



# Integrated Report Parque Arauco S.A.

# 2019







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We are one of the largest real estate companies in Latin America. The mixed-use assets we develop and operate in Chile, Peru and Colombia total more than one million square meters of leasable area.

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# 1

## Introduction

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ParqueArauco®





# Letter from the Chairman

## Dear Shareholders:

The year 2019 was challenging. Given the context, our team's ability to adapt, integrate and respond was a determining factor in the company's performance. Similarly, our experience and maturity as a company have been key to continuing to face the transformations in our industry and environment.

We are pleased with our effort and commitment to achieving results which, from an overall perspective, are positive. The year 2019 closed with a 3.7% increase in total tenant sales, which reached

CLP\$2,120,494 million, and consolidated occupancy was up to 95.4% at year end. EBITDA rose 9.3% to CLP\$150,562 million while the EBITDA margin grew from 72.3% in 2018 to 73.2% as of year-end 2019.

Once again, this performance reflects the tremendous value of having operations throughout the Andean region. We are certain that our long-standing diversification strategy is one of our major strengths. In terms of regional presence, we closed 2019 with our total Gross Leasable Area (GLA) distributed as follows: Chile (47.9%), Peru (37.7%) and Colombia (14.4%).

Our strategic focus on growth remains strong with the addition of Arauco Express El Peñón and part of the Puerto Nuevo Antofagasta project, as well as the expansion of Premium Outlet Arauco Buenaventura. Furthermore, we acquired 52.5% of the Parque Alegre project, scheduled to open in 2021 with total GLA of 50,000<sup>2</sup>, which we expect to be iconic and very positive for southern Barranquilla in Colombia.

Active management of our portfolio is another element that continues to fortify our business. We engaged in several deals in 2019 to purchase and sell relevant stakes

in assets in both Peru and Chile, acquiring 50% of MegaPlaza's assets from the Wiese Group in Peru and selling our 49% interest in five regional shopping centers and Arauco Express strip centers in Chile. As a result, GLA increased 9.5% to 1,026,540 m<sup>2</sup>.

Today, more than ever, we are aware that the challenges we face as a company transcend merely financial elements. We must be able to connect and stay aligned with our stakeholders' expectations and concerns in order to create a management model that includes indicators and concrete actions tied to environmental protection, social development and governance practices and business ethics (Environmental, Social and Corporate Governance or ESG).

We embarked upon this path some years ago and have continued to delve deeper into international sustainability standards, like the Dow Jones Sustainability Index, which evaluates our practices each year in relation to the global business world. As a result, we have drafted a road map for areas like energy and water efficiency, carbon emissions, recycling and relations with neighboring communities, suppliers and employees.

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**"Today, more than ever, we are aware that the challenges we face as a company transcend merely financial elements..."**







## Letter from the Chairman

We have taken this task seriously, mobilized processes within teams and established metrics that enable us to compare performance in these areas from one year to the next. Clearly, there is still much to be done and more progress to be made. That is why all our effort is going toward continued progress to create sustainable operations with a long-term focus.

S&P Global's Sustainability Yearbook 2020 recently recognized us as the leading Chilean shopping center company, reflecting our position among the industry's top 15% of companies in terms of ESG. Additionally, we were honored with the title of Industry Mover, bestowed on the company that has made the most progress on its practices recently.

Although we are pleased with and appreciative of these accolades, we know that the true value of comprehensively and sustainably developing our business lies in the work we do on a daily basis with all our partners, customers, suppliers, communities and shareholders.

We believe there is much to be learned from our current context. The changes and complexities that the world is undergoing make the outlook challenging; these are certainly not easy times. However, in response to all these challenges, we can only direct our commitment and redouble our efforts in order to approach the times to come with solidarity, effectiveness and determination.

We want to maintain an open attitude and build alongside our stakeholders. Given the shifting nature of current conditions, integration and joint efforts play vital roles in continued progress.

We have a talented, very committed team. I value and thank each of them for their professionalism during this very demanding time for all of us. I am also grateful for the confidence and support of our shareholders, customers, suppliers and communities. We are very committed to them, to continuing to advance together on the objectives we have set for ourselves and to making the corporate purpose of creating spaces that contribute to improving people's lives a reality.

**“We have a talented, very committed team. I value and thank each of them for their professionalism during this very demanding time for all of us».**

**JOSÉ SAID SAFFIE**

Chairman of the Board  
Parque Arauco





# Letter from the Executive Vice President

## Dear Shareholders and Other Parque Arauco Stakeholders:

It is my pleasure to present our Integrated Report, which details the company's performance and major milestones from the previous year. This document is once again our channel for disclosing to the market and all our stakeholders the progress, indicators and major events that marked our 2019 performance.

A year of learning, this period also tested our company's resilience and flexibility. Global instability began some time ago

**"A year of learning, this period also tested our company's resilience and flexibility."**

and continues to surge. Additionally, social transformations impacted daily life and economic behavior in our region, particularly in Chile.

In 2019, tenant sales rose 3.7% and revenue reached CLP\$205,613 million, with a consolidated increase of 8.4%, thanks to significant growth of 13.9% in Peru, followed by Colombia (10.3%) and Chile (5.5%).

I want to emphasize that the previous year helped us to see more clearly how our performance in Colombia has evolved. In particular, we continue to watch Parque La Colina become a leading shopping center in Bogotá and in the country. With robust sales figures per m<sup>2</sup> and a high occupancy rate at year end, this shopping center leads the Colombia Division's strong performance in a very clear sign that we have identified a good value proposition for our customers. Consequently, we have been able to differentiate our shopping centers and report successful results in all the countries where we operate.

At the same time, we continue to focus on efforts on recycling capital. By selling minority interest in mature assets, we optimize capital use to invest in projects that increase diversification and require our experience to expand further or reach potential. In Chile, we sold our 49% interest in five regional shopping centers and Arauco Express strip centers. Meanwhile, in Peru, we acquired 50% of MegaPlaza's assets from the Wiese Group, granting us total operational control. As a result, GLA increased 9.5% to 1,026,540 m<sup>2</sup>.

We are also interested in continuing to diversify our real estate formats—a very important cornerstone of our response to new consumer trends as well as the changes and opportunities that arise from the evolving retail industry and transformation of urban life. At the end of 2019, our portfolio included two hotels and offices in four of our shopping centers.

