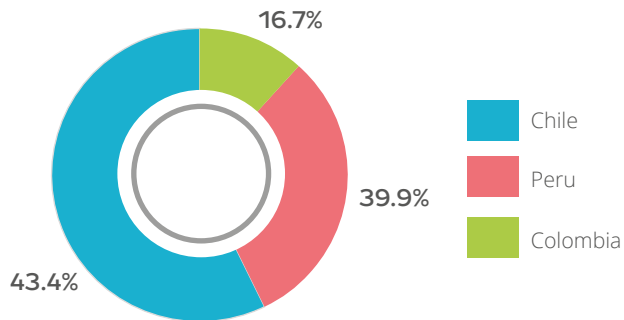
1. The electricity used in Parque Arauco is from: Chile: Central Interconnected System (SIC), Peru: National Interconnected Power System (SEIN), Colombia: National Interconnected System (SIN)
2. For other examples of energy efficiency initiatives we have implemented, see page 80.

WATER CONSUMPTION

(G4-EN8, G4-EN10)

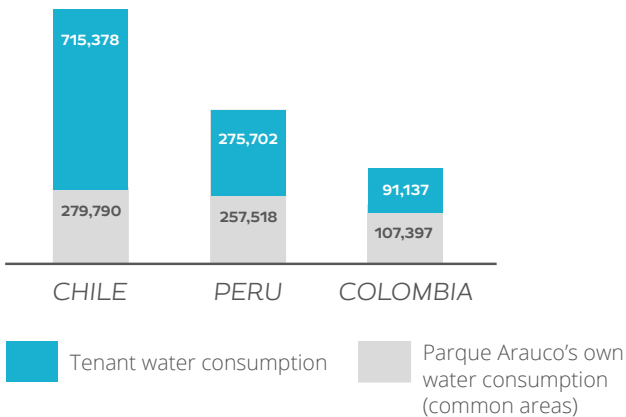
The water that we use in our shopping centers primarily comes from the public drinking water system and is released into sewer systems. Public restrooms, landscaping, air conditioning systems and maintaining trash rooms are the main sources of water consumption at our shopping centers.

PARQUE ARAUCO WATER CONSUMPTION



Parque Arauco's total water consumption was 1,726,922 m³ in 2017. Specifically, Parque Arauco's own consumption, that of common areas, accounted for 37.3% of the total, at 644,705 m³. The remaining 62.7% was used by our tenants.

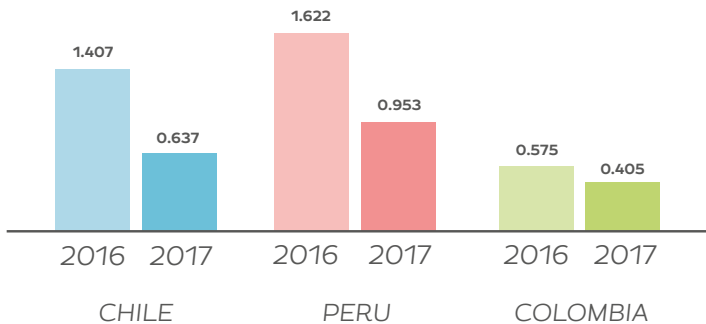
WATER CONSUMPTION BY COUNTRY (m³)



INTENSITY OF WATER CONSUMPTION

In 2017, the intensity of Parque Arauco's water consumption was 0.7 m³/m² of common area, down 40.4% from the previous year. We monitor our direct consumption using an indicator focused on the number of cubic meters of water per square meter of common area.

INTENSITY OF WATER CONSUMPTION (m³/m²)



In 2017, we were able to reuse **16,307 m³** OF WATER through a water treatment and collection system in Colombia and Peru.

*For details on water efficiency initiatives, see page 81.

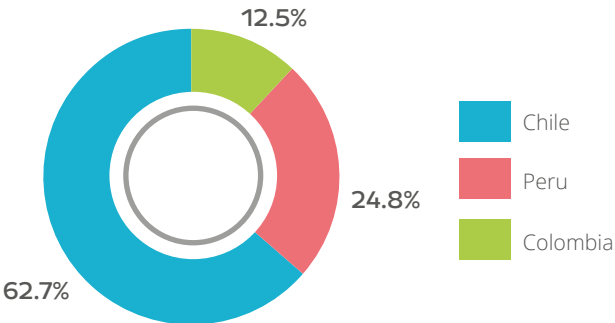


WASTE

(G4-EN23)

The waste generated at our shopping centers is similar to domestic waste; therefore, it is ultimately disposed of at the landfill closest to the shopping center. In 2017, we generated a total of 15,500 tons of waste.¹

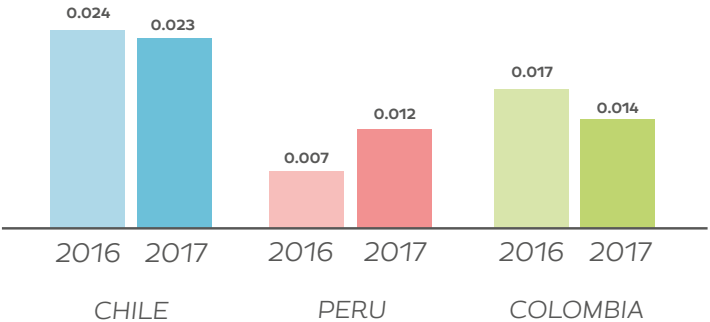
WASTE (TONS)



INTENSITY OF WASTE GENERATION

The waste generated at our shopping centers is from our tenants and customers or visitors. We monitor our waste using the ratio of waste generated to leasable area (GLA)².

INTENSITY OF WASTE GENERATION (TONS/m² GLA)



1. Five of our shopping centers included in the scope of this chapter (see page 70), do not have waste logging mechanisms because waste is managed by the corresponding municipality. They are, therefore, not included in this indicator.
2. In contrast with the indicators on emissions, energy and water intensity, at Parque Arauco we manage our tenants' non-hazardous waste. Consequently, GLA (not square meters of common area) is the critical factor for monitoring this indicator.

RECYCLING

In 2017, we recycled nearly 2,260 tons of waste at our shopping centers, 75% more than in 2016. We are making progress on programs that enable us to manage waste from our operations efficiently and in a standardized manner. One example of this process is the Waste Management Program at Parque La Colina in Bogotá, Colombia.



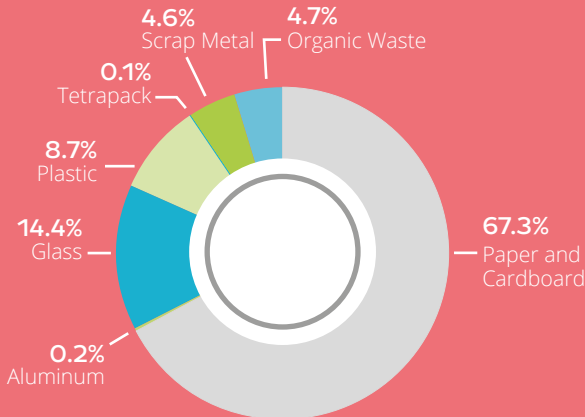
WASTE MANAGEMENT AT *Parque La Colina*

This system addresses the logistics, sorting and collection process for waste and recycling.

The comprehensive waste management plan was distributed to Parque La Colina employees, tenants and volunteers during the training that accompanied implementation. Additionally, recycling campaigns targeted shopping center visitors and promoted use of waste containers.

Recycling management includes recovery of materials like card board, glass, paper, plastic and cans. Furthermore, organic waste undergoes a dehydration treatment prior to use as compost. Finally, waste similar to household waste is compacted and transported to a landfill.

This system makes it possible to recycle 40% of waste generated at Parque La Colina.



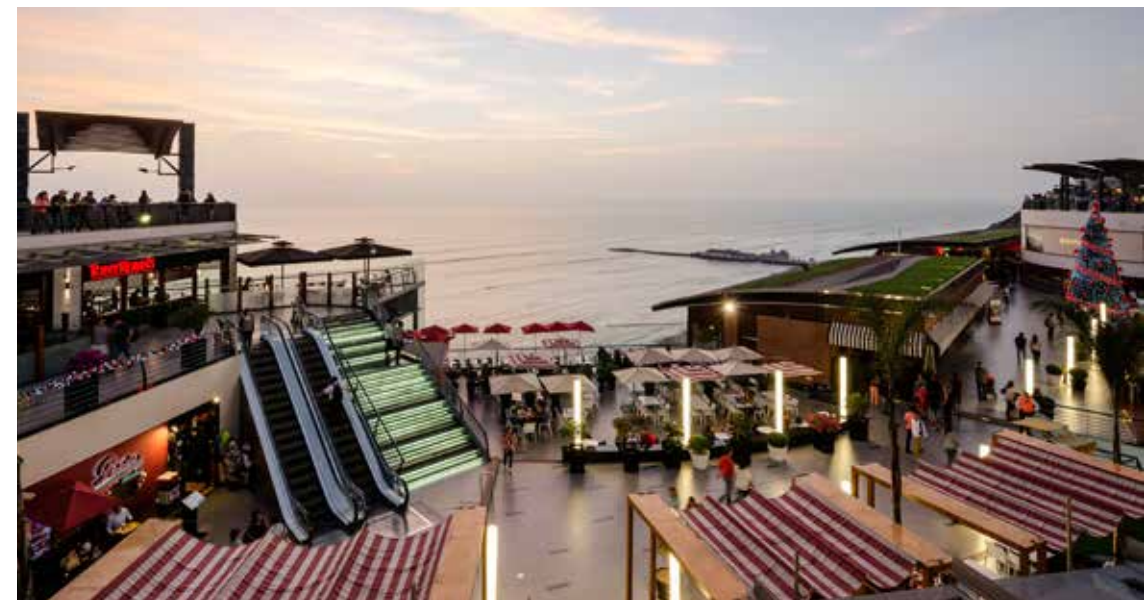


IMPLEMENTING OPERATIONAL EFFICIENCY PROJECTS

(G4-EN6, G4-EN10, G4-EN7, G4-EN19)

We focus efforts on mitigating our environmental impact and progressively improving environmental management to exceed legal requirements by implementing initiatives to reduce use and consumption of natural resources.

This year we worked on implementing operational efficiency projects, conducted an energy diagnostic to identify continuous improvement opportunities and formed operational efficiency committees in each country.



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1. ENERGY DIAGNOSTIC

In 2017, we performed energy diagnostics at our main shopping centers in Peru and Colombia. Using specialized equipment to take specific measurements, we closely measured the shopping centers' energy behavior, identified and prioritized opportunities for improvement and established short- and long-term work plans.

The diagnostic was performed at:

- » Parque Larcomar, Peru
- » MegaPlaza Norte, Peru
- » El Quinde Ica, Peru
- » Parque La Colina, Colombia

These four shopping centers represent
22.5%
of our operations' total annual energy consumption.

2. OPERATIONAL EFFICIENCY COMMITTEE

The Corporate Sustainability Area participates on this committee along with the operations areas from Chile, Peru and Colombia. The committee met an average of once per month for a year. Its main objectives were to:

- » Align teams with efficiency challenges based on data analysis from the environmental management mechanism.
- » Define, plan and monitor progress on the operational efficiency projects in each country.
- » Create opportunities to share knowledge and assess the replicability of success in other countries and shopping centers in our portfolio.

3. OPERATIONAL EFFICIENCY PROJECT AGENDA

The efficiency committees' most significant accomplishment was establishing a short-and medium-term project agenda that includes projects primarily related to energy and water efficiency.

We continue working to establish a 2020 projects agenda, which will be gradually implemented to reduce consumption and increase efficiency.

The following are some examples of the initiatives taking place in our shopping centers:

ENERGY EFFICIENCY

The energy efficiency projects implemented in Chile, Peru and Colombia have cut usage by 974 Mwh, reducing emissions by the equivalent of 283 tons of CO₂e.

Some examples of these initiatives are:




**ENERGY EFFICIENCY
SEALS IN CHILE 2017**

The Chilean Ministry of Energy and the Chilean Energy Efficiency Agency awarded Arauco San Antonio and Arauco Quilicura Bronze Seals of Energy Efficiency.

At Arauco San Antonio, operational improvements were made in the air conditioning process. At Arauco Quilicura, lighting was replaced with efficient fixtures. Together, the projects have generated annual savings of 419 Mwh, the equivalent of 166 tons CO₂e.






**SOLAR ENERGY AT PARQUE
LAMBRAMANI, PERU**

In 2017, Parque Arauco implemented its first self-generation photovoltaic power pilot program.

This plant has 165 photovoltaic panels connected to five 15kW inverters. With a surface area of 315 m² and an installed capacity of 49,5 kW per hour of maximum radiation, the project lights 100% of the parking lots and a cellphone charging station in the shopping center.

By late 2017, the plant had operated a total of 4,900 hours and generated 110.8 MWh, the equivalent of a 27-ton reduction in CO₂e.





**REPLACEMENT OF LIGHTING
FIXTURES AT PARQUE CARACOLÍ,
COLOMBIA**

In late 2017, Parque Caracolí finished replacing the lighting in hallways and common areas. The project included replacement of 5,203 traditional bulbs with 4,387 LED units. Compatibility with existing fixtures, they offer high efficiency and a longer useful life.

The project is scheduled to begin in early 2018 and plans to cut usage by 33.4 MWh a year or 51% of the previous lighting system's consumption.

Thanks to this project, more than 90% of the lighting fixtures in our shopping centers in Colombia are energy efficient.



WATER EFFICIENCY

Water reuse projects in Colombia and Peru saved more than 10,000m³ of water in 2017.

Some of the projects implemented were:

WATER TREATMENT PLAN IN EL QUINDE ICA, PERU

El Quinde Ica is located in south central Peru, in the city of Ica, which is known for significant water shortages that have gotten progressively worse over time.

In this context, we have implemented a waste water treatment plant with the capacity to treat 1.2 liters of water per second.

Scheduled to begin operations in 2018, the plant has an activated sludge system that uses nanofiltration. The resulting water is high quality and can be used in toilets and sprinkler systems. This makes us the first shopping center in Peru to reduce our hydro footprint with this type of initiative.

REUSING RAINWATER AT PARQUE LA COLINA, COLOMBIA

Parque La Colina has a rainwater collection system on its roofs to take advantage of Bogotá's wet climate.

The system covers approximately 30 m² and consists of special, connected rainwater drainage systems that bring it down to a pre-filtering structure.

The design of the water system at Parque La Colina includes reusing rain water to supply 22.5% of daily consumption (150 m³/day).

With this system, Parque La Colina reused
6,501 m³ OF RAINWATER
IN 2017.

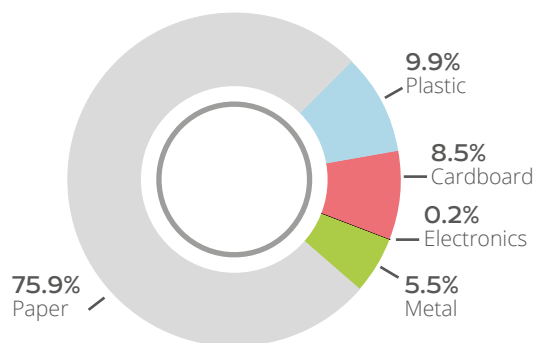
WASTE MANAGEMENT AT OUR OFFICES IN CHILE

We implemented a program for recycling plastic, cans, paper, cardboard and electronics at our offices in Chile, where 50% of our employees work.

The recycling program was launched with training workshops for employees and the housekeeping staff responsible for collecting waste from the offices. The training modules explained the program and shared advice, experience and good recycling practices.

Half of the revenue from sales of recovered waste goes to recyclers who participate in the program. The other 50% is donated to San José foundation, which provides shelters for vulnerable youth in Chile. In 2017, we recycled more than 1,600 kg of waste from offices in Chile, the equivalent of two tons of unreleased CO₂e emissions.

RESULTS OF THE RECYCLING PROGRAM AT OUR OFFICES IN CHILE



WE SAVED
16,307 m³
of water in 2017



This represents
4.5% OF WATER
CONSUMPTION
in common areas in Peru
and Colombia



7.

OUR
EMPLOYEES





OUR TEAM

People are the drivers behind the success of our business. They are key to developing and growing each of the projects we implement.

We use two key concepts to describe our work:



EXCELLENCE

We want each employee to give the best of him or herself based on the role they have been assigned. We aspire to provide an environment in which every individual can develop professionally and meet the proposed objectives to further Parque Arauco's progress.



HAPPINESS

Because a positive working environment is essential to balanced professional development, we seek to build close relationships based on trust and mutual respect between supervisors and coworkers.

Every employee must demonstrate concern for people. This is especially true for team leaders since respect and treating people well are fundamental components of excellent performance.

From recruitment to payroll, each human resource process is based on these concepts. All employee wellbeing and development initiatives are designed to achieve excellent job performance combined with happiness at work.

Respect for people is one of our values. As such, we condemn any type of discrimination or abuse. We strive to develop transparent, open relationships as the foundation for our teams.



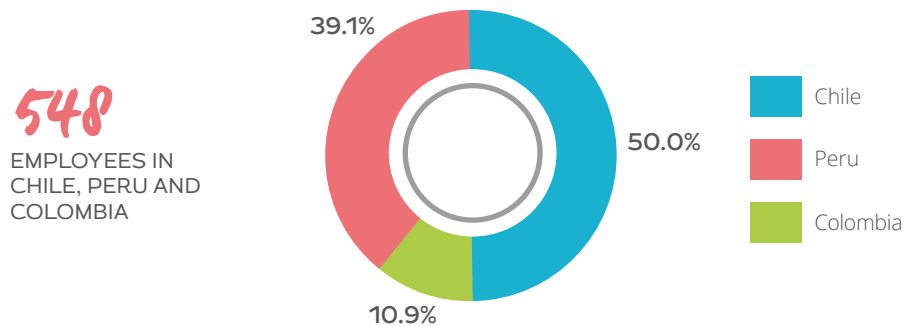
OUR EMPLOYEES

(G4-10, G4-LA1, G4-3, G4-LA3)

Parque Arauco has employees in Chile, Peru and Colombia. At year-end, the company had 548 employees.

In 2017, 3.6% of our team had fixed-term contracts and the remainder had open-term contracts.

PARQUE ARAUCO WORKFORCE

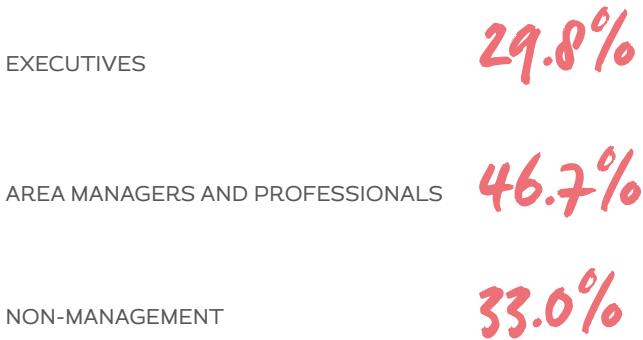


In 2017, 58.4% of employees were men and 41.6% were women; 66.8% of the workforce are classified as area managers and professionals.

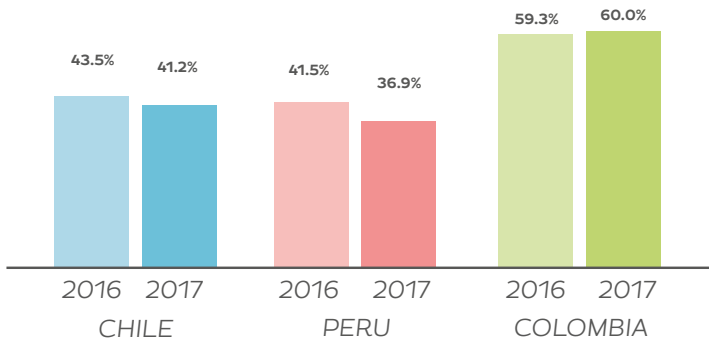
| | | Executives | | Area Managers and Professionals | | Non-Management | |
|----------|-------|------------|------|---------------------------------|------|----------------|------|
| | | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 |
| Chile | Men | 45 | 43 | 97 | 106 | 11 | 12 |
| | Women | 18 | 15 | 85 | 86 | 15 | 12 |
| Peru | Men | 25 | 19 | 64 | 69 | 55 | 47 |
| | Women | 16 | 5 | 53 | 57 | 33 | 17 |
| Colombia | Men | 6 | 4 | 16 | 20 | 0 | 0 |
| | Women | 5 | 8 | 27 | 28 | 0 | 0 |

FEMALE WORKFORCE AT OUR ORGANIZATION

PERCENTAGE OF WOMEN BY POSITION



FEMALE WORKFORCE BY COUNTRY



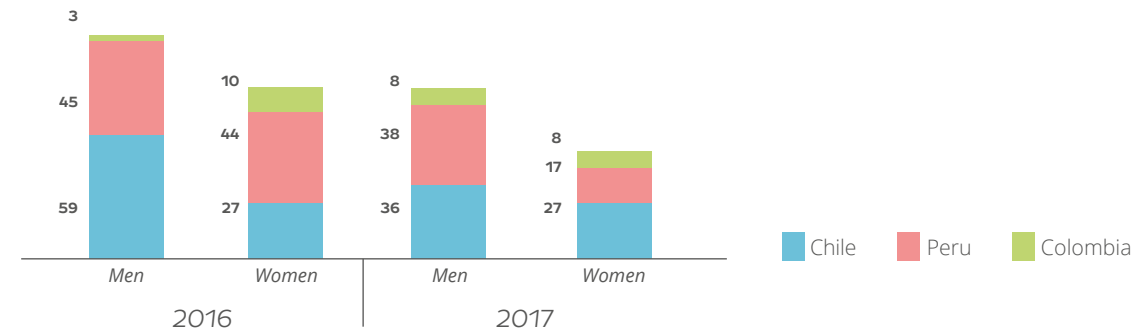
100% In 2017, 100% of our workers returned after maternity leave.



OUR NEW EMPLOYEES

Our Human Resources Division ensures that new members feel welcome at our organization.

This year 134 new employees joined the company, increasing our hiring rate by 24%.



The turnover rate in 2017 was 28.8%, primarily due to new needs and position profiles arising from structural changes, especially in Peru.

| Turnover Percentage | 2016 | | | | 2017 | | | |
|---|-------|-------|----------|-------|-------|-------|----------|-------|
| | Chile | Peru | Colombia | Total | Chile | Peru | Colombia | Total |
| Annual turnover, voluntary resignations | 10.0% | 6.0% | 11.0% | 9.0% | 10.9% | 16.8% | 8.3% | 13.0% |
| Annual turnover, other | 9.0% | 24.0% | 15.0% | 16.0% | 11.3% | 23.4% | 8.3% | 16.8% |
| Overall annual turnover | 20.0% | 30.0% | 26.0% | 25.0% | 22.3% | 40.2% | 16.7% | 28.6% |

COMPENSATION AND COMPETITIVENESS

(G4-LA13)

Our compensation model is standardized by the level of the position, which ensures internal equity and facilitates salary negotiations between employees and their supervisors. We use the Global Grading System (GGS), to ensure that our employee compensation packages are in line with the labor market.

The compensation models account for two types of variables:

1. **Size of the business**
- Billing
 - Number of employees
 - International scope of performance
 - Diversity of products/services
2. **Position level**
- Assistance required to perform the function
 - Knowledge
 - Professional experience
 - Leadership
 - Contribution to the business strategy

1.7 *Ratio between the starting salary at Parque Arauco and the legal minimum wage in each country.*

SALARY AND COMPENSATION GAP

The overall ratio of average base salary for women relative to men for the entire company is:

| Type of Position | Chile | | Peru | | Colombia | |
|---------------------------------|-------|------|------|------|----------|------|
| | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 |
| Executives | 55% | 61% | 80% | 76% | 51% | 46% |
| Area Managers and Professionals | 89% | 86% | 109% | 108% | 154% | 98% |
| Non-Management | 110% | 110% | 104% | 119% | N/A | N/A |

WE ASSESS OUR WORK ENVIRONMENT AND LABOR PRACTICES

At Parque Arauco, we have standards for assessing and managing our work environment in Chile, Peru and Colombia. The methodology includes surveys and feedback from employees on our labor practices, providing important input to measure our performance. The information is also used as a point of comparison with the industry and other companies operating in the same markets and countries.



Great Place to Work:
2015: Chile No. 39, Peru No. 11
2016: Chile No. 35, Peru No. 16
2017: Chile, No. 35, Peru not ranked



First place in the Construction and Real Estate Industry in the 2017 Merco Talent Ranking
Merco:
2015: No. 45
2016: No. 23
2017: No. 24

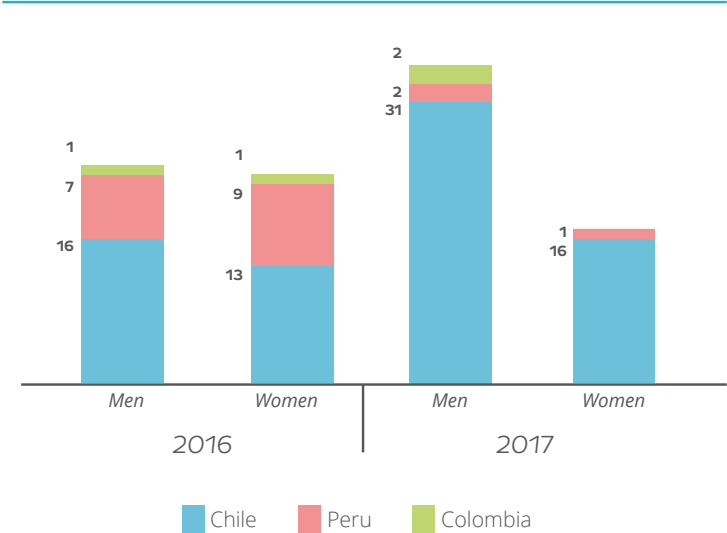
According to the results of the 2017 Great Place to Work survey, 81% of our employees are satisfied at Parque Arauco, an increase of five percentage points compared to the other 50 best companies in 2016.

PROMOTION AND CAREER DEVELOPMENT (G4-LA9)

We want Parque Arauco to be a place where people can grow professionally. To accomplish this, we have a policy of filling vacancies from within. Any time a new position becomes available at the organization, we first consult internal profiles to determine whether there are candidates with the skills, experience and employee profile necessary for the position. This is how we maximize mobility and internal promotion.

In 2017, 38.8% of all vacancies were filled through internal promotion, up 13.8% compared to the prior year.

INTERNAL MOBILITY AND PROMOTION

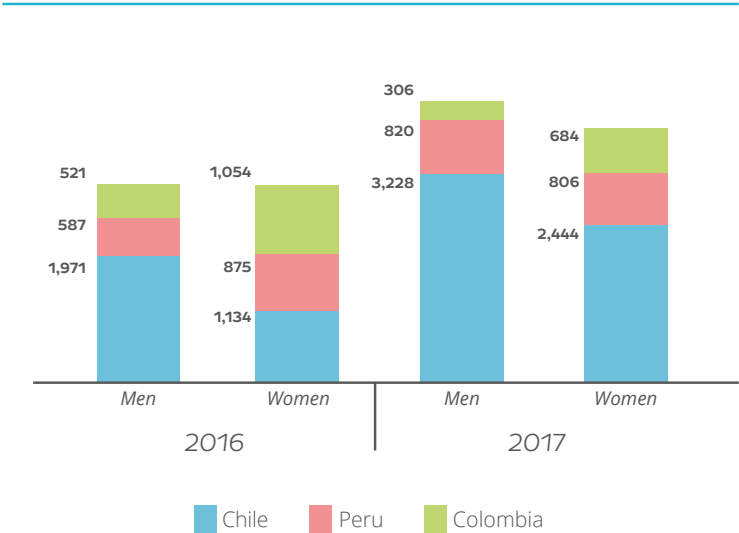


TRAINING

At Parque Arauco, each area of the company has an assigned training budget for courses and education as well as team attendance at relevant conferences and seminars to learn about best practices and new industry developments.

Some teams have travel and work immersions in other parts of the world designed to analyze opportunities and the feasibility of implementing certain practices in the countries where we operate.

TRAINING HOURS



EXAMPLES OF OUR GROWTH AND TRAINING INITIATIVES:



1. Specific professional skill training:

These initiatives aim to strengthen our employees' professional profiles. They include English classes at our offices and updates on specific IT tools, both of which are fully funded by the company.

This year, 33 employees participated in a four-month English program totaling 51 classroom hours.



2. Partnership with Universidad Católica's Innovation Center:

As partners with the UC Innovation Center, we have had the opportunity to exchange experiences and share best practices in innovation management through training, talks and seminars.

These trainings, in which 25 Parque Arauco employees participated, have kept us abreast of the latest advances and global trends in data science, energy efficiency, speed networking, innovation, artificial intelligence and other topics.

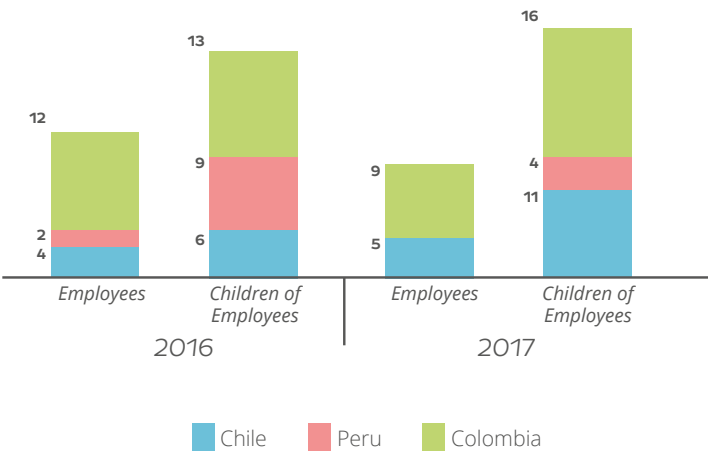


3. Financial aid for education:

Each year, eligible employees may apply for financial aid for university or technical studies. Scholarship requirements include at least one year of service with the company and academic excellence. Financial aid is also available to our employees' children who earn good grades at the elementary, secondary and university levels.

Between 2016 and 2017, 32 employees benefited from financial aid offered by Parque Arauco, while 59 of their children received economic support for elementary, secondary and higher education.

NUMBER OF FINANCIAL AID BENEFICIARIES



LEADERSHIP TRAINING

We offer a leadership training program designed to build skills to optimize team management in order to achieve the excellent results our company seeks.