The expansion of Parque Arauco Kennedy will be an important milestone in our progress toward our objective of real estate

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## Letter from the Executive Vice President

**“All this demonstrates the effort invested in optimizing our capacity to evolve. We continue making strides to accurately read the signs of transformation in the context where we operate our businesses.”**

diversification. The 30-floor, 401-room Hotel Hilton by Hilton will add square meters as will the convention center with capacity for 3,000 people, the office tower and expanded commercial space. All of this will become part of the current shopping center located on Avenida Kennedy, in the heart of one of Chile's most important business and tourist areas.

All this demonstrates the effort invested in optimizing our capacity to evolve. We continue making strides to accurately read the signs of transformation in the context where we operate our businesses. This has implied significant openness to developing innovative

solutions to understand our customers more deeply and provide the best experience during their visits.

New trends in consumption and urban life have permeated our vision and the way we do business. Likewise, we pay attention to changes and their relevance for environmental, social and corporate governance aspects of the way companies build sustainable value.

In 2019, we reused more than 16,200 m<sup>3</sup> of water for landscaping and operating toilets at our facilities. Approximately 3,800 tons of

waste were recycled, up 21% from 2018. Eighty percent of our shopping centers in Chile have earned energy efficiency seals. Furthermore, in 2019, we tripled our total renewable energy consumption compared to the previous year, with a consequent reduction of more than 17,000 tons of CO<sub>2</sub>e at our operations.

In our efforts to make shopping centers places that bolster opportunity and social development for local communities, we believe that support for entrepreneurship is among the factors that contribute strongly to generating income for those whose job stability depends on reactivating consumption. In 2019 alone, 1,500 entrepreneurial initiatives benefited from our initiatives, including selling space, mentoring programs and support networks in Chile, Peru and Colombia.

I would particularly like to highlight our efforts to boost entrepreneurship and strengthen emerging businesses in Peru, which have a very clear impact on job creation and economic growth. We pioneered support for the Kunan 2019 Retail Challenge's

social entrepreneurship category. Approximately 100 business with impact in 23 areas of the country applied for the chance to receive advising and support through our shopping centers. Larcomar is already a successful showcase of emerging businesses making their way in the retail world through a concept that we are very enthusiastically promoting at other shopping centers in our portfolio.

Finally, our current context continues to present opportunities to redouble efforts to remain interconnected with our stakeholders: tenants, employees, contractors, customers and communities. Their constant feedback has spurred concrete initiatives that facilitate operations while protecting their safety and the aspects most relevant to each of them.

We know that the challenges we are facing are part of a very complex moment in Chile and around the world. As a result, we are committing all our efforts and capacity on working together, with determination, to identify ways to make progress as a country and as a society in a responsible, unified manner.

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## Letter from the Executive Vice President



We are committed to continuing to give all our professionalism so that our shopping centers are places that contribute to surrounding areas, generate opportunities and create new types of social interconnection.

I want to thank our entire team for their incredible effort last year. We are very proud of their dedication and commitment. We are grateful for the support and openness we have received from all our stakeholders; we hope to continue building a road of confidence and growth for everyone to travel together.

**“We are committed to continuing to give all our professionalism so that our shopping centers are places that contribute to surrounding areas, generate opportunities and create new types of social interconnection.”**

**JUAN ANTONIO ÁLVAREZ AVENDAÑO**

Executive Vice President  
Parque Arauco





## Our essence

We are experts in developing and operating gathering places where people interact, connect, spend time together and share their interests. We create dynamic assets that evolve with lifestyles and integrate with their surroundings to create hubs of urban and social development.

## Our values



- We are responsible in our treatment of and conduct towards all people: employees, tenants, customers and communities.
- We value everyone's contribution without distinction.
- We are environmentally responsible.

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



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



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



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

INTEGRATION  
AND ACCESSIBILITY**14**

**partnerships with organizations** that work to create opportunities and cultivate an inclusive culture at our shopping centers.

**73**

**foundations** received space donations with which to raise awareness of their causes among our visitors.

**Our  
purpose**

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

ECODESIGN AND ENVIRONMENTAL  
MANAGEMENT**+ 3,700**

**tons** of recycling this year.

**+ 16,200 m<sup>3</sup>**

**of water** were recycled at our operations in 2019.

**+ 60%**

**of the energy** used comes from renewable sources in Chile, Peru and Colombia.

SUPPLIER MANAGEMENT  
AND SUPPORTFOR LOCAL  
ENTREPRENEURSHIP**+ 220**

**entrepreneurship fairs** in 2019.

**83%**

**of payments** to suppliers are made within 30 days in Chile, Peru and Colombia.

**+ 1,500**

**entrepreneurs** are supported annually through space donations, training and mentoring programs by our shopping centers.



## SPACES FOR THE COMMUNITY

**+ 1,300**

**free activities** offered at our shopping centers each year.

**+ 93,000**

**people** participate in free activities and workshops at our shopping centers each year.

**+ 13.000 m<sup>2</sup>**

**of green areas** for public use were included in the design of Parque La Colina in Colombia. This is one example of the urban infrastructure projects we have undertaken in the countries where we operate.





# 2

## How we create value

- Our business model
- Our strategy
- Market conditions
- Opportunities and risks
- Highlights in 2019



ParqueArauco®



# Our business model

## Guided by



### 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.

## Key resources

- Financial capital [Go](#)
- Real estate assets [Go](#)
- Social performance [Go](#)
- Environmental management [Go](#)
- Our team [Go](#)
- Supplier relationships [Go](#)

## Core business activities



### Searching for locations and project concepts

We get to know cities, conduct land prospecting and conceptualize shopping centers that adapt to the needs and lifestyles of the people in the surrounding area.



### Developing and transforming real estate spaces

We bring life to customized commercial concepts that combine the proper size, suitable infrastructure and optimal commercial mix.



### Operating real estate spaces and managing customer experience

Once the project is built and leased to our tenants, we concern ourselves with ongoing improvement to the end-user experience.

## Strategic priorities:



Growth



Profitability



Sustainability

## The organization is founded on

- 1 Our values [Go](#)
- 2 Corporate governance and ethical culture [Go](#)
- 3 Commitment to Sustainable Development [Go](#)

## Value created in 2019



### Shareholders

73.2% EBITDA margin



### Customers

NPS of 46% according to a study at 12 regional shopping centers<sup>1</sup>



### Tenants

3.7% growth in sales



### Suppliers

83% of payments were made within 30 days<sup>2</sup>



### Employees

81% internal satisfaction



### Community

+ 1,300 free activities are held at our shopping centers each year

1. Net Promoter Score (NPS) is the net percentage of customers that would recommend our malls to their acquaintances.

2. In Chile, Peru and Colombia.





# Our strategy

Integrated management of the three cornerstones of our strategy has enabled sound progress toward our corporate purpose.



## → Growth



Our growth orientation is clear and Parque Arauco has the platform and experience to lead the region's real estate development industry.

Consequently, a large portion of our work focuses on harnessing opportunities to create, expand, diversify and integrate different uses into our real estate projects.



## → Profitability



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

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



## → Sustainability



The long-term nature of our business and the type of investments we make require us to commit to a sustainability-framed management model. Our commitments to stronger corporate governance and responsible management of operational and financial risks, caring for the environment and natural resources and working closely with neighboring communities guide our culture and day-to-day decision making.



# Market conditions

## Chile

- **Population<sup>1</sup>**: 18.7 million people
- **Inflation in 2019**: 3.0%
- **GDP Growth in 2019**: 1.1% (2018: 4.0%)

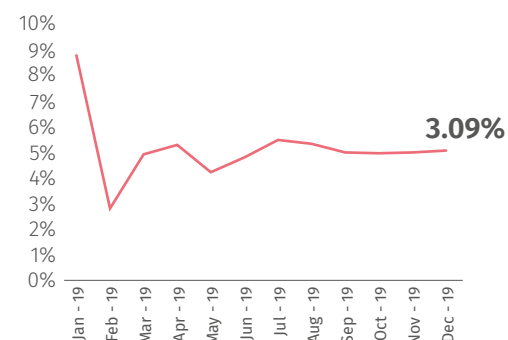
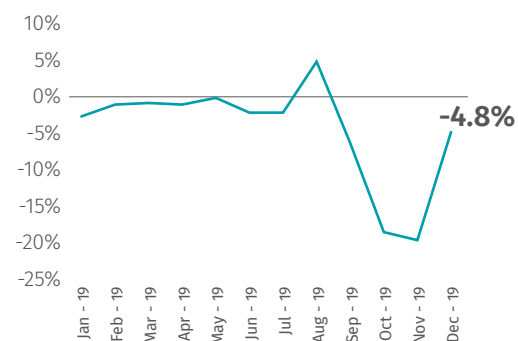
## Peru

- **Population<sup>1</sup>**: 30.5 million people
- **Inflation in 2019**: 1.9%
- **GDP Growth in 2019**: 2.2% (2018: 4.0%)

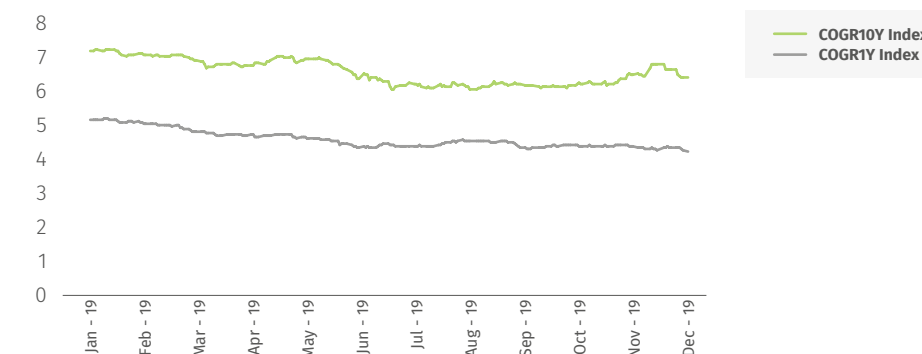
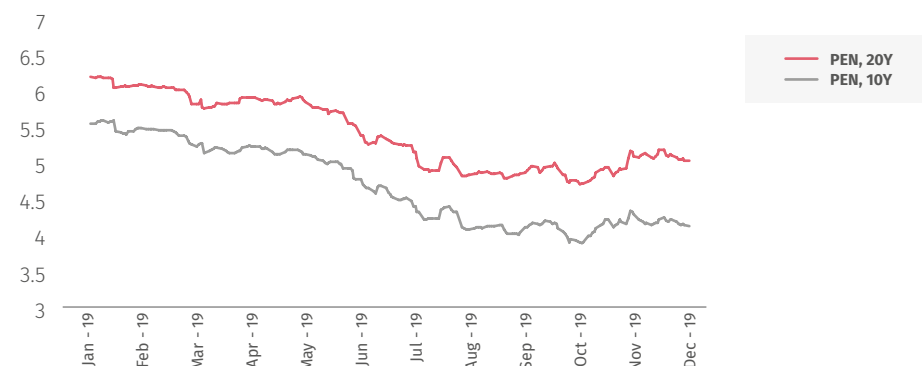
## Colombia

- **Population<sup>1</sup>**: 50.4 million people
- **Inflation in 2019**: 3.8%
- **GDP Growth in 2019**: 3.3% (2018: 2.7%)

### RETAIL SALES<sup>2</sup>



### NOMINAL INTEREST RATE<sup>3</sup>



1. Figures correspond to International Monetary Fund estimates for 2019.

2. Source: National Chamber of Commerce's Business Report for the Metropolitan Region (Chile); National Institute of Statistics and Information's Technical Report on National Production (Peru); National Administrative Department of Statistics' Monthly Survey on Retail and Vehicle Trade (Colombia).

3. Source: Bloomberg.





## Social context in Chile

**The events in Chile in October 2019 presented a challenging context from several angles and to varying extents.**

To get through this period, we kept special emphasis on safety and stakeholder relations and undertook specific actions targeting employees, tenants, suppliers, neighbors and customers.

Our shopping centers remained closed for between two and ten days. For several weeks after reopening, they operated with shorter hours because of problems with public transportation.





## Social context in Chile

### Management measures

#### Tenants and their employees

- We took all the necessary measures and coordinated to ensure we could reopen as soon as was prudent and safe for people to do so.
- We discounted the time the stores were closed from lease payments.
- Beginning in October and through year end, we provided free shuttle buses for contractors and store employees. These shuttles facilitated daily transportation between Parque Arauco Kennedy and six areas of Santiago and connected the Arauco Maipú and Buenaventura Outlet malls with strategic public transportation access points.
- We made store operating hours flexible so that each tenant could adapt to their employees' circumstances and needs as well as to reactivation of public transportation in the different locations.
- We coordinated spaces for ongoing feedback. Our commercial team communicated with tenants daily, which enabled us to adapt measures

to the priorities and conditions of each particular context.