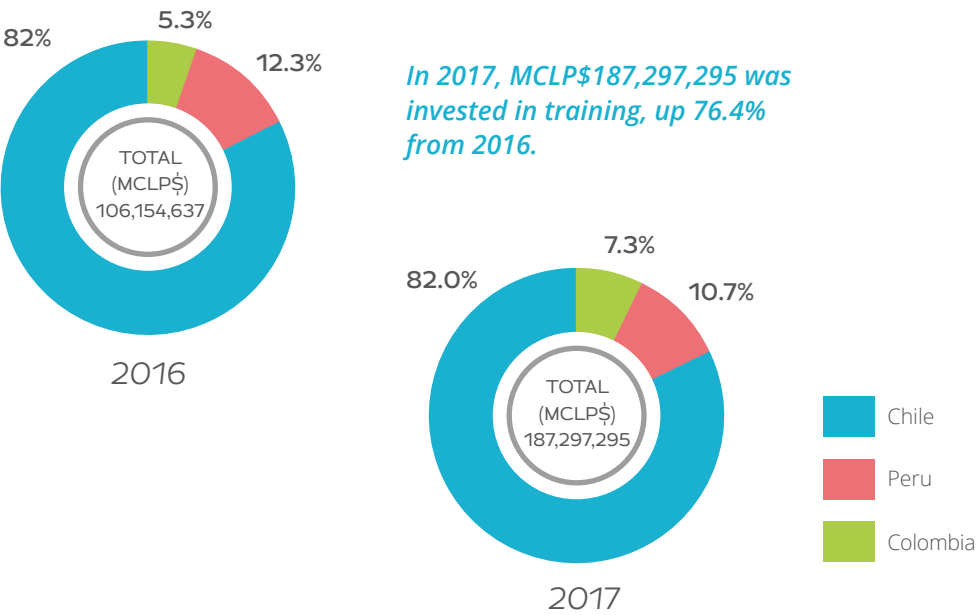
Sixty-five employees, including the Chief Executive Officer of the Chile Division and his direct reports, participated in the 16-hour training workshop, which addressed the seven habits of effective leadership:

- 1. Build a team
- 2. Develop
- 3. Lead
- 4. Communicate
- 5. Inspire
- 6. Motivate
- 7. Know yourself

The course also included activities that honed leadership skills for people management issues.

The second stage of the training involved planning similar workshops for 2018 and years to come in order to build upon the leadership tools acquired.

INVESTMENT IN TRAINING, BY COUNTRY



BENEFITS OF WORKING AT PARQUE ARAUCO
(G4-LA2)

We offer various benefits beyond legal requirements to improve employee wellbeing and quality of work life while optimizing work-life balance. In many cases, the tools help reduce tension and manage or prevent stress.

1. Parque Arauco Protection Plan: This plan covers our employees and their families. It consists of four types of insurance:

- » Supplementary health insurance
- » Dental insurance
- » Life insurance
- » Catastrophic insurance

2. Moments of relaxation: Three times a week, we provide space and scheduling flexibility so that people in Chile can enjoy relaxation therapy and deep tissue massages during the work day.

3. Paternity leave: In addition to the legally mandated paternity leave, we provide new fathers with the option of coordinating a flexible and reduced schedule with their direct supervisor.

4. Five personal days: All employees have five personal days each calendar year in addition to their legally mandated vacation.

5. Vacation bonus: In order to encourage our employees to rest, we offer two types of bonuses: with and without accumulated vacation days. We offer a (gross) bonus of CLP\$198,300 for those who have accumulated more than one vacation period (more than 15 days) and a bonus of CLP\$396,596 for those with less than one period accumulated.

BENEFITS



» Afternoon off to celebrate birthdays



» Flexible scheduling



» Days off to compensate for business trips requiring flights of more than 5 hours



» Leave for marriage



» Leave for death of a family member

CORPORATE DISCOUNTS



» Special deals and discounts with health centers, optical stores, pharmacies, etc.



» Special deals for sports activities



» Dental discounts



» Restaurant discounts

90

EMPLOYEE CARE AND WELLBEING

We dedicate effort to prevention, wellbeing and self-care because we are concerned about our employees' health. These efforts are reflected in office infrastructure (chairs, work stations, etc.) and initiatives that exceed the parameters of labor regulations, including:

- » Access to healthy snacks, like fruit baskets, twice a week
- » Preventative medical check-ups
- » Vaccination campaigns
- » Ophthalmologic check-ups

Parque Arauco provides support for corporate sporting events such as:

- » Inter-company soccer tournament in Colombia
- » Family bike-a-thon in Chile
- » Half-court soccer tournament in Chile
- » Go-karting in Chile
- » Bowling tournament in Colombia

HEALTH AND SAFETY COMMITTEES (G4-11, G4-LA5)

In accordance with labor and safety legislation in each country where we operate, 100% of our employees are covered by health and safety committees.

HEALTH AND SAFETY COMMITTEES

CHILE

Three joint committees on safety, covering 100% of the workforce in Chile.

PERU

The Safety and Health Committee is comprised of 8 people, representing all the country's operations and shopping centers.

COLOMBIA

We have Workplace Relations Committees 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

Committee participants represent all the country's operations.

SOLIDARITY AND TIES WITH SOCIAL CAUSES

We create opportunities for our employees to voluntarily join the social initiatives promoted by Parque Arauco.



DESAFÍO LEVANTEMOS CHILE CAMPAIGN

After forest fires ravaged Chile in the first half of 2017, we coordinated a solidarity campaign that raised CLP\$7,000,000. The company donated twice each employee gift for a total contribution of CLP\$21,000,000. These funds were used to support Desafío Levantemos Chile (NGO) efforts to reconstruct the town of Santa Olga, one of the most impacted by the forest fires.

COMPLIANCE WITH LABOR REGULATIONS

We make sure to comply with all applicable labor legislation—including freedom of association, non-discrimination and prohibition of child labor—in the countries where we operate.

Sixteen percent of Parque Arauco employees in Chile are members of the union. The local teams in Colombia and Peru are not union organized.



8. **MORE
ABOUT
US**





OUR OWNERSHIP STRUCTURE

OUR SHAREHOLDERS

The shares issued by Parque Arauco S.A. are single-series.

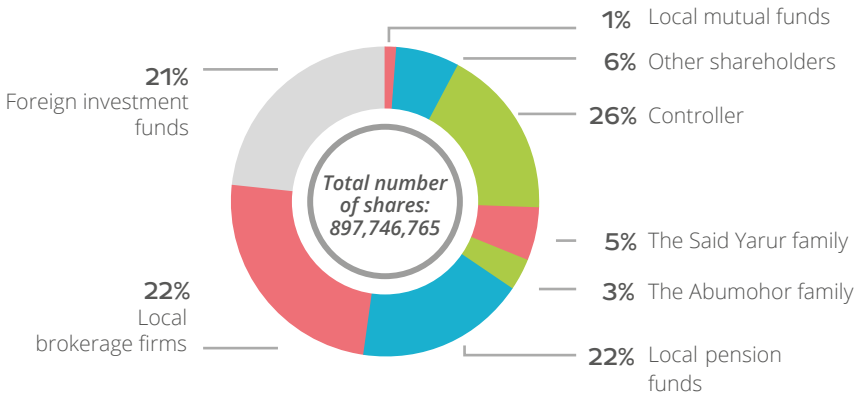
SHAREHOLDERS AS OF DECEMBER 31

As of December 31, 2017, we had 392 shareholders. The main shareholders are as follows:

| Name or Corporate Name | Taxpayer ID No. | Shares as of 12/31/2017 | % Interest |
|--|-----------------|-------------------------|------------|
| Inmobiliaria Atlantis S.A. | 76.089.588-1 | 230,707,974 | 25.70% |
| Santander Corredores de Bolsa Limitada | 96.683.200-2 | 87,421,301 | 9.74% |
| Banco de Chile on behalf of non-resident third parties | 97.004.000-5 | 84,042,875 | 9.36% |
| Banco Itaú Corpbanca on behalf of foreign investors | 97.023.000-9 | 68,885,796 | 7.67% |
| Banchile Corredores de Bolsa S.A. | 96.571.220-8 | 49,357,071 | 5.50% |
| Banco Santander on behalf of foreign investors | 97.036.000-K | 31,299,159 | 3.49% |
| Santiago Exchange | 90.249.000-0 | 24,863,326 | 2.77% |
| Inversiones Ranco Uno S.A. | 76.002.237-3 | 19,424,114 | 2.16% |
| AFP Habitat S.A. (Pension Fund C) | 98.000.100-8 | 18,354,257 | 2.04% |
| AFP Provida S.A. (Pension Fund C) | 76.265.736-8 | 17,740,372 | 1.98% |
| BCI Corredores de Bolsa S.A. | 96.519.800-8 | 17,589,486 | 1.96% |
| Inversiones Ranco Dos S.A. | 76.002.243-8 | 14,764,313 | 1.64% |

SHAREHOLDERS AS OF DECEMBER 31

| | Ownership (%) |
|--------------------------|---------------|
| Foreign investment funds | 21% |
| Controller | 26% |
| Local brokerage firms | 22% |
| Local pension funds | 16% |
| The Said Yarur family | 5% |
| The Abumohor family | 3% |
| Local mutual funds | 1% |
| Other shareholders | 6% |



PARENT COMPANY

AS OF DECEMBER 31, 2017,
PARQUE ARAUCO S.A. IS CONTROLLED BY:

Ownership interest: 25.70% of issued shares
There is no joint action agreement between the shareholders of the parent, **Inmobiliaria Atlantis S.A.**:

1. Inversiones Cabildo SpA, which holds 66.44% of Inmobiliaria Atlantis S.A., has the following shareholders and final controllers:

- a)** Inversiones Delfin Uno S.A., holder of 2.13% of Inversiones Cabildo SpA, the final controller of which is Mrs. Isabel Somavía Dittborn, Chilean National ID number: 3.221.015-5.
- b)** Inversiones Delfin Dos S.A., holder of 2.13% of Inversiones Cabildo SpA, the final controller of which is Mr. José Said Saffie, Chilean National ID number: 2.305.902-9.
- c)** Inversiones Delfin 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 Delfin 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 Delfin 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 Delfin 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 18.06% interest in Inmobiliaria Atlantis S.A. Its majority shareholder is Inversiones Orlí Limitada, which holds 70.003% 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 6.15% 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 2.62% 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 1.66% 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, holder of a 0.52% 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. owns 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 0.54% 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.

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 SpA., holder of a 0.00001% 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 1.51% 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

| Equity | ThCLP\$ |
|--------------------------|--------------|
| Issued capital | 416,047,240 |
| Retained earnings | 416,884,616 |
| Share premium | 289,355 |
| Other reserves | (35,046,341) |
| Non-controlling interest | 142,594,549 |
| Total equity | 940,769,418 |

OUR LEGAL STRUCTURE AND MATERIAL EVENTS

ARTICLES OF INCORPORATION

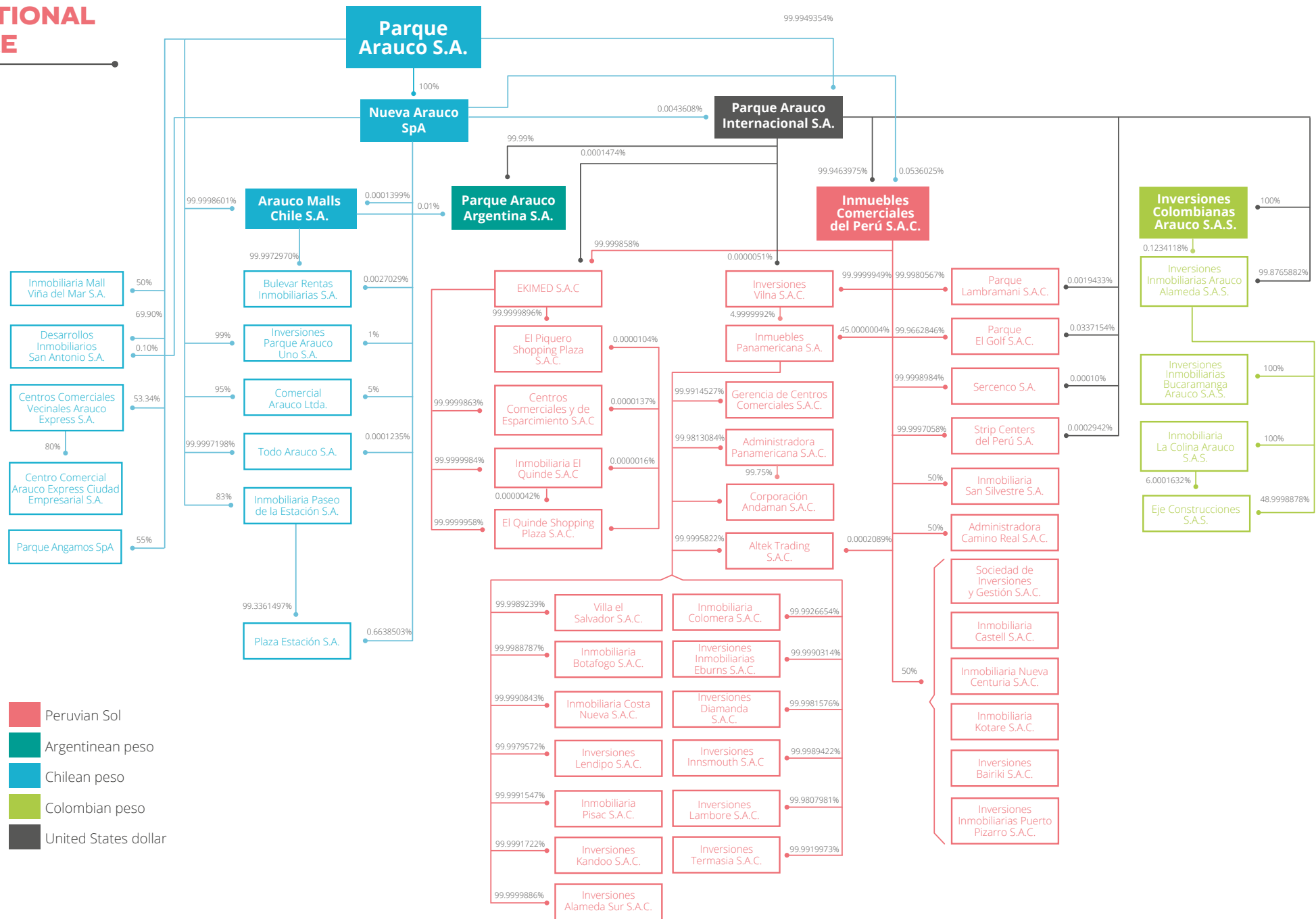
| Parque Arauco S.A. | |
|--|---|
| Date founded | 11/30/1979 |
| Articles of incorporation | Public instrument |
| Notary | Andrés Rubio Flores |
| City | Santiago |
| Date modified | 02/23/1981 |
| Notary | Andrés Rubio Flores |
| Licensed to operate by | Superintendency of Securities and Insurance (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 <i>Official Gazette</i> | No. 31,003 |
| Date of publication | 06/30/1981 |

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 <i>Official Gazette</i> 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 | 10/07/2006 |
| 05/11/2007 | 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 |
| 11/06/2013 | 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 |

ORGANIZATIONAL STRUCTURE



- Peruvian Sol
- Argentinean peso
- Chilean peso
- Colombian peso
- United States dollar

SUBSIDIARIES AND ASSOCIATES

CHILE SUBSIDIARIES AND ASSOCIATES (CAPITAL FIGURES IN CHILEAN PESOS)

NAME: Bulevar Rentas Inmobiliarias S.A.
CAPITAL: 4,892,710,301
CORPORATE PURPOSE: Construction and leasing of real estate projects
BOARD AND DIRECT MANAGEMENT:
Board: Andrés Torrealba Ruiz-Tagle (Chairman), Nicolás Bennett Nualart, Claudio Chamorro Carrizo, Eduardo Pérez Marchant 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: 2.0%

NAME: Parque Angamos SpA
CAPITAL: 13,489,963,908
CORPORATE PURPOSE: Construction and leasing of real estate projects.
BOARD AND DIRECT MANAGEMENT:
Board: Andrés Torrealba Ruiz-Tagle (Chairman), Nicolás Bennett Nualart and Cristián Sironvalle Cordero.
Direct management: Nicolás Bennett Nualart (Chief Executive Officer)
DIRECT/INDIRECT INTEREST (%): 55.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 0.6%