- Arauco Quilicura has been closed since mid-November as a result of a fire. We offered some of the affected entrepreneurs support in setting up and relocating modules to other shopping centers, like Arauco Premium Outlet Buenaventura, Arauco Maipú and Arauco El Bosque.

#### Employees

- For three months, we emphasized schedule flexibility.
- We provided access to transportation applications and services.
- We met with teams to directly understand the crisis' impact on their lives and provide the support they deemed a priority for facing the most complex days.

#### Suppliers

- We moved up supplier payments totaling more than CLP\$2,200 million to help lower working capital costs and lighten their load in terms of fixed costs.

#### Community

- Teams at each of the shopping centers heightened efforts to ensure interaction and outreach with neighboring communities during the most intense period of the crisis.
- We coordinated support for social organizations that play an important role in communities and in our shopping centers' areas of influence, like fire departments in Chile.
- We stepped up coordination to provide small local entrepreneurs with selling space at our shopping centers in order to help reactivate their businesses and provide opportunities that reduce the negative impact of the crisis on their entrepreneurship initiatives. This is part of the sustainability work plan to optimize entrepreneurship at our shopping centers in Chile, Peru and Colombia with training and mentoring programs as well as selling space.

#### Support for entrepreneurs

Fourth quarter 2019



7

shopping centers and outlet malls made space available to entrepreneurs



7

partnerships with entrepreneurship institutions for this purpose



20

fairs were held at our shopping centers





387

entrepreneurs received our support



# Opportunities and risks

Significant changes in context, in addition to those inherent to our business, represent opportunities and risks that we are managing in order to address future challenges.



| Trends  | Opportunities   | Risks   |
|---|---|---|
|   | <p><b>Integrated experiences</b></p> <p>People visit our shopping centers seeking more than just a shopping experience. Increasingly, shopping centers are expected to offer greater social interaction, community development, entertainment, learning and collaborative work.</p> | <p>Shopping centers could increasingly face public expectations and demands that exceed its scope or area of influence when acting alone. They could require different external players and structural issues that exceed the role of a shopping center in local contexts.</p>  |
|  | <p><b>Mixed-use spaces</b></p> <p>In much of the world, real estate development is integrating hotels, event centers, apartments and offices with shopping centers.</p>   | <p>Management of services other than those of a shopping center could be more complex at mixed-use assets. At Parque Arauco, we have been building skills to face the challenge of operating mixed-use assets. Furthermore, we capitalized on the experience gleaned from projects that are already operational, like health centers, offices and hotels in our shopping centers. When we believe it best, we form partnerships with specialist operators at project onset.</p> |

See information on market risks and mitigation measures. 







## Opportunities and risks

| Trends  | Opportunities  | Risks   |
|---|--|---|
|  <p><b>Climate change</b></p> <p>The effects of climate change are increasingly considered in financial analysis due to potential impact on: changes in the regulatory framework, life and consumption styles and potential alterations in natural resource availability.</p> | <p>As people are increasingly exposed to the impact of climate change in daily life, customers, communities, authorities and opinion leaders become more aware and interested in proactive efforts by companies to responsibly manage environmental impact. This gives rise to an opportunity to work collaboratively and to prepare for regulatory or behavioral changes.</p> <p>Our environmental management model monitors energy, water, waste and emissions indicators at our shopping centers. We have also established a climate change road map that includes ongoing improvements to our operations and environmental education initiatives that involve customers, suppliers and tenants.</p> <p><a href="#">Read more</a> →</p> | <p>Important shopping center adaptations could be rejected as a result of the information gap that prevents us from identifying the economic and business consequences of climate change with greater context. Since Parque Arauco develops and operates real estate assets for the long term, environmental issues are relevant to operational sustainability.</p> <p>We have embarked upon a pilot program that studies the potential impact of climate phenomena in the areas where we operate, beginning in Chile. By quantifying and researching climate change impact, we can build the internal ability to progressively strengthen analysis of finances as well as future risk to operations and development.</p> |
|  <p><b>Growth of e-commerce</b></p> <p>Progress on digitalization and new distribution business models are accelerating the growth of e-commerce.</p>  | <p>Thanks to their accessibility and ties with the community, our shopping centers are, for the most part, dominant assets in their neighborhoods. In the e-commerce context, this represents an opportunity to create value beyond the traditional format, offering services like a last mile logistics point for customers who pick up their purchases or tenants that fill Internet orders from stores.</p>   | <p>While physical sales remain central to the shopping process, there is a risk that shopping center sales could fall as a result of <i>e-commerce</i>. We have diversified our portfolio to include assets targeting industries that would be less impacted: mixed-use assets, strip centers and discount outlets and differentiating experiences. Furthermore, we are forming strategic partnerships to manage integration of digital sales with the shopping center purchasing experience. To that end, in 2019 we signed an agreement with Rappi Colombia, a last mile service provider.</p> <p><a href="#">Read more</a> →</p>   |



# Opportunities and risks

| Trends  | Opportunities  | Risks  |
|---|--|--|
|  <p><b>Support for local and emerging entrepreneurs</b></p> <p>Perceptions of entrepreneurship are increasingly positive. Growing evidence shows that new business development boosts the economy in emerging countries, resulting in formal employment, the ability to innovate as well as greater access to services and products that stimulate local growth.</p> | <p>Shopping centers amplify sales opportunities for new businesses, which boosts growth while serving new consumer segments that prefer local products.</p>  | <p>Small businesses offering their products at our shopping centers can see their growth and end-user experience negatively impacted by a lack of maturity and mentoring.</p> <p>In addition to offering skill building training programs to new businesses that could potentially open selling spaces at our shopping centers, we have partnered with social and public organizations that have vast experience guiding emerging entrepreneurs.</p>   |
|  <p><b>Digitization</b></p> <p>New digital technology has transformed interaction in every area of peoples' lives, spurring significant changes in the way we use real estate assets. It has also created new business models, communication channels and ways of working and accessing information.</p>  | <p>Technology presents a very important opportunity to boost efficiency, improve the customer experience and accelerate growth. We began a digital transformation process at the company five years ago. Its first visible impact was free public wifi with hyper-localization technology at Parque Arauco Kennedy in 2018. This and other innovations help us provide a distinctive customer experience that improve our offering and operational efficiency.</p> | <p>Failure to incorporate technology in business processes and customer experience management could result in a loss of competitive advantage and, in turn, lower traffic flow and demand at shopping centers. Similarly, a lack or postponement of process automation could slow progress in operational efficiency.</p> <p>In the last three years, Parque Arauco has doubled technology and innovation investment and made digital transformation an important focus at their operations.</p> |

[Read more](#)

[Read more](#)



## Anticipating the future at our shopping centers



### DIGITIZING THE CUSTOMER EXPERIENCE

New digital directories, free wifi, smart parking and customer satisfaction surveys with real-time responses are some of the advances in our digitalization process that are helping us get to know our customers and enrich their experience at the shopping center.

[Read more](#) →

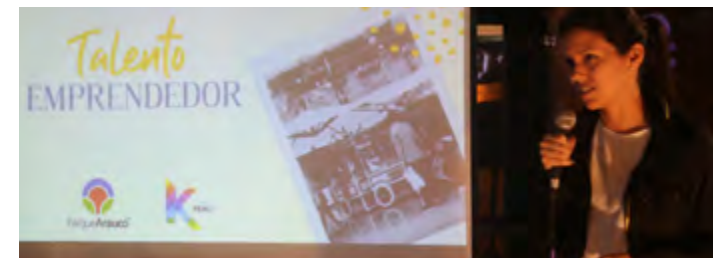
### RISE IN ELECTROMOBILITY

Parque Arauco Kennedy pioneered charging points for electric cars several years ago in Santiago. We are forming partnerships that add new charging points and expand the supply network for electric cars, thereby favoring future transition to electromobility.

[Read more](#) →

### COMPOST FOR HORTICULTURE

Our shopping centers process more than 700 tons of organic waste each year. Parque Arboleda's partnership with Universidad Tecnológica de Pereira in Colombia stands out as a successful case study, transforming 11 tons of waste into compost for the local horticulture school in 2019.

[Read more](#) →

### OPPORTUNITIES FOR SOCIAL INNOVATION

We pioneered support for entrepreneurship with social and environmental impact at our shopping centers. In 2019, we launched the Entrepreneurial Talent category in the Kunan Challenge, which is one of the platforms that has provided the largest boost to Peruvian entrepreneurship and social innovation.

[Read more](#) →

### CIRCULAR ECONOMY WITH SOCIAL IMPACT

Through the "Give your toys a second chance" campaign, we recovered about 35,000 toys in a little more than a year, in order to fund more than 1,400 treatments for children with serious burns through the Coaniquem Foundation in Chile. In 2019, a Coaniquem store was added to one of our strip centers in Santiago, strengthening the collaborative model with double impact.

[Read more](#) →





## Highlights in 2019

In April, we finalized the process of acquiring the Wiese Group's stake in MegaPlaza's operational assets for a total price of US\$174 million. As a result, Parque Arauco controls 100% of these assets in Peru.

Parque Arauco's risk rating was upgraded from AA- to AA by Feller Rate and ICR, reflecting our financial flexibility and lower pressure on financial ratios.



We are the first Chilean company in our industry to be included in the S&P Global Sustainability Yearbook 2019. This recognizes companies whose performance rating on ESG (environmental, social and governance) issues is within the top 15% of the entities that are evaluated annually on the Dow Jones Sustainability Index. Furthermore, Parque Arauco earned the title of Industry Mover after reporting the highest rating growth relative to 2018.

### 9.5%

We increased company-owned GLA to 1,026,540 m<sup>2</sup> following the incorporation of the MegaPlaza assets, growth in the Inmobiliaria Viña del Mar portfolio, the addition of Arauco Express El Peñón and a portion of the Puerto Nuevo project as well as the expansion of Premium Outlet Arauco Buenaventura.

We sold our minority interest in stable assets in Chile for a total of US\$213 million, bringing in new financial partners for the company. These transactions involved the sale of 49% of Arauco Chillán, Arauco Centros Comerciales Regionales and Arauco Express, all of which took place at cap rates below Parque Arauco's cost of equity, enabling us to optimize allocation of our resources.





## 2019 Highlights



**CIRCULA  
EL PLÁSTICO**

**We joined the Chilean Pact on Plastics,** an initiative by the "Ministerio de Medio Ambiente", the Chile Foundation and the Ellen MacArthur Foundation in the United Kingdom. The goal is to design a road map that proposes alternatives to reduce and avoid single-use plastics by promoting innovation in manufacturing, use, reuse and recycling of plastics.

**+ 148 tons**

**of plastic were recycled at our shopping centers in Chile, Peru and Colombia.**



**63%**

**of total energy consumed at our shopping centers comes from renewable resources.**

We tripled the amount of renewable energy used at our shopping centers and other portfolio assets. In addition to the progress the Peru and Colombia divisions have already made, we incorporated IREC certification for consumption of renewable energy in a large portion of our operations in Chile.

**19.6%**

**increase in the company's adjusted funds from operations,** which reached CLP\$112,720 million. The greater cash flow from operations was primarily attributable to the increase in EBITDA and reduction in the amount of current tax.



**We acquired 52.5% of the Parque Alegria project in Barranquilla.** With a total of 50,000 m<sup>2</sup>, this will be the leading shopping center in south Barranquilla, Colombia.





# 3

## Our company

- Parque Arauco at a glance
- Our history
- Regional presence
- Corporate governance
- Sustainability management
- Awards and recognition



ParqueArauco®





## Parque Arauco at a glance

Parque Arauco is a publicly traded company based in Chile. Its shares are traded on the Chilean stock exchange, where it is listed on the Selective Stock Price Index (S&P IPSA), which measures change in the price of the 30 most liquid companies on Santiago Exchange, and on the General Stock Price Index (S&P IGPA), which measures performance of Chile-based stocks listed on Santiago Exchange that have a market presence greater than or equal to 25% and that also meet other minimum liquidity criteria.