NAME: Comercial Arauco Ltda.
CAPITAL: 100
CORPORATE PURPOSE: Construction and leasing of real estate projects.
BOARD AND DIRECT MANAGEMENT:
Board: 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
CORPORATE PURPOSE: Construction and leasing of real estate projects.
BOARD AND DIRECT MANAGEMENT:
Board: Andrés Torrealba Ruiz-Tagle (Chairman), Nicolás Bennett Nualart, Drago Gluscevic Vermehren, Duncan Grob Urzúa and Eduardo Pérez Marchant.
Direct management: Nicolás Bennett Nualart (Chief Executive Officer)
DIRECT/INDIRECT INTEREST (%): 70.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 1.1%

NAME: Inmobiliaria Paseo de la Estación S.A
CAPITAL: 15,266,108
CORPORATE PURPOSE: Construction and leasing of real estate projects.
BOARD AND DIRECT MANAGEMENT:
Board: 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: 4.2%

NAME: Inversiones Parque Arauco Uno S.A.
CAPITAL: 1,500,480
CORPORATE PURPOSE: Construction and leasing of real estate projects.
BOARD AND DIRECT MANAGEMENT:
Board: Andrés Torrealba Ruiz Tagle (Chairman), Claudio Chamorro Carrizo, Duncan Grob Urzúa, Nicolás Bennett Nualart and Matías Chomali Kattan.
Direct management: Nicolás Bennett Nualart (Chief Executive Officer)
DIRECT/INDIRECT INTEREST (%): 100.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 0.3%

NAME: Arauco Malls Chile S.A.
CAPITAL: 167,988,339
CORPORATE PURPOSE: Construction and leasing of real estate projects.
BOARD AND DIRECT MANAGEMENT:
Board: 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: 12.1%

NAME: Parque Arauco Internacional S.A.
CAPITAL: US\$ 791,645,147
CORPORATE PURPOSE: Investment company.
BOARD AND DIRECT MANAGEMENT:
Board: Eduardo Pérez Marchant (Chairman), Claudio Chamorro Carrizo and Duncan Grob Urzúa
Direct management: Claudio Chamorro Carrizo (Chief Executive Officer)
DIRECT/INDIRECT INTEREST (%): 100.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 0.0%



NAME: Todo Arauco S.A.
CAPITAL: 53,653,536.-
CORPORATE PURPOSE: Publicity events and advertising.
BOARD AND DIRECT MANAGEMENT:
Board: 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: 4.4%

NAME: Inmobiliaria Mall Viña del Mar S.A.
CAPITAL: 17,783,008
CORPORATE PURPOSE: Construction and leasing of real estate projects.
BOARD AND DIRECT MANAGEMENT:
Board: Andrés Torrealba Ruiz-Tagle, Claudio Chamorro Carrizo (alternate), Sergio Hidalgo Herazo (Chairman), Alejandro Fridman Pirozansky (alternate), Juan Antonio Álvarez Avendaño, Gonzalo Quinteros Anwandter (alternate), Miguel Núñez Sfeir and Juan Diuana Yunis (alternate).
Direct management: Sergio Novoa Balmaceda (Chief Executive Officer)
DIRECT/INDIRECT INTEREST (%): 50.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 4.3%

NAME: Centros Comerciales Vecinales Arauco Express S.A.
CAPITAL: 37,091,931
CORPORATE PURPOSE: Construction and leasing of real estate projects.
BOARD AND DIRECT MANAGEMENT:
Board: Andrés Torrealba Ruiz-Tagle (Chairman), Felipe Castro del Río (alternate), Claudio Chamorro Carrizo, Eduardo Pérez Marchant (alternate), Duncan Grob Urzúa, Matías Chomalí Kattan (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 (%): 53.34%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 1.5%

NAME: Centro Comercial Arauco Express Ciudad Empresarial S.A.
CAPITAL: 2,067,161
CORPORATE PURPOSE: 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: Andrés Torrealba Ruiz-Tagle (Chairman), Felipe Castro del Río (alternate), Claudio Chamorro Carrizo, Eduardo Pérez Marchant (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: 0.3%

NAME: Nueva Arauco SpA.
CAPITAL: 2,443
CORPORATE PURPOSE: Investment company.
BOARD AND DIRECT MANAGEMENT:
Board: 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
CORPORATE PURPOSE: Construction and leasing of real estate projects.
BOARD AND DIRECT MANAGEMENT:
Board: Andrés Torrealba Ruiz-Tagle (Chairman), Claudio Chamorro Carrizo and Nicolás Bennett Nualart
Direct management: Nicolás Bennett Nualart (Chief Executive Officer)
DIRECT/INDIRECT INTEREST (%): 83.66%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 1.5%

PERU

SUBSIDIARIES AND ASSOCIATES

(CAPITAL FIGURES EXPRESSED IN PERUVIAN SOLES)

NAME: Inmuebles Comerciales del Perú S.A.C.
CAPITAL: 1,193,254,009
CORPORATE PURPOSE: Construction and leasing of real estate projects.
BOARD AND DIRECT MANAGEMENT:
Board: Emilio Rodríguez Larraín (Chairman), Juan Antonio Álvarez Avendaño, José Domingo Eluchans Urenda, Guillermo Said Yarur, Salvador Said Somavía, Claudio Chamorro Carrizo.
Direct management: Eduardo Herrera Vásquez (Chief Executive Officer)
DIRECT/INDIRECT INTEREST (%): 100.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 0.1%

NAME: Parque El Golf S.A.C.
CAPITAL: 2,966
CORPORATE PURPOSE: Construction and leasing of real estate projects.
BOARD AND DIRECT MANAGEMENT:
Board: N/A
Direct management: Eduardo Herrera Vásquez (Chief Executive Officer)
DIRECT/INDIRECT INTEREST (%): 100.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 0.3%

NAME: Parque Lambramani S.A.C.
CAPITAL: 256,207,861
CORPORATE PURPOSE: Construction and leasing of real estate projects.
BOARD AND DIRECT MANAGEMENT:
Board: Juan Antonio Álvarez Avendaño, José Domingo Eluchans Urenda and Guillermo Said Yarur
Direct management: Eduardo Herrera Vásquez (Chief Executive Officer)
DIRECT/INDIRECT INTEREST (%): 100.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 4.2%

NAME: Inversiones Vilna S.A.C.
CAPITAL: 19,437,773
CORPORATE PURPOSE: Construction and leasing of real estate projects.
BOARD AND DIRECT MANAGEMENT:
Board: N/A
Direct management: Eduardo Herrera Vásquez (Chief Executive Officer)
DIRECT/INDIRECT INTEREST (%): 100%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 0.4%

NAME: Strip Centers del Perú S.A.C.
CAPITAL: 135,952,590
CORPORATE PURPOSE: Construction and leasing of real estate projects.
BOARD AND DIRECT MANAGEMENT:
Board: N/A
Direct management: Eduardo Herrera Vásquez (Chief Executive Officer)
DIRECT/INDIRECT INTEREST (%): 100.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 2.2%

NAME: Sercenco S.A.C.
CAPITAL: 49,206,420
CORPORATE PURPOSE: Construction and leasing of real estate projects.
BOARD AND DIRECT MANAGEMENT:
Board: 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: Ekimed S.A.C.
CAPITAL: 811,265
CORPORATE PURPOSE: Construction and leasing of real estate projects.
BOARD AND DIRECT MANAGEMENT:
Board: N/A
Direct management: Eduardo Herrera Vásquez (Chief Executive Officer)
DIRECT/INDIRECT INTEREST (%): 100.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 1.4%

NAME: El Piquero Shopping Plaza S.A.C.
CAPITAL: 9,661,385
CORPORATE PURPOSE: Construction and leasing of real estate projects.
BOARD AND DIRECT MANAGEMENT:
Board: 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: Inmobiliaria El Quinde S.A.C.
CAPITAL: 63,617,996
CORPORATE PURPOSE: Construction and leasing of real estate projects.
DIRECT MANAGEMENT:
Board: N/A
Direct management: Eduardo Herrera Vásquez (Chief Executive Officer)
DIRECT/INDIRECT INTEREST (%): 100.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 2.0%

NAME: El Quinde Shopping Plaza S.A.C.
CAPITAL: 23,986,162
CORPORATE PURPOSE: Construction and leasing of real estate projects.
BOARD AND DIRECT MANAGEMENT:
Board: N/A
Direct management: Eduardo Herrera Vásquez (Chief Executive Officer)
DIRECT/INDIRECT INTEREST (%): 100.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 0.6%

NAME: Centros Comerciales de Esparcimiento S.A.C.
CAPITAL: 7,283,250
CORPORATE PURPOSE: Construction and leasing of real estate projects.
BOARD AND DIRECT MANAGEMENT:
Board: 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: Administradora Camino Real S.A.C.
CAPITAL: 5,182,160
CORPORATE PURPOSE: Construction and leasing of real estate projects.
BOARD AND DIRECT MANAGEMENT:
Board: N/A
Direct management: Pedro Sevilla Almeida (Chief Executive Officer)
DIRECT/INDIRECT INTEREST (%): 50.00%
INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 0.0%

NAME: Inversiones Lendipo S.A.C.
CAPITAL: 50,304,237
CORPORATE PURPOSE: Construction and leasing of real estate projects.
BOARD AND DIRECT MANAGEMENT:
Board: 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
CORPORATE PURPOSE: Construction and leasing of real estate projects.
BOARD AND DIRECT MANAGEMENT:
Board: 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
CORPORATE PURPOSE: Construction and leasing of real estate projects.
BOARD AND DIRECT MANAGEMENT:
Board: 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: Inmobiliaria Eburns S.A.C.
CAPITAL: 71,401,342
CORPORATE PURPOSE: Construction and leasing of real estate projects.
BOARD AND DIRECT MANAGEMENT:
Board: 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: Inversiones Diamanda S.A.C.
CAPITAL: 21,711,353
CORPORATE PURPOSE: Construction and leasing of real estate projects.
BOARD AND DIRECT MANAGEMENT:
Board: 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
CORPORATE PURPOSE: Construction and leasing of real estate projects.
BOARD AND DIRECT MANAGEMENT:
Board: 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
CORPORATE PURPOSE: Construction and leasing of real estate projects.
BOARD AND DIRECT MANAGEMENT:
Board: 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
CORPORATE PURPOSE: Construction and leasing of real estate projects.
BOARD AND DIRECT MANAGEMENT:
Board: 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
CORPORATE PURPOSE: Construction and leasing of real estate projects.
BOARD AND DIRECT MANAGEMENT:
Board: 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: 42,648,410
CORPORATE PURPOSE: Construction and leasing of real estate projects.
BOARD AND DIRECT MANAGEMENT:
Board: 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: Inversiones Inmobiliarias Puerto Pizarro S.A.C.
CAPITAL: 400
CORPORATE PURPOSE: Construction and leasing of real estate projects.
BOARD AND DIRECT MANAGEMENT:
Board: 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%



COLOMBIA

SUBSIDIARIES AND ASSOCIATES

(CAPITAL FIGURES IN COLOMBIAN PESOS)

CAPITAL: 34,252,420,000

CORPORATE PURPOSE: Construction and leasing of real estate projects.

BOARD AND DIRECT MANAGEMENT:

Board: N/A

Direct management: Carolina Bermúdez Rueda (Chief Executive Officer),
Diego Bermúdez Farías and Tatiana Montealegre McMichen

DIRECT/INDIRECT INTEREST (%): 100.00%

INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 1.4%

NAME: Inversiones Inmobiliarias Arauco Alameda S.A.S.

CAPITAL: 76,344,385,000

CORPORATE PURPOSE: Construction and leasing of real estate projects.

BOARD AND DIRECT MANAGEMENT:

Board: N/A

Direct management: Carolina Bermúdez Rueda (Chief Executive Officer),
Diego Bermúdez Farías and Tatiana Montealegre McMichen

DIRECT/INDIRECT INTEREST (%): 100.00%

INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 5.2%

NAME: Inmobiliaria La Colina Arauco S.A.S.

CAPITAL: 39,291,745,000

CORPORATE PURPOSE: Construction and leasing of real estate projects.

BOARD AND DIRECT MANAGEMENT:

Board: N/A

Direct management: María Elena Jimeno Sarcar (Chief Executive Officer),
Diego Bermúdez Farías and Carolina Bermúdez Rueda

DIRECT/INDIRECT INTEREST (%): 100.00%

INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 6.3%

NAME: Eje Construcciones S.A.S.

CAPITAL: 392,156,000

CORPORATE PURPOSE: Construction and leasing of real estate projects.

BOARD AND DIRECT MANAGEMENT:

Board: Juan Pablo Romero Restrepo, Tatiana Montealegre McMichen
(alternate), Diego Mauricio Bermúdez Farías, Olga Tatiana Peña De La
Rosa (alternate), Martha Patricia Calderón Cardozo, Juliana Ceballos
Gutiérrez (alternate), José Farid Merheg Sabbagh, Gabriel Vallejo Chujfi
(alternate), Ricardo Merheg Sabbagh and Alberto de Jesús Velásquez
Uribe (alternate)

Direct management: Tatiana Jaramillo Uribe (Chief Executive Officer), Ruth
Fonseca Castañeda and José Ignacio Morales Badilla

DIRECT/INDIRECT INTEREST (%): 55.00%

INVESTMENT AS A PERCENTAGE OF PARENT'S ASSETS: 1.1%

NAME: Inversiones Inmobiliarias Bucaramanga Arauco S.A.S.

CAPITAL: 9,468,635,000

CORPORATE PURPOSE: Construction and leasing of real estate projects.

BOARD AND DIRECT MANAGEMENT:

Board: 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: 2.0%

ARGENTINA

SUBSIDIARIES AND ASSOCIATES

(CAPITAL FIGURES IN ARGENTINEAN PESOS)

NAME: Parque Arauco Argentina S.A.

CAPITAL: 7,031

CORPORATE PURPOSE: Construction and leasing of real estate projects.

BOARD AND DIRECT MANAGEMENT:

Board: 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%





REGULATORY FRAMEWORK

Parque Arauco S.A. and its subsidiaries in Chile, Peru and Colombia are subject to a variety of civil, commercial, labor, administrative and tax regulations. The most relevant of these regulations are listed below for each country.



CHILE

Parque Arauco S.A. is a publicly traded corporation that is registered with the Financial Market Commissions under number 0403 and, therefore, is supervised by that institution. It is subject to the provisions of the Securities Market Law (No. 18,045) and the Corporations Law (No. 18,046), in addition to 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 building codes. Likewise, shopping centers must have operating 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

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

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 Law on Productivity and Labor Competitiveness, Law on Health and Safety at Work as well as regulations on implementing a compliance system, among others, are applicable due to the company's line of business.

COLOMBIA

In Colombia, the company operates through 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 Statute, the Tax Statute, the Personal Data Protection Act, and false publicity and anti-monopoly regulations, among others.



MATERIAL EVENTS

02/07/2017
A settlement was reached between the Viña del Mar Director of Works and Inmobiliaria Mall Viña del Mar S.A. (Marina Arauco), ending the lawsuit that originated from a claim of illegality filed by Marina Aruaco in June 2015. The municipality withdrew the motion for cassation filed in case no. ICS 49.685.2016.

03/02/2017
Parque Arauco S.A.'s Board of Directors announced their decision to call an annual general shareholders' meeting for April 6, 2017.

04/06/2017
A report was presented on the annual general shareholders' meeting and the main agreements reached.

12/04/2017
The binding agreement, signed by Parque Arauco S.A. subsidiaries, Inmuebles Comerciales del Perú S.A.C. (ICP) and Parque El Golf S.A.C.(PEG), with Inversiones Centenario S.A.A. and its related parties was announced. It establishes conditions for the sale of ICP-held shares of Inmobiliaria San Silvestre S.A. and Administradora Camino Real S.A.C. as well as the three buildings ICP co-owns with Centenario. PEG will simultaneously sell its rights to the two San Isidro buildings that it co-owns with Centenario. The sale price was US\$78 million.

DIVIDEND POLICY

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

Dividends per share paid in the last ten years were:

| 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 |





MEMBERS OF OUR TEAM



BOARD OF DIRECTORS

NATIONALITY

| | Nationals | Foreigners |
|--------------------|-----------|------------|
| Board of Directors | 9 | 0 |

GENDER

| | Men | Women |
|--------------------|-----|-------|
| Board of Directors | 9 | 0 |

AGE

| Years | Under 30 | 30-40 | 41-50 | 51-60 | 61-70 | Over 70 |
|--------------------|----------|-------|-------|-------|-------|---------|
| Board of Directors | 0 | 0 | 0 | 3 | 3 | 3 |

YEARS ON BOARD

| Years | Less than 3 | 3 to 6 | 6 to 9 | 9 to 12 | More than 12 |
|--------------------|-------------|--------|--------|---------|--------------|
| Board of Directors | 2 | 0 | 3 | 1 | 3 |

SENIOR EXECUTIVES

NATIONALITY

| | Nationals | Foreigners |
|-------------------|-----------|------------|
| Senior Executives | 8 | 0 |

GENDER

| | Men | Women |
|-------------------|-----|-------|
| Senior Executives | 7 | 1 |

AGE

| Years | Under 30 | 30-40 | 41-50 | 51-60 | 61-70 | Over 70 |
|-------------------|----------|-------|-------|-------|-------|---------|
| Senior Executives | 0 | 1 | 4 | 3 | 0 | 0 |

YEARS OF SERVICE

| Years | Less than 3 | 3 to 6 | 6 to 9 | 9 to 12 | More than 12 |
|-------------------|-------------|--------|--------|---------|--------------|
| Senior Executives | 1 | 1 | 5 | 0 | 1 |



EMPLOYEES

NATIONALITY

| Division | Nationals | Foreigners |
|----------|-----------|------------|
| Chile | 267 | 7 |
| Peru | 213 | 1 |
| Colombia | 57 | 3 |

GENDER

| Division | No. of Em- ployees | Men | Women | % Men | % Women |
|----------|-----------------------|-----|-------|-------|---------|
| Chile | 274 | 161 | 113 | 59% | 41% |
| Peru | 214 | 135 | 79 | 63% | 37% |
| Colombia | 60 | 24 | 36 | 40% | 60% |
| Total | 548 | 320 | 228 | 58% | 42% |

POSITION

| Parque Arauco Workforce by Type of Position | Year | Chile | Peru | Colombia | Total |
|--|------|-------|------|----------|-------|
| Executives | 2016 | 63 | 41 | 11 | 115 |
| | 2017 | 58 | 24 | 12 | 94 |
| Area Managers and Professionals | 2016 | 182 | 117 | 43 | 342 |
| | 2017 | 192 | 126 | 48 | 366 |
| Non-Management | 2016 | 26 | 88 | 0 | 114 |
| | 2017 | 24 | 64 | 0 | 88 |

AGE

| Years | Under 30 | 30-40 | 41-50 | 51-60 | 61-70 | Over 70 |
|----------|----------|-------|-------|-------|-------|---------|
| Chile | 86 | 117 | 52 | 13 | 6 | 0 |
| Peru | 66 | 84 | 37 | 20 | 6 | 1 |
| Colombia | 15 | 31 | 12 | 0 | 2 | 0 |
| Total | 167 | 232 | 101 | 33 | 14 | 1 |

YEARS OF SERVICE

| Years | Less than 3 | 3 to 6 | 6 to 9 | 9 to 12 | More than 12 |
|----------|-------------|--------|--------|---------|-----------------|
| Chile | 159 | 54 | 36 | 7 | 18 |
| Peru | 114 | 49 | 17 | 10 | 24 |
| Colombia | 36 | 16 | 7 | 1 | 0 |
| Total | 309 | 119 | 60 | 18 | 42 |

SALARY GAP BETWEEN MEN AND WOMEN

| Type of Position | Chile | | Peru | | Colombia | |
|---------------------------------------|-------|------|------|------|----------|------|
| | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 |
| Executives | 55% | 61% | 80% | 76% | 51% | 46% |
| Area Managers and Professionals | 89% | 86% | 109% | 108% | 154% | 98% |
| Non- Management | 110% | 110% | 104% | 119% | N/A | N/A |

ANNUAL REPORT ON THE DIRECTORS' COMMITTEE

ACTIVITIES AND ROLES

This year, the Committee performed the following roles in accordance with current regulations:

- 1. Internal Audit**
Review and monitor the annual audit plan.
- 2. Financial Statements**
Analyzed and approved standalone and consolidated financial statements. Quarterly statements were reviewed and special attention was paid to year-end statements.
- 3. External Auditors**
Proposed external auditors. Also includes monitoring work performed throughout the year in the corresponding board meetings.
- 4. Risk and Compliance**
Implementation of the risk model for Chile, Peru and Colombia.

Follow-up on implementation of crime prevention models and data protection laws in Peru and Colombia (complaint channel).

Follow-up on compliance with the crime prevention model in Chile. Review proposal for design and implementation of a comprehensive compliance model.
- 5. Other**
Proposed committee expenses needed to properly perform its duties.

Additionally, analyze the compensation systems and plans for main executives.

COMMITTEE MEMBERS AND ATTENDANCE

The Director's Committee was comprised of Rafael Aldunate, Guillermo Said and Luis Hernán Paul. At the May 26, 2016, meeting of the Directors' Committee, the members agreed to appoint Mr. Rafael Aldunate as committee Chairman.

The directors attended all meetings in 2017. Meetings were also attended by the Executive Vice President, Juan Antonio Álvarez; Corporate Chief Financial Officer, Corporate Controller and Audit Manager and, as secretary, Corporate Legal Manager.

COMPENSATION AND EXPENSES

The Committee's 2017 budget was unused.

» Activities During the Year

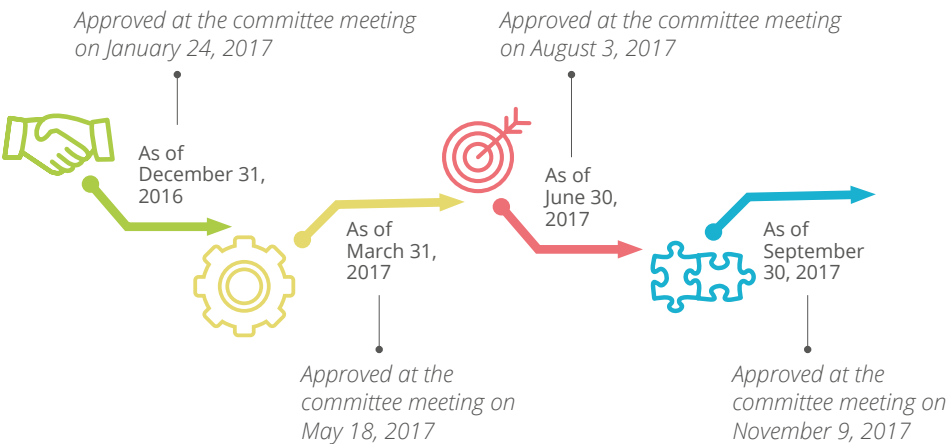
This section contains a summary of the Directors' Committee's activities this year.

FINANCIAL REPORTING

The Committee has 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, 2016 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 2016 financial statements (FECU format) on January 24, 2017.



EXTERNAL AUDITORS AND RISK RATING AGENCIES

At the Committee's meeting on March 2, 2017, it agreed on the external auditor to be proposed to the Board and subsequently to shareholders at the annual general shareholders' meeting. They proposed Deloitte based on 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.

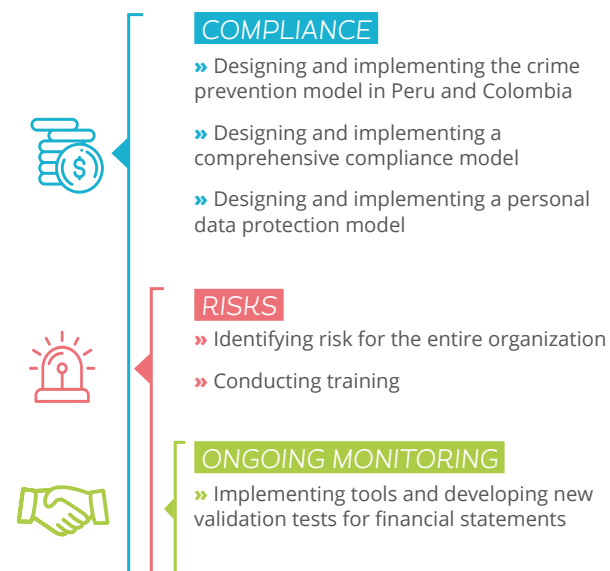
At the meeting held August 3, 2017, Deloitte presented the 2017 audit plan and the scope of internal control efforts, among other issues. To that effect, the firm reviewed the annual work and activities schedule.

INTERNAL AUDIT

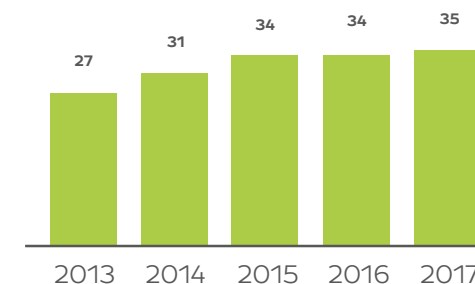
The Committee oversees the Controller and Audit Division and thus is responsible for:

- 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

Monitoring of the audit plan has focused on:



The number of audits has grown over the past five 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:

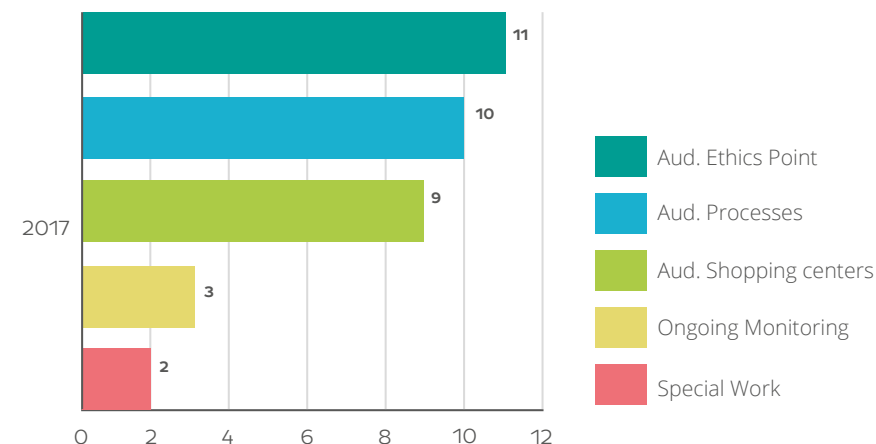


In 2017, the committee audited 31 processes listed in the annual plan as well as other issues.

These issues include several Committee reports related to Ethics Point complaints, process audits (division, regional services and shopping centers), shopping center audits and other special audit issues. The audit plan covers the period from March 2017 to 2018.

The number of audits has grown over the past five 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:

2017 REPORT SUMMARY



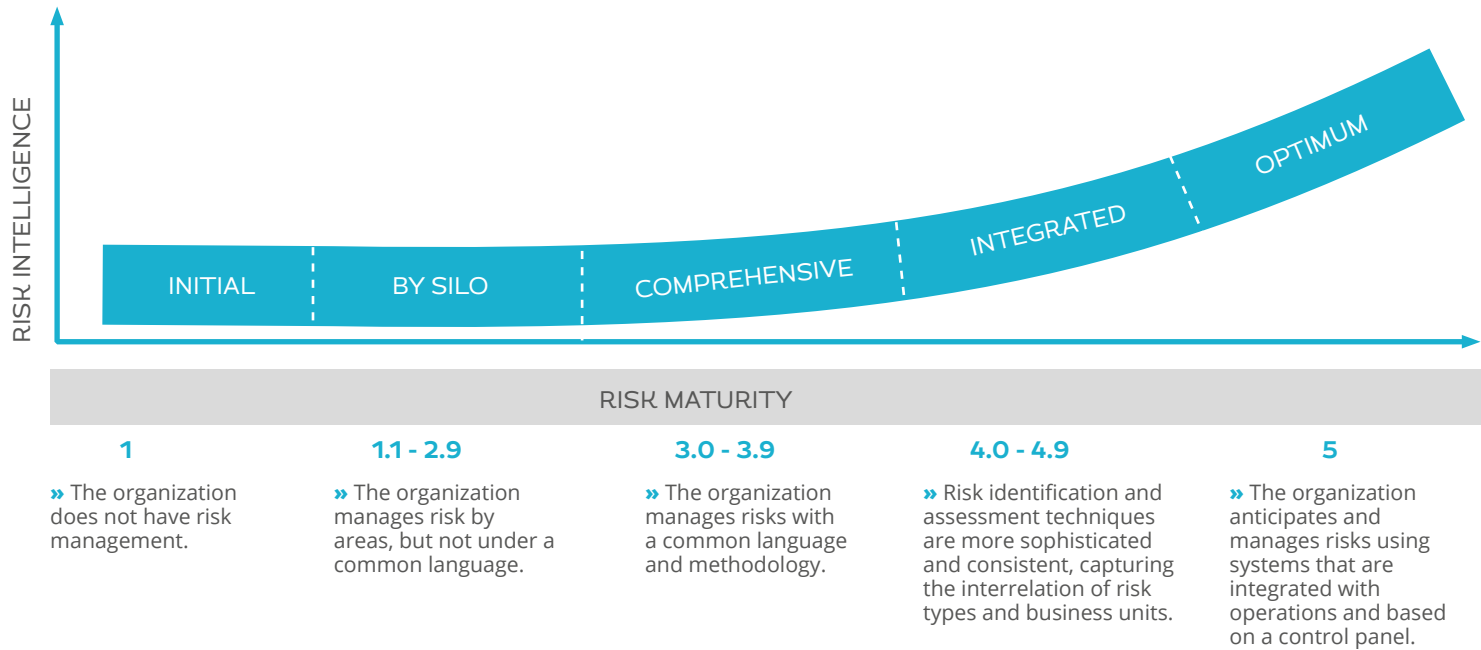
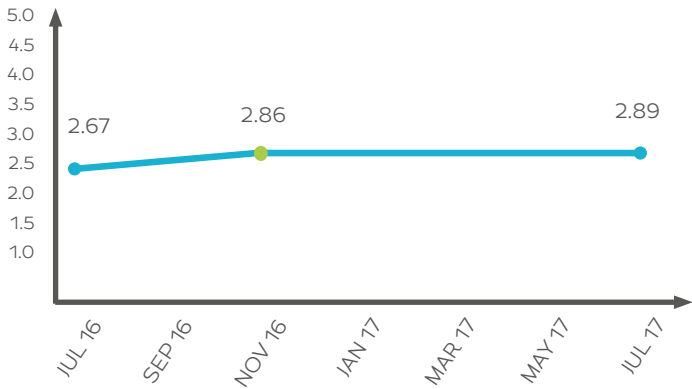
RISK MANAGEMENT

Based on a three-year timeline (2016-2018), Parque Arauco has established a risk management model that utilizes best practices backed by international standards (ISO 31,000 and COSO).

In 2017, program initiatives emphasized:

- 1. Process for identifying risks for Chile, Peru and Colombia, which are in the process of being aligned and standardized.
- 2. Taxonomy analysis and adjustments.
- 3. Evaluation, analysis and implementation of management software.
- 4. Design of risk training that uses audiovisual material.
- 5. Production of quarterly risk management reports.