### RISK RATING

Feller Rate

**AA**

ICR

**AA**

Fitch

**AA-**

### OWNERSHIP STRUCTURE (DECEMBER 2019)<sup>1</sup>



**54**

→ Real estate assets

**1,075,500 m<sup>2</sup>**

→ Gross Leasable Area (GLA)

**US\$ 268 million**

→ Consolidated revenue

**US\$ 3,596 million**

→ Total consolidated assets

**3,744**

→ Tenants

**536**

→ Employees

**369**

→ Shareholders



1. Figures are rounded to the first decimal place.



## Parque Arauco at a glance

### SUSTAINABILITY INDEXES

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

DJSI Chile  
DJSI MILA → Latin America  
DJSI Emerging Markets → World



→ Latin America  
→ Emerging Markets



→ Public Disclosure Level A

### MARKET INDEXES

**S&P IPSA** → Chile

**S&P IGPA** → Chile

### REVENUE DIVERSIFICATION

#### Country



58%

CHILE

28%

PERU

14%

COLOMBIA

#### Format



84%

REGIONAL SHOPPING CENTER

7%

OUTLET

NEIGHBORHOOD  
SHOPPING CENTER

6%

3%

STRIP CENTERS

#### Socioeconomic group



50%

MIDDLE

43%

MIDDLE-HIGH

7%

MIDDLE-LOW

Figures as of December 31, 2019



# Our history

## 1979 CREATION



Parque Arauco S.A. was originally founded **under the name Cocentral**, Compañía de Centros Comerciales S.A.

## 1980-1989 INNOVATION



**In 1982**, Cocentral opened Chile's first shopping mall: Parque Arauco Kennedy.

## 1990-1999 EXPANSION



Cocentral changed its name to Parque Arauco S.A. when it became a publicly traded company in 1992. **In 1994**, the company began international expansion with the purchase of a minority interest in a leading shopping center operator in Argentina, Alto Palermo S.A. **In 1995**, Parque Arauco shares began trading on Santiago Exchange.

## 2000-2009 DIVERSIFICATION



**In 2006**, Parque Arauco expanded operations to Peru, purchasing a 45% interest in MegaPlaza Norte in Lima. **In 2008**, it acquired the iconic Arauco Estación and began diversifying formats with the company's first strip center: Arauco Express Pajaritos in Santiago. That same year, the company issued its first corporate bond placement on the Chilean market and opened an office in Colombia.

## 2010-2019 GROWTH



**Parque Arauco entered the Colombian market** with the opening of Parque Arboleda in 2010. **In 2012**, Parque Arauco added outlets to its portfolio with the acquisition of Arauco Premium Outlet Buenaventura in Chile and partnered with Los Portales to create its first strip center in Peru. **In 2017**, the company surpassed a million square meters of leasable area and began a new development phase, adding mixed-use assets through the expansion of Parque Arauco Kennedy.



In 2019, we celebrated **four decades** since our founding.