The RIMS Risk Maturity Model (RMM) and the Chilean market maturity model are used as a reference for self-assessing risk management in relation to international best practices.

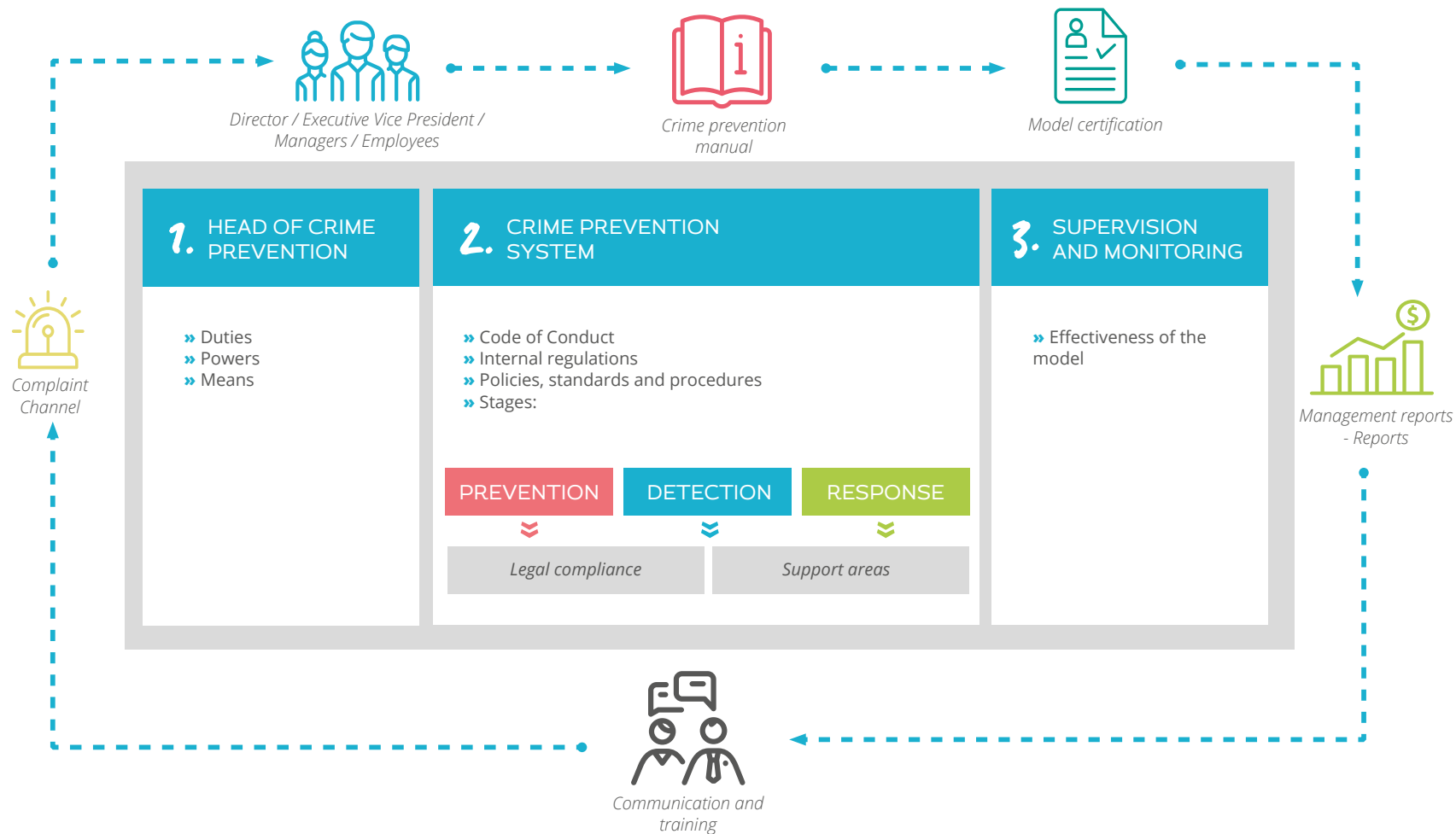


COMPLIANCE

As it constantly strives to strictly uphold current laws and regulations while maintaining high regulatory standards, Parque Arauco S.A. is standardizing and implementing the Crime Prevention Model for Chile, Peru and Colombia. The process, which is nearly complete, has been addressed in several committee meetings. The components of the integrated model are:

Another important aspect has been collaborating with PwC and EY to develop and implement the personal data protection model for Peru and Colombia in order to comply with new regulations in those countries.

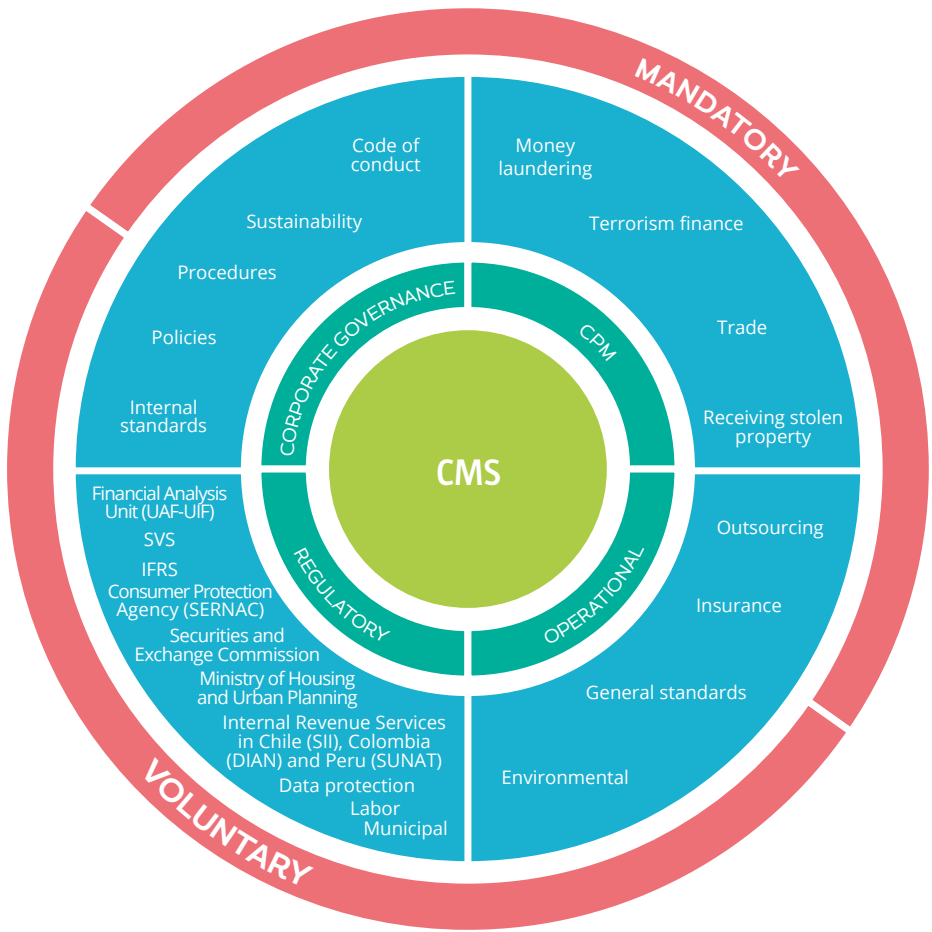
In addition, we have made progress on implementing a Compliance Management System that commits the organization to upholding regulations in each country (legal mandates, industry codes, organizational and good corporate governance standards, best practices, etc.).



Creating the system has involved developing standards for nine processes in Chile, which requires integrating process owners, implementing tools and creating indicators for the current state of compliance for each standard.

Twenty new indicators were established for different areas of the company. Ongoing monitoring tests are currently performed on all of them.

FIGURE 1: COMPLIANCE MANAGEMENT SYSTEM 2017-2018



OTHER

The Committee also performed other tasks inherent to its role, like:

- assessing a limited universe of related transactions;
- reviewing whether it was in the company's best interest to hire Deloitte Auditores y Consultores Limitada for ongoing tax advisory and consulting services; income tax support, revision of sworn statements, retained taxable earnings registry and tax equity diagnostics; support for inspections by tax authorities, and all services not listed in Article 242 of the Securities Market Law (No.18,045);
- analyzing statistics on the complaints filed with the company's Ethics Committee;
- reviewing the investment project approval system, which is structured depending on the amounts involved;
- reviewing executive compensation plans;
- meeting with BH Compliance, the company responsible for independently assessing the company's Crime Prevention Model. The company presented the certification and its ongoing monitoring process in order to commit Parque Arauco to long-term compliance.

CONCLUSIONS

In 2017, the Committee fulfilled all responsibilities assigned to it by law. It has kept in constant contact with the Chief Audit Manager and Controller, the Chief Financial Officer and external audit company. It has also tested the quality and transparency of periodic financial reporting as well as the effectiveness of its internal control systems.

In accordance with policy, the Committee proposed an external auditor 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 also made sure that management respond 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 recommendations are related to the matters listed in this report and have been presented to the company's Board of Directors at its meetings in 2017.



COMPENSATION

COMPENSATION AND INCENTIVES

At the annual general shareholders' meeting on April 6, 2017, 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.

COMPENSATION 2016 AND 2017

| Name | Chilean National ID | 2016 (ThCLP\$) | | 2017 (ThCLP\$) | |
|-------------------------|---------------------|----------------|-----------|----------------|-----------|
| | | Board | Committee | Board | Committee |
| Guillermo Said Yarur | 6.191.544-3 | 31,254 | 20,315 | 37,869 | 20,720 |
| Joaquín Brahm Barril | 7.052.386-8 | 7,715 | 5,015 | - | - |
| José Domingo Eluchans | 6.474.632-4 | 31,254 | - | 37,869 | - |
| José Said Saffie | 2.305.902-9 | 62,508 | - | 75,739 | - |
| Luis Hernán Paúl Fresno | 7.289.965-2 | 23,539 | 13,617 | 37,869 | 20,720 |
| Orlando Sáenz Rojas | 3.599.669-9 | 31,254 | - | 37,869 | - |
| Rafael Aldunate Valdés | 5.193.449-0 | 31,254 | 20,315 | 37,869 | 20,720 |
| René Abumohor Touma | 3.065.693-8 | 31,254 | - | 37,869 | - |
| Rosanna Gaio Cuevas | 6.934.528-K | 7,715 | - | - | - |
| Salvador Said Somavía | 6.379.626-3 | 31,254 | - | 37,869 | - |
| Juan Carlos Lobos Pérez | 4.567.869-5 | 23,539 | - | 37,869 | - |
| Total | | 312,538 | 59,261 | 378,695 | 62,161 |

ATTENDANCE AT BOARD MEETINGS

Board meeting attendance in 2017 was as follows:

| Name | Attendance (%) |
|-------------------------|----------------|
| Guillermo Said Yarur | 92% |
| José Domingo Eluchans | 92% |
| José Said Saffie | 92% |
| Luis Hernán Paúl Fresno | 92% |
| Orlando Sáenz Rojas | 100% |
| Rafael Aldunate Valdés | 100% |
| René Abumohor Touma | 83% |
| Salvador Said Somavía | 100% |
| Juan Carlos Lobos Pérez | 100% |

ATTENDANCE AT DIRECTORS' COMMITTEE MEETINGS
Directors' Committee meeting attendance in 2017 was as follows:

| Director | 2017 Attendance |
|-------------------------|-----------------|
| Luis Hernán Paúl Fresno | 100% |
| Rafael Aldunate Valdés | 100% |
| Guillermo Said Yarur | 100% |

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

Total compensation received by the company's main executives for the years ended December 31, 2017 and 2016 amounted to ThCLP\$3,834,338 and ThCLP\$3,616,091, respectively, of which approximately 37% was variable compensation during the 2017 period (36% in 2016).

Parque Arauco executives receive a fixed monthly salary in addition to an annual performance bonus tied to EBITDA. 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 were subscribed; the other 5,032,384 remained unsubscribed.

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. One third of the options could be exercised as of 2016; of those, 4,255,000 shares were subscribed. One third of the shares could be exercised as of 2017; of those, 3,827,095 shares were subscribed. Finally, one third of the options can be exercised as 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.

» OUR PROPERTIES

OUR PORTFOLIO

The following is a list of our shopping centers, their gross leasable area (GLA), ownership and occupancy as of December 31, 2017.

| Peru | GLA (m²) | Ownership (%) | Parque Arauco -Owned GLA (m²) | Occupancy | Year Incorporated |
|-------------------------------------|----------------|---------------|-------------------------------|--------------|-------------------|
| MegaPlaza Norte | 111,500 | 50% | 55,750 | 98.9% | 2006 |
| MegaPlaza Express Villa Chorrillos | 8,000 | 50% | 4,000 | 96.1% | 2009 |
| Larcomar | 26,500 | 100% | 26,500 | 92.6% | 2010 |
| Parque Lambramani | 30,000 | 100% | 30,000 | 89.1% | 2010 |
| MegaPlaza Chimbote | 28,000 | 50% | 14,000 | 93.1% | 2012 |
| MegaPlaza Express Villa El Salvador | 9,500 | 50% | 4,750 | 95.6% | 2012 |
| MegaPlaza Express Chinchá | 9,000 | 50% | 4,500 | 76.9% | 2013 |
| InOutlet and Viamix | 23,000 | 100% | 23,000 | 85.1% | 2013 |
| MegaPlaza Cañete | 16,500 | 50% | 8,250 | 97.6% | 2013 |
| MegaPlaza Express Barranca | 10,000 | 50% | 5,000 | 89.3% | 2013 |
| MegaPlaza Pisco | 14,500 | 50% | 7,250 | 95.0% | 2015 |
| El Quinde Cajamarca | 31,500 | 100% | 31,500 | 93.4% | 2015 |
| El Quinde Ica | 36,000 | 100% | 36,000 | 98.8% | 2015 |
| Plaza Jesús María | 14,500 | 100% | 14,500 | 38.4% | 2016 |
| MegaPlaza Jaén | 14,500 | 50% | 7,250 | 93.8% | 2016 |
| MegaPlaza Huaral | 9,000 | 50% | 4,500 | 66.8% | 2017 |
| MegaPlaza Villa El Salvador II | 10,000 | 50% | 5,000 | N/A | 2017 |
| Total Peru | 402,000 | 70% | 281,750 | 91.9% | |

| Chile | GLA (m²) | Ownership (%) | GLA Parque Arauco -Owned (m²) | Occupancy | Year Incorporated |
|------------------------|----------------|---------------|-------------------------------|--------------|-------------------|
| Parque Arauco Kennedy | 111,500 | 100% | 111,500 | 99.3% | 1982 |
| Arauco Maipú | 74,000 | 100% | 74,000 | 99.4% | 1993 |
| Arauco Chillán | 32,000 | 100% | 32,000 | 99.9% | 2007 |
| Arauco Estación | 66,500 | 83% | 55,195 | 97.8% | 2008 |
| Arauco San Antonio | 28,500 | 70% | 19,922 | 95.8% | 2009 |
| Arauco Express | 33,000 | 53% | 17,602 | 83.6% | 2012 |
| Arauco Premium Outlets | 47,000 | 100% | 47,000 | 95.9% | 2012 |
| Arauco Quilicura | 32,000 | 100% | 32,000 | 100.0% | 2013 |
| Arauco Coronel | 30,000 | 100% | 30,000 | 94.8% | 2017 |
| Total Chile | 454,500 | 92% | 419,219 | 97.2% | |

| Colombia | GLA (m²) | Ownership (%) | GLA Parque Arauco -Owned (m²) | Occupancy | Year Incorporated |
|------------------------------|----------------|---------------|-------------------------------|--------------|-------------------|
| Parque Arboleda | 41,000 | 55% | 22,550 | 92.8% | 2010 |
| Parque Caracolí | 38,500 | 100% | 38,500 | 85.9% | 2013 |
| Parque La Colina | 62,500 | 100% | 62,500 | 92.7% | 2016 |
| Arauco Premium Outlet Bogotá | 13,500 | 100% | 13,500 | N/A | 2017 |
| Total Colombia | 155,500 | 88% | 137,050 | 90.9% | |



COMPANY-OWNED PROPERTY

We build our projects primarily on company-owned land.
The following lists the land surface area of our projects:

| Property | Land Surface Area (m²) | Location District / City | Country |
|--|------------------------|--------------------------|---------|
| Parque Arauco Kennedy | 86,767 | Las Condes, Santiago | Chile |
| Arauco Maipú | 141,413 | Maipú, Santiago | Chile |
| Arauco Chillán | 6,989 | Chillán | Chile |
| Arauco Express Pajaritos | 14,429 | Maipú, Santiago | Chile |
| Arauco Express Calama | 3,671 | Calama | Chile |
| Arauco Express Colón | 1,480 | Las Condes, Santiago | Chile |
| Arauco Express Manuel Montt | 1,646 | Providencia, Santiago | Chile |
| Arauco Express Irrarrázaval | 2,444 | Ñuñoa, Santiago | Chile |
| Arauco Express Luis Pasteur | 1,662 | Vitacura, Santiago | Chile |
| Arauco Express Palmares | 1,627 | Viña del Mar | Chile |
| Arauco Express Ossandón Project | 1,413 | La Reina, Santiago | Chile |
| Arauco Express El Carmen de Huechuraba | 2,027 | Huechuraba, Santiago | Chile |
| Arauco San Antonio | 8,723 | San Antonio | Chile |

| Property | Land Surface Area (m²) | Location District / City | Country |
|--------------------------------------|------------------------|--------------------------|----------|
| Arauco Quilicura | 75,024 | Quilicura, Santiago | Chile |
| Arauco Premium Outlet Buenaventura | 38,272 | Quilicura, Santiago | Chile |
| Parque Angamos Project | 14,664 | Antofagasta | Chile |
| Arauco Premium Outlet Coquimbo | 41,778 | Coquimbo | Chile |
| Arauco Express Ciudad Empresarial II | 15,310 | Huechuraba, Santiago | Chile |
| Arauco Express Antofagasta | 14,650 | Antofagasta | Chile |
| Arauco Express La Reina | 1,413 | La Reina, Santiago | Chile |
| Arauco Express Coquimbo Project | 10,388 | Coquimbo | Chile |
| Parque Arboleda | 15,429 | Pereira | Colombia |
| Parque Caracolí | 12,869 | Bucaramanga | Colombia |
| Parque La Colina | 53,652 | Bogotá | Colombia |
| Arauco Premium Outlet Bogotá | 137,729 | Sopó, Bogotá | Colombia |
| MegaPlaza Norte | 138,312 | Lima | Peru |

| Property | Land Surface Area (m²) | Location District / City | Country |
|-------------------------------------|------------------------|-------------------------------|---------|
| MegaPlaza Express Villa Chorrillos | 10,000 | Chorrillos, Lima | Peru |
| MegaPlaza Express Villa El Salvador | 8,600 | Villa El Salvador, Lima | Peru |
| Parque Lambramani | 21,050 | Cercado de Arequipa, Arequipa | Peru |
| MegaPlaza Express Barranca | 4,574 | Barranca | Peru |
| MegaPlaza Express Chíncha | 28,750 | Chíncha Alta | Peru |
| MegaPlaza Express Cañete | 30,276 | San Vicente de Cañete, Cañete | Peru |
| MegaPlaza Express Pisco | 52,547 | Pisco | Peru |
| Viamix Chorillos | 3,224 | Lima | Peru |
| Viamix Malvinas | 1,284 | Lima | Peru |
| El Quinde Ica | 55,377 | Ica | Peru |
| Centro Comercial Plaza Jesús María | 4,707 | Lima | Peru |
| MegaPlaza Express Jaén | 65,634 | Jaén | Peru |
| Viamix Colonia | 2,945 | Lima | Peru |
| MegaPlaza Express Huaral | 32,000 | Huaral | Peru |
| InOutlet Premium Lurín | 56,638 | Lima | Peru |



LEASED AND RENTED PROPERTY

A smaller proportion of shopping centers are located on land for which we hold lease, rental or surface rights agreements.

| Property | Surface Area (m²) | Location | Country | Year Rights Expire |
|-----------------------------------|-------------------|----------------------------|---------|--------------------|
| Paseo Arauco Estación | 238,860 | Estación Central, Santiago | Chile | 2037 |
| Arauco Express Las Brujas | 7,490 | La Reina, Santiago | Chile | 2043 |
| Arauco Express Ciudad Empresarial | 5,454 | Huechuraba, Santiago | Chile | 2043 |
| Arauco Express Recoleta | 6,554 | Recoleta, Santiago | Chile | 2045 |
| Arauco Premium Outlet San Pedro | 35,003 | San Pedro, Concepción | Chile | 2053 |
| Arauco Premium Outlet Curauma | 30,943 | Curauma, Valparaíso | Chile | 2043 |
| Arauco Chillán | 2,585 | Chillán | Chile | 2042 |
| Larcomar | 44,675 | Miraflores, Lima | Peru | 2058 |
| MegaPlaza Chimbote | 39,000 | Chimbote | Peru | 2040 |
| InOutlet Faucett | 9,364 | Callao, Lima | Peru | 2050 |
| El Quinde Cajamarca | 38,118 | Cajamarca | Peru | 2045 |
| MegaPlaza Villa El Salvador II | 40,000 | Villa El Salvador, Lima | Peru | 2055 |





OTHER

MISCELLANEOUS INFORMATION

EXTERNAL AUDITORS

Parque Arauco rotates external auditors every five years. We also conduct an annual bidding process to select an external auditor. We have been working with our current auditor, Deloitte, since 2015. Fees for audit and non-audit services rendered in 2017 are broken down as follows:

Analysis of external audit fees:

Audit: UF 14,881

Non-audit: UF 2,595*

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

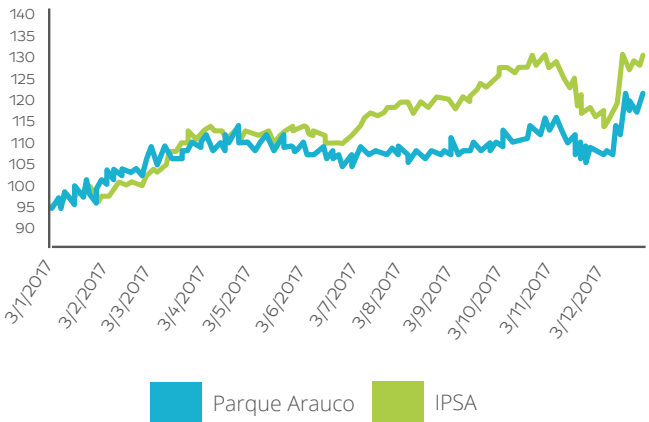
Our direct customers are primarily the tenants leasing stores. However, our indirect customers—the general public visiting our shopping centers—are also fundamental to our operations.

In 2017, we did not have any customers who represented 10% or more of total revenue.

MARKET SNAPSHOT

Our stock is listed on Santiago Exchange, the Valparaíso Stock Exchange and the Chilean Electronic Exchange.

In 2017, the Parque Arauco share price rose 25.1% with an average share value of CLP\$1,906.8. The average daily value of shares traded was ThCLP\$2,218,907, up 81.9% from last year.



2017 STOCK MARKET PRESENCE

SANTIAGO EXCHANGE

| | Number of Shares Traded | Total Value of Shares Traded | Average Price |
|-------------------------|-------------------------|------------------------------|---------------|
| 1 st quarter | 85,797,925 | 140,833,908,620 | 1622.27 |
| 2 nd quarter | 64,985,655 | 112,166,596,217 | 1727.17 |
| 3 rd quarter | 88,591,879 | 151,513,130,569 | 1710.54 |
| 4 th quarter | 71,760,206 | 126,818,517,605 | 1764.85 |

CHILEAN ELECTRONIC STOCK EXCHANGE

| | Number of Shares Traded | Total Value of Shares Traded | Average Price |
|-------------------------|-------------------------|------------------------------|---------------|
| 1 st quarter | 2,276,459 | 3,796,208,550 | 1621.87 |
| 2 nd quarter | 2,142,473 | 3,705,963,710 | 1731.30 |
| 3 rd quarter | 3,358,138 | 5,757,394,895 | 1714.14 |
| 4 th quarter | 1,985,582 | 3,488,749,057 | 1760.94 |

VALPARAÍSO STOCK EXCHANGE:

We did not trade on the Valparaíso Stock Exchange in 2017.

*Training in Chile, tax revision in Chile, special report and sustainability course.



ABOUT THIS INTEGRATED REPORT

(G4-18, G4-19, G4-20, G4-21, G4-28, G4-29, G4-30)

SUSTAINABILITY

This integrated annual report presents financial and non-financial information about Parque Arauco for the period between January 1 and December 31, 2017. It summarizes our performance in the economic, social and environmental areas that are most relevant to our company.

The content follows the guidelines of the International IR Framework (International Integrated Reporting Council) and Global Reporting Initiative (GRI) G4 standard core option, with an annual reporting period.

The Corporate Investor Relations and Sustainability areas are responsible for producing this first integrated report in close collaboration with the company's various corporate areas and country divisions. External assurance was provided by PricewaterhouseCoopers (PwC). The indicators that include monetary figures were calculated on the basis of the 2017 average exchange rate, which is expressed as follows:

| | | |
|---------|---------|----------|
| 649.19 | 3.26 | 3,057.98 |
| CLP/USD | PEN/USD | COP/USD |

SCOPE

The information herein includes data from the operations at Parque Arauco's corporate offices in Santiago, Chile, as well as shopping centers located in Chile, Peru and Colombia. However, the chapter on the environment focuses on assets with the greatest GLA in each country. The scope is listed at the beginning of this chapter.

IDENTIFICATION AND DEFINITION OF MATERIAL ASPECTS

Unlike previous years, this integrated annual report is based on the International IR Framework, which focuses on bringing greater cohesion and efficiency to the corporate reporting process.

This integrated report focused primarily on our providers of financial capital. Consequently, the process of defining materiality accounted for issues that substantially impact our ability to create value in the short, medium and long term. However, conclusions are directly related to information gathered from other stakeholder groups in previous years.



In order to identify material aspects, different perspectives are considered in light of international best practices and our relationship with capital market representatives. The analysis tools we used include:

1. DOW JONES SUSTAINABILITY INDEX

We considered the most relevant aspects for the global real estate industry used by this index.

2. MEETINGS AND DIRECT COMMUNICATION WITH INVESTORS

Our Investor Relations and Sustainability areas addressed sustainability issues in meetings, conference calls and emails with different capital market representatives.

3. 2017 MATERIALITY SURVEY

At the end of 2017, we surveyed our main financial capital suppliers and gathered general information to complement analysis from other tools.

4. PRESS

With the support of CORPO communications agency, Parque Arauco analyzed its press coverage in Chile, Peru and Colombia between January 1 and November 16, 2017.

5. GRI-G4 CONSTRUCTION AND REAL ESTATE SECTOR DISCLOSURES

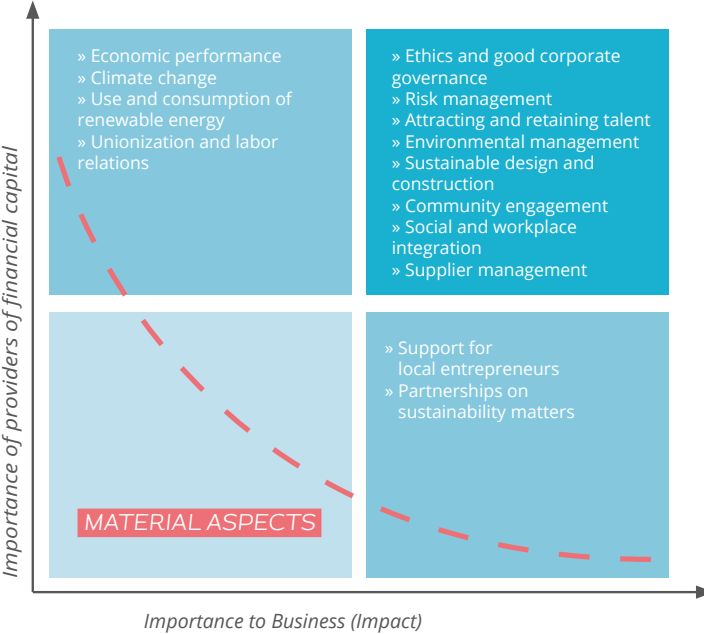
The relevant issues from this sector supplement, which complements the GRI Guide, were considered. They contributed interpretations and advising on application in the real estate sector and included specific indicators.

6. FTSE4GOOD

The aspects most relevant to the industry according to the FTSE4Good were considered. This London Stock Exchange index includes companies around the world with sound environmental, social and corporate governance practices.

These sources were reviewed in order to identify the aspects that are of greatest interest and most frequently repeated, like key areas of value creation for companies like ours. Issues were prioritized by frequency of mention or relevance for our providers of financial capital in contrast with the issue's relation to or impact on our business.

We identified the most important aspects in order to define the content of our report, then created a materiality matrix that illustrates the results of the entire process.



The general matrix is then classified or reorganized to group aspects by management areas based on their potential impact or relation to the business:

| Scope of Materiality | Related Issue | Relation to or Impact on the Business |
|---------------------------------|---|--|
| Economic performance | Ethics and good corporate governance | These issues influence the capacity to anticipate and respond to potential risks and their impact on economic performance. |
| | Risk management | |
| | Supplier management | |
| Attracting and retaining talent | Health and safety | These issues optimize opportunities for the internal team to perform excellently, impacting good business performance. |
| | Unionization and labor relations | |
| Environmental management | Sustainable design and construction | These issues are related to opportunities for efficiency, cost reduction and anticipation of potential risks. |
| | Climate change | |
| | Use and consumption of renewable energy | |
| Community engagement | Social and workplace integration | These issues influence the business's reputation and stakeholders' positive perceptions. |
| | Support for local entrepreneurs | |
| | Partnerships on sustainability issues | |

SCOPE OF THE CHAPTER
ON THE ENVIRONMENT
(G4-18, G4-22)

The shopping centers included
within the scope of the environment chapter are:

| | Summary | GLA |
|----------|------------------------------------|---------|
| | | |
| CHILE | Parque Arauco Kennedy | 111,500 |
| | Arauco Estación | 66,500 |
| | Arauco Maipú | 74,000 |
| | Arauco Quilicura | 32,000 |
| | Arauco Chillán | 32,000 |
| | Arauco San Antonio | 28,500 |
| | Arauco Premium Outlet Buenaventura | 25,000 |
| | Arauco Coronel | 30,000 |
| | Arauco Premium Outlet Curauma | 7,000 |
| | Arauco Premium Outlet San Pedro | 9,000 |
| | Arauco Premium Outlet Coquimbo | 6,000 |
| | Total Chile | 421,500 |
| PERU | MegaPlaza Norte | 111,500 |
| | MegaPlaza Chimbote | 28,000 |
| | MegaPlaza Cañete | 16,500 |
| | Larcomar | 26,500 |
| | Parque Lambramani | 30,000 |
| | El Quinde Ica | 36,000 |
| | El Quinde Cajamarca | 31,500 |
| | InOutlet Faucett | 7,500 |
| | Jesús María | 14,500 |
| | InOutlet Lurín | 8,500 |
| | Total Peru | 310,500 |
| COLOMBIA | Parque Arboleda | 41,000 |
| | Parque Caracolí | 38,500 |
| | Parque La Colina | 62,500 |
| | Total Colombia | 142,000 |

ECONOMIC INDICATORS (G4-EC1)

| Direct economic value generated | 2017 ThCLP\$ | 2016 ThCLP\$ |
|---------------------------------------|-----------------|-----------------|
| Revenue | 182,215 | 160,134 |
| Financial income | 5,730 | 6,907 |
| Share of profit of associates | 11,664 | 9,814 |
| Total direct economic value generated | 199,609 | 176,855 |

| Direct economic value distributed | 2017 ThCLP\$ | 2016 ThCLP\$ |
|---|-----------------|-----------------|
| Operating expenses ¹ | 33,698 | 33,437 |
| Salaries and wages | 21,990 | 19,563 |
| Financial expenses | 38,087 | 36,389 |
| Taxes ² | 13,357 | 12,165 |
| Donations and social contributions | 211 | 224 |
| Total direct economic value distributed | 107,343 | 101,777 |

| Total economic value retained | 2017 ThCLP\$ | 2016 ThCLP\$ |
|---|-----------------|-----------------|
| Total direct economic value generated | 199,609 | 176,855 |
| Total direct economic value distributed | 107,343 | 101,777 |
| Total economic value retained | 92,267 | 75,078 |

1. Includes cost of sales and administrative expenses. Does not include donations, financial contributions or compensation.
2. Includes current tax; excludes property tax and VAT.