# Key figures

| Total GLA  | NOI   | AFFO attributable to the parent  |      |         |      |         |      |         |      |         |      |           |      |           |      |           |   |      |                    |      |    |      |     |      |     |      |     |      |     |      |     |      |     |   |      |                     |      |    |      |    |      |    |      |    |      |     |      |     |      |     |
|--|---|--|------|---------|------|---------|------|---------|------|---------|------|-----------|------|-----------|------|-----------|---|------|--------------------|------|----|------|-----|------|-----|------|-----|------|-----|------|-----|------|-----|---|------|---------------------|------|----|------|----|------|----|------|----|------|-----|------|-----|------|-----|
| <div>1,075,500 m<sup>2</sup><br/>2019</div> <div>+1.6x<br/>2019 vs. 2013</div>   | <div>US\$ 218 million<br/>2019</div> <div>+2.2x<br/>2019 vs. 2013</div>   | <div>US\$ 147 million<br/>2019</div> <div>+2.2x<br/>2019 vs. 2013</div>  |      |         |      |         |      |         |      |         |      |           |      |           |      |           |   |      |                    |      |    |      |     |      |     |      |     |      |     |      |     |      |     |   |      |                     |      |    |      |    |      |    |      |    |      |     |      |     |      |     |
| <table><tr><th>Year</th><th>GLA (m²)</th></tr><tr><td>2013</td><td>693,100</td></tr><tr><td>2014</td><td>728,500</td></tr><tr><td>2015</td><td>818,500</td></tr><tr><td>2016</td><td>947,000</td></tr><tr><td>2017</td><td>1,012,000</td></tr><tr><td>2018</td><td>1,053,000</td></tr><tr><td>2019</td><td>1,075,500</td></tr></table> | Year  | GLA (m²)   | 2013 | 693,100 | 2014 | 728,500 | 2015 | 818,500 | 2016 | 947,000 | 2017 | 1,012,000 | 2018 | 1,053,000 | 2019 | 1,075,500 | <table><tr><th>Year</th><th>NOI (US\$ million)</th></tr><tr><td>2013</td><td>97</td></tr><tr><td>2014</td><td>121</td></tr><tr><td>2015</td><td>141</td></tr><tr><td>2016</td><td>159</td></tr><tr><td>2017</td><td>187</td></tr><tr><td>2018</td><td>199</td></tr><tr><td>2019</td><td>218</td></tr></table> | Year | NOI (US\$ million) | 2013 | 97 | 2014 | 121 | 2015 | 141 | 2016 | 159 | 2017 | 187 | 2018 | 199 | 2019 | 218 | <table><tr><th>Year</th><th>AFFO (US\$ million)</th></tr><tr><td>2013</td><td>66</td></tr><tr><td>2014</td><td>71</td></tr><tr><td>2015</td><td>81</td></tr><tr><td>2016</td><td>90</td></tr><tr><td>2017</td><td>110</td></tr><tr><td>2018</td><td>123</td></tr><tr><td>2019</td><td>147</td></tr></table> | Year | AFFO (US\$ million) | 2013 | 66 | 2014 | 71 | 2015 | 81 | 2016 | 90 | 2017 | 110 | 2018 | 123 | 2019 | 147 |
| Year   | GLA (m²)  |  |      |         |      |         |      |         |      |         |      |           |      |           |      |           |   |      |                    |      |    |      |     |      |     |      |     |      |     |      |     |      |     |   |      |                     |      |    |      |    |      |    |      |    |      |     |      |     |      |     |
| 2013   | 693,100   |  |      |         |      |         |      |         |      |         |      |           |      |           |      |           |   |      |                    |      |    |      |     |      |     |      |     |      |     |      |     |      |     |   |      |                     |      |    |      |    |      |    |      |    |      |     |      |     |      |     |
| 2014   | 728,500   |  |      |         |      |         |      |         |      |         |      |           |      |           |      |           |   |      |                    |      |    |      |     |      |     |      |     |      |     |      |     |      |     |   |      |                     |      |    |      |    |      |    |      |    |      |     |      |     |      |     |
| 2015   | 818,500   |  |      |         |      |         |      |         |      |         |      |           |      |           |      |           |   |      |                    |      |    |      |     |      |     |      |     |      |     |      |     |      |     |   |      |                     |      |    |      |    |      |    |      |    |      |     |      |     |      |     |
| 2016   | 947,000   |  |      |         |      |         |      |         |      |         |      |           |      |           |      |           |   |      |                    |      |    |      |     |      |     |      |     |      |     |      |     |      |     |   |      |                     |      |    |      |    |      |    |      |    |      |     |      |     |      |     |
| 2017   | 1,012,000   |  |      |         |      |         |      |         |      |         |      |           |      |           |      |           |   |      |                    |      |    |      |     |      |     |      |     |      |     |      |     |      |     |   |      |                     |      |    |      |    |      |    |      |    |      |     |      |     |      |     |
| 2018   | 1,053,000   |  |      |         |      |         |      |         |      |         |      |           |      |           |      |           |   |      |                    |      |    |      |     |      |     |      |     |      |     |      |     |      |     |   |      |                     |      |    |      |    |      |    |      |    |      |     |      |     |      |     |
| 2019   | 1,075,500   |  |      |         |      |         |      |         |      |         |      |           |      |           |      |           |   |      |                    |      |    |      |     |      |     |      |     |      |     |      |     |      |     |   |      |                     |      |    |      |    |      |    |      |    |      |     |      |     |      |     |
| Year   | NOI (US\$ million)  |  |      |         |      |         |      |         |      |         |      |           |      |           |      |           |   |      |                    |      |    |      |     |      |     |      |     |      |     |      |     |      |     |   |      |                     |      |    |      |    |      |    |      |    |      |     |      |     |      |     |
| 2013   | 97  |  |      |         |      |         |      |         |      |         |      |           |      |           |      |           |   |      |                    |      |    |      |     |      |     |      |     |      |     |      |     |      |     |   |      |                     |      |    |      |    |      |    |      |    |      |     |      |     |      |     |
| 2014   | 121   |  |      |         |      |         |      |         |      |         |      |           |      |           |      |           |   |      |                    |      |    |      |     |      |     |      |     |      |     |      |     |      |     |   |      |                     |      |    |      |    |      |    |      |    |      |     |      |     |      |     |
| 2015   | 141   |  |      |         |      |         |      |         |      |         |      |           |      |           |      |           |   |      |                    |      |    |      |     |      |     |      |     |      |     |      |     |      |     |   |      |                     |      |    |      |    |      |    |      |    |      |     |      |     |      |     |
| 2016   | 159   |  |      |         |      |         |      |         |      |         |      |           |      |           |      |           |   |      |                    |      |    |      |     |      |     |      |     |      |     |      |     |      |     |   |      |                     |      |    |      |    |      |    |      |    |      |     |      |     |      |     |
| 2017   | 187   |  |      |         |      |         |      |         |      |         |      |           |      |           |      |           |   |      |                    |      |    |      |     |      |     |      |     |      |     |      |     |      |     |   |      |                     |      |    |      |    |      |    |      |    |      |     |      |     |      |     |
| 2018   | 199   |  |      |         |      |         |      |         |      |         |      |           |      |           |      |           |   |      |                    |      |    |      |     |      |     |      |     |      |     |      |     |      |     |   |      |                     |      |    |      |    |      |    |      |    |      |     |      |     |      |     |
| 2019   | 218   |  |      |         |      |         |      |         |      |         |      |           |      |           |      |           |   |      |                    |      |    |      |     |      |     |      |     |      |     |      |     |      |     |   |      |                     |      |    |      |    |      |    |      |    |      |     |      |     |      |     |
| Year   | AFFO (US\$ million)   |  |      |         |      |         |      |         |      |         |      |           |      |           |      |           |   |      |                    |      |    |      |     |      |     |      |     |      |     |      |     |      |     |   |      |                     |      |    |      |    |      |    |      |    |      |     |      |     |      |     |
| 2013   | 66  |  |      |         |      |         |      |         |      |         |      |           |      |           |      |           |   |      |                    |      |    |      |     |      |     |      |     |      |     |      |     |      |     |   |      |                     |      |    |      |    |      |    |      |    |      |     |      |     |      |     |
| 2014   | 71  |  |      |         |      |         |      |         |      |         |      |           |      |           |      |           |   |      |                    |      |    |      |     |      |     |      |     |      |     |      |     |      |     |   |      |                     |      |    |      |    |      |    |      |    |      |     |      |     |      |     |
| 2015   | 81  |  |      |         |      |         |      |         |      |         |      |           |      |           |      |           |   |      |                    |      |    |      |     |      |     |      |     |      |     |      |     |      |     |   |      |                     |      |    |      |    |      |    |      |    |      |     |      |     |      |     |
| 2016   | 90  |  |      |         |      |         |      |         |      |         |      |           |      |           |      |           |   |      |                    |      |    |      |     |      |     |      |     |      |     |      |     |      |     |   |      |                     |      |    |      |    |      |    |      |    |      |     |      |     |      |     |
| 2017   | 110   |  |      |         |      |         |      |         |      |         |      |           |      |           |      |           |   |      |                    |      |    |      |     |      |     |      |     |      |     |      |     |      |     |   |      |                     |      |    |      |    |      |    |      |    |      |     |      |     |      |     |
| 2018   | 123   |  |      |         |      |         |      |         |      |         |      |           |      |           |      |           |   |      |                    |      |    |      |     |      |     |      |     |      |     |      |     |      |     |   |      |                     |      |    |      |    |      |    |      |    |      |     |      |     |      |     |
| 2019   | 147   |  |      |         |      |         |      |         |      |         |      |           |      |           |      |           |   |      |                    |      |    |      |     |      |     |      |     |      |     |      |     |      |     |   |      |                     |      |    |      |    |      |    |      |    |      |     |      |     |      |     |
| Definition of the indicator  |   |  |      |         |      |         |      |         |      |         |      |           |      |           |      |           |   |      |                    |      |    |      |     |      |     |      |     |      |     |      |     |      |     |   |      |                     |      |    |      |    |      |    |      |    |      |     |      |     |      |     |
| <p>GLA (Gross Leasable Area) is the area available for lease.</p> <p>In 2019, Parque Arauco owned 87% of consolidated GLA.</p>   | <p>NOI (Net Operating Income) reflects the profit potential and financial health of our shopping centers.</p> <p><b>Calculation</b></p> <p>NOI = Revenue + Cost of Sales + Administration Expenses - Depreciation &amp; Amortization + NOI Associates</p> | <p>AFFO (Adjusted Funds From Operations) attributable to the shareholders of the parent company. AFFO is used extensively in the real estate industry to measure the available funds generated by operations.</p> <p><b>Calculation</b></p> <p>AFFO: Net Profit (Loss) - Depreciation and Amortization - Share of Profit (Loss) - Other Gains (Losses) - Foreign Exchange Differences - Indexation Units - Fair Value of Investment Properties + Associates Adjusted FFO</p> |      |         |      |         |      |         |      |         |      |           |      |           |      |           |   |      |                    |      |    |      |     |      |     |      |     |      |     |      |     |      |     |   |      |                     |      |    |      |    |      |    |      |    |      |     |      |     |      |     |