DONATIONS, SPONSORSHIPS AND OTHER SOCIAL PAYMENTS

(G4-EC1, SDG 17)

Our contributions and donations are directly tied to social causes. Our corporate donation policy explicitly prohibits political campaign contributions.

In 2017, we supported 38 organizations or social causes with CLP\$211,187,449 in donations and sponsorships.

In 2017, the organizations or beneficiaries were:

| Donations | Country |
|--|----------|
| Capilla País | Chile |
| Paul Harris School | Chile |
| Corporación Idea País | Chile |
| Corporación Khuyay | Colombia |
| Corporación para Ciegos | Chile |
| Corporación Yo Mujer | Chile |
| Desafío Levantemos Chile | Chile |
| Donation to two individual forest fire victims | Chile |
| Fundación Acción Emprendedora | Chile |
| Art without Borders | Colombia |
| Fundación Banigualdad | Chile |
| Fundación Basura Cero | Chile |
| Best Buddies Foundation | Peru |
| Fundación Chile Unido | Chile |
| Fundación Coanil | Chile |
| Fundación Cultiva | Chile |
| Fundación Damas Colombianas | Chile |

| | |
|---|----------|
| Fundación de Educación Nosedal | Chile |
| Fundación Hogar Batuco | Chile |
| Fundación Hogar de Cristo | Chile |
| Fundación Incluyamos | Chile |
| Fundación Las Rosas | Chile |
| Fundación Manantial de Ilusión | Chile |
| Fundación Mano Amiga | Chile |
| Fundación Manos Abiertas | Chile |
| Fundación María Ayuda | Chile |
| Fundación Paso a Paso | Chile |
| Fundación Protectora de la Infancia | Chile |
| Fundación Súmate | Chile |
| Fundación Wiese | Peru |
| Misión País | Chile |
| Social initiatives to benefit the Colombian police | Colombia |
| Programa Acción Solidaria Fundación Hogar de Cristo | Chile |
| Trabajo País | Chile |

| Sponsorship | Country |
|---|---------|
| Center for Public Research (CEP) | Chile |
| Unión Social de Empresarios Cristianos (USEC) | Chile |
| Chilean-Peruvian Business Council | Chile |
| Social Innovation Festival | Chile |
| Pope Francisco Business Gathering (USEC) | Chile |





9.

REFERENCE TABLES



TABLE OF GRI INDICATORS

CORE OPTION

GENERAL STANDARD DISCLOSURES

| Indicator | Description | Page or Link | Global Compact | DJSI | SDG | External Assurance |
|-----------|--|-------------------------------|--------------------|------|--------|-----------------------|
| G4-1 | Statement from the most senior decision-maker of the organization | 5.7 | | | | Yes |
| G4-2 | Description of organization's key impacts, risks, and opportunities | 32, 52 | | X | | Yes |
| G4-3 | Name of the organization | 9, 84 | | | | Yes |
| G4-4 | Report the primary brands, products, and services | 22 | | X | | Yes |
| G4-5 | Report the location of the organization's headquarters | 22 | | | | Yes |
| G4-6 | Report the countries where the organization operates | 22 | | X | | Yes |
| G4-7 | Report the nature of ownership and legal form | 9 | | | | Yes |
| G4-8 | Markets served | 21, 22 | | | | Yes |
| G4-9 | Scale of the reporting organization | 22 | | X | | Yes |
| G4-10 | Report the break down of the organization's employees | 84 | Principle No. 6 | X | | Yes |
| G4-11 | Report the percentage of total employees covered by collective bargaining agreements | 91 | Principle No. 3 | X | | Yes |
| G4-12 | Describe the organization's supply chain | 64 | | X | | Yes |
| G4-13 | Report any significant changes during the reporting period (size, structure, ownership) | 14, 33 | | X | | Yes |
| G4-14 | Report whether and how the precautionary approach or principle is addressed by the organization | 52 | | X | | Yes |
| G4-15 | List sustainability charters, principles or initiatives to which the organization subscribes | 27 | | X | SDG 17 | Yes |
| G4-16 | List memberships of associations and national or international organizations to which the organization belongs | 27 | | X | SDG 17 | Yes |
| G4-17 | List entities included in the organization's consolidated financial statements | Financial Statements (133) | | | | Yes |
| G4-18 | Explanation of the process for defining report content and the Aspect Boundaries | 127 | | X | | Yes |
| G4-19 | List all the material aspects | 119 | | X | | Yes |
| G4-20 | Report whether the aspect is material within the organization | 119 | | X | | Yes |
| G4-21 | For each material aspect, report the aspect boundary outside the organization | 119 | | X | | Yes |
| G4-22 | Effect of any restatements of information provided in previous reports | 70, 127 | | X | | Yes |

| Indicator | Description | Page or Link | Global Compact | DJSI | SDG | External Assurance |
|-----------|--|--------------|------------------|------|--------|--------------------|
| G4-23 | Significant changes from previous reporting periods in the scope and aspect boundaries | 70, 127 | | X | | Yes |
| G4-24 | List of stakeholder groups engaged by the organization | 28 | | X | SDG 17 | Yes |
| G4-25 | Basis for selection of stakeholders with whom to engage | 28 | | X | | Yes |
| G4-26 | Organization's approach to stakeholder engagement | 28 | | X | | Yes |
| G4-27 | Key topics and concerns that have been raised through stakeholder engagement | 59 | | X | | Yes |
| G4-28 | Reporting period | 119 | | | | Yes |
| G4-29 | Date of most recent previous report | 119 | | | | Yes |
| G4-30 | Reporting cycle (annual or biennial) | 119 | | | | Yes |
| G4-31 | Contact point for questions regarding the report or its contents | 9 | | | | Yes |
| G4-32 | GRI Content Index | 122 | | | | Yes |
| G4-33 | External assurance for the report | 121 | | X | | Yes |
| G4-34 | Governance structure of the organization, including committees of the highest governance body | 46 | | X | | Yes |
| G4-36 | Executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body | 48 | | X | | Yes |
| G4-38 | Composition of the highest governance body and its committees | 46 | | X | | Yes |
| G4-39 | Whether the Chair of the highest governance body is also an executive officer | 46 | | X | | Yes |
| G4-41 | Processes for the highest governance body to ensure conflicts of interest are avoided and managed | 46 | Principle No. 10 | X | | Yes |
| G4-43 | Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics | 48 | | X | | Yes |

SPECIFIC STANDARD DISCLOSURES

| Aspect | Indicator | Description | Page or Link | Global Compact | Dow Jones Sustainability Index | Sustainable Development Objectives | External Assurance |
|----------------------|---------------------|---|--------------|---|--------------------------------|------------------------------------|--------------------|
| Economic Performance | Management approach | | | | | | Yes |
| Economic Performance | G4-EC1 | Direct economic value generated and distributed | 128 | | X | | Yes |
| Aspect | Indicator | Description | Page or Link | Global Compact | Dow Jones Sustainability Index | Sustainable Development Objectives | External Assurance |
| Energy | Management approach | | | | | | Yes |
| Energy | G4-EN3 | Energy consumption within the organization | 76 | Principle No. 7 Principle No. 8 Principle No. 9 | | | Yes |
| Energy | G4-EN5 | Energy intensity | 76 | Principle No. 7 Principle No. 8 Principle No. 9 | | | Yes |
| Energy | G4-EN6 | Reduction of energy consumption | 79 | Principle No. 7 Principle No. 8 Principle No. 9 | | SDG 11 | Yes |
| Energy | G4-EN7 | Reduction in energy requirements of products and services | 79 | Principle No. 7 Principle No. 8 Principle No. 9 | | SDG 11 | Yes |
| Water | G4-EN8 | Total water withdrawal by source | 77 | Principle No. 7 Principle No. 8 Principle No. 9 | | SDG 11 | Yes |
| Water | G4-EN10 | Percentage and total volume of water recycled and reused | 77, 79 | Principle No. 7 Principle No. 8 Principle No. 9 | | | Yes |
| Emissions | Management approach | | | | | | |
| Emissions | G4-EN15 | Total direct greenhouse gas emissions by weight (Scope 1). | 74 | Principle No. 7 Principle No. 8 Principle No. 9 | | SDG 11 | Yes |
| Emissions | G4-EN16 | Total emissions, indirect greenhouse gas emissions by weight (Scope 2). | 74 | Principle No. 7 Principle No. 8 Principle No. 9 | | | Yes |
| Emissions | G4-EN18 | Greenhouse gas (GHG) emissions intensity | 74 | Principle No. 7 | | SDG 11 | Yes |
| Emissions | G4-EN19 | Reduction of greenhouse gas (GHG) emissions | 79 | Principle No. 7 | | | |
| Effluents and Waste | Management approach | | | | | | Yes |
| Effluents and Waste | G4-EN23 | Total weight of waste by type and disposal method | 78 | Principle No. 7 Principle No. 8 Principle No. 9 | | | Yes |

| Aspect | Indicator | Description | Page or Link | Global Compact | Dow Jones Sustainability Index | Sustainable Development Objectives | External Assurance |
|---|---------------------|--|--------------|---|--------------------------------|------------------------------------|--------------------|
| Supplier environmental assessment | Management approach | | | | | Yes | |
| Supplier environmental assessment | G4-EN32 | Percentage of new suppliers that were screened using environmental criteria | 64 | Principle No. 7 Principle No. 8 Principle No. 9 | | | Yes |
| Employment | Management approach | | | | | | Yes |
| Employment | G4-LA1 | Total number and rates of new employee hires and employee turnover by age group, gender and region (location) | 84 | Principle No. 6 | | | Yes |
| Employment | G4-LA2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation | 90 | Principle No. 6 | | | Yes |
| Employment | G4-LA3 | Return to work and retention rates after parental leave, by gender | 84 | Principle No. 6 | | | Yes |
| Occupational Health and Safety | Management approach | | | | | | Yes |
| Occupational Health and Safety | G4-LA5 | Percentage of total workforce represented in formal joint management-worker health and safety committees for management and employees | 91 | Principle No. 6 | | | Yes |
| Training and education | Management approach | | | | | | Yes |
| Training and education | G4-LA9 | Average hours of training per year per employee by gender, and by employee category | 87 | Principle No. 6 | | | Yes |
| Diversity and equal opportunity | Management approach | | | | | | Yes |
| Diversity and equal opportunity | G4-LA12 | Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity | 46 | Principle No. 6 Principle No. 10 | | | Yes |
| Equal remuneration for women and men | Management approach | | | | | | Yes |
| Equal remuneration for women and men | G4-LA13 | Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation | 86 | Principle No. 6 | | | Yes |
| Supplier assessment for labor practices | Management approach | | | | | | Yes |
| Supplier assessment for labor practices | G4-LA14 | Percentage of new suppliers that were screened using labor practices criteria | 64 | Principle No. 6 Principle No. 10 | | | Yes |

| Aspect | Indicator | Description | Page or Link | Global Compact | Dow Jones Sustainability Index | Sustainable Development Objectives | External Assurance |
|---|---------------------|--|--------------|-------------------------------------|--------------------------------|------------------------------------|--------------------|
| Labor Practices Grievance Mechanisms | Management approach | | | | | | Yes |
| Labor Practices Grievance Mechanisms | G4-LA16 | Number of grievances about labor practices impacts filed through formal grievance mechanisms | 52 | Principle No. 6 Principle No. 10 | | | Yes |
| Local communities | Management approach | | | | | | Yes |
| Local communities | G4-SO1 | Percentage of operations with implemented local community engagement, impact assessments, and development programs | 59 | Principle No. 1 | | SDG 11 | Yes |
| Local communities | G4-SO2 | Operations with significant actual or potential negative impacts on local communities | 59 | Principle No. 1 | | SDG 11 | Yes |
| Supplier assessment for impacts on society | Management approach | | | | | | Yes |
| Supplier assessment for impacts on society | G4-SO9 | Percentage of new suppliers that were screened using criteria for impacts on society | 64 | Principle No. 10 | | | Yes |
| Social inclusion | Management approach | | | | | | Yes |
| Social inclusion | PA-ISO1 | Describe social inclusion initiatives. | 61 | | | | Yes |
| Support for local and emerging entrepreneurship | Management approach | | | | | | Yes |
| Support for local and emerging entrepreneurship | PA-AE1 | Describe initiatives to support local and emerging entrepreneurship | 62 | | | | Yes |
| Support for local and emerging entrepreneurship | PA-AE2 | Number of activities to support for local and emerging entrepreneurs | 62 | | | SDG 8 | Yes |

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(A free translation from the original prepared in Spanish.)

INDEPENDENT PROFESSIONALS REPORT

Santiago, March 27, 2017

Messrs. Shareholders and Directors
Parque Arauco S.A.

We have reviewed the 2017 sustainability information of Parque Arauco S.A., for the year finalized on December 31, 2017 included in the 2017 Integrated Report. Parque Arauco S.A. management is responsible for the sustainability information presentation in accordance with the “core” option of the sustainability reporting guidelines G4 of the Global Reporting Initiative. 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 sustainability reporting guidelines G4 of the Global Reporting Initiative. 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 sustainability reporting guidelines G4 of the Global Reporting Initiative, 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.

In addition, we performed the following procedures:

- work planning according to relevance and volume of the sustainability information presented in the 2017 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 G4;
- interviews with different executives responsible for the sustainability information in the 2017 Integrated Report;
- verification, based on testing, that the sustainability data included in the 2017 Integrated Report is consistent with the documentary evidence reviewed and/or comes from verifiable supporting information sources;
- verification that the financial information included in the 2017 Integrated Report is derived from accounting records or from audited financial statements as of December 31, 2017 by another firm of independent auditors.

The verified and the unverified indicators are detailed on pages 122 to 126 of the 2017 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, 2017, in order for it be in accordance with the “core” option of the sustainability reporting guidelines G4 of the Global Reporting Initiative.

Boris Miranda



LETTER OF
ASSURANCE



SIGNING OF THE INTEGRATED REPORT

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, 2017.

José Said Saffie
Chairman

Rafael Aldunate Valdés
Independent Director

Salvador Said Somavía
Director

Luis Hernán Paúl Fresno
Independent Director

Orlando Sáenz Rojas
Director

René Abumohor Touma
Director

Juan Carlos Lobos Pérez
Independent Director

Guillermo Said Yarur
Director

José Domingo Eluchans Urenda
Director

Juan Antonio Álvarez Avendaño
Executive Vice President