# Regional presence

Data as of December 2019



## Chile

|                                     |  |
|-------------------------------------|--|
| <b>515,000 m<sup>2</sup></b><br>GLA | <b>11%</b><br>market share*              |
| <b>30</b><br>shopping centers       | <b>3<sup>rd</sup></b><br>in the industry |



## Peru

|                                     |  |
|-------------------------------------|--|
| <b>405,500 m<sup>2</sup></b><br>GLA | <b>14%</b><br>market share               |
| <b>20</b><br>shopping centers       | <b>3<sup>rd</sup></b><br>in the industry |



## Colombia

|                                     |  |
|-------------------------------------|--|
| <b>155,000 m<sup>2</sup></b><br>GLA | <b>2%</b><br>market share                |
| <b>4</b><br>shopping centers        | <b>4<sup>th</sup></b><br>in the industry |

\*Sources: Chilean Shopping Center Association (CCCh); Peruvian Shopping Center Association (ACCEP); Colombian Shopping Center Association (Accecolombia).



# Chile Division



30

Real estate assets

515,000 m<sup>2</sup>

Total Gross Leasable Area (GLA)

398,240 m<sup>2</sup>

Company-owned Gross Leasable Area (GLA)

96.1%

Average occupancy

17 years

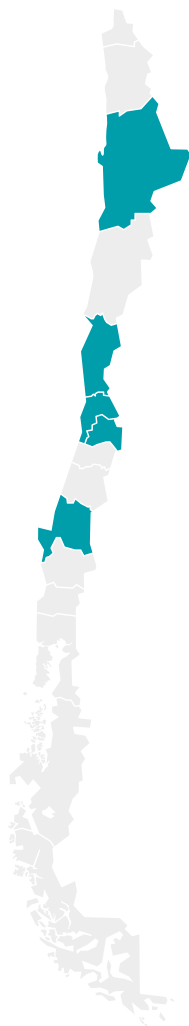
Average age of the assets in our portfolio

1,559

Tenants

315

Employees



- Calama
- Antofagasta
  - Arauco Express
  - Arauco Express
  - Parque Angamos
  - Puerto Nuevo
- Coquimbo
  - Arauco Premium Outlet Coquimbo
  - Arauco Express
- Viña del Mar
  - Arauco Express Palmares
- Valparaíso
  - Arauco Premium Outlet Curauma
- San Antonio
  - Arauco San Antonio
- Santiago
  - Parque Arauco Kennedy
  - Arauco Maipú
  - Arauco Estación
  - Arauco Quilicura
  - Arauco El Bosque
  - Arauco Premium Outlet Buenaventura
  - Arauco Express:
    - Las Brujas
    - Colón
    - Irrazával
    - El Carmen
    - Pajaritos
    - Manuel Montt
    - Luis Pasteur
    - Ciudad Empresarial
    - Boulevard Ciudad Empresarial
    - Recoleta
    - La Reina
    - El Peñón
- Chillán
  - Arauco Chillán
- Concepción
  - Arauco Premium Outlet San Pedro
- Coronel
  - Arauco Coronel

● Regional shopping center ● Neighborhood shopping center ● Strip center ● Outlet



## 2019 Highlights

- Addition of Arauco Express El Peñón
- Launched the Puerto Nuevo project in Antofagasta
- Expansion of Arauco Premium Outlet Buenaventura
- Opened H&M at Arauco Maipú
- Opened Latin America's largest Victoria's Secret store





# Peru Division

20

Real estate assets

405,500 m<sup>2</sup>

Total Gross Leasable Area (GLA)

405,500 m<sup>2</sup>

Company-owned Gross Leasable Area (GLA)

95.6%

Average occupancy

9 years

Average age of the assets in our portfolio

1,508

Tenants

147

Employees



Jaén

Cajamarca

Barranca

Chimbote

Huaral

Lima

- MegaPlaza Express Jaén
- El Quinde Cajamarca
- MegaPlaza Express Barranca
- MegaPlaza Chimbote
- MegaPlaza Huaral
- MegaPlaza Norte
- Larcomar
- MegaPlaza Express Villa El Salvador
- MegaPlaza Villa El Salvador II
- MegaPlaza Express Villa Chorrillos
- Inoutlet Faucett
- Premium Outlet Lurín
- Viamix Chorrillos
- Viamix Las Malvinas
- Viamix Colonial
- MegaPlaza Cañete
- MegaPlaza Express Chíncha
- MegaPlaza Express Pisco
- El Quinde Ica
- Parque Lambramani

Cañete

Chíncha

Pisco

Ica

Arequipa

● Regional shopping center ● Neighborhood shopping center ● Strip center ● Outlet



## 2019 Highlights

→ 100% control of MegaPlaza assets, following purchase of interest from the Wiese Group



# Colombia Division



4

Real estate assets

155,000 m<sup>2</sup>

Total Gross Leasable Area (GLA)

136,550 m<sup>2</sup>

Company-owned Gross Leasable Area (GLA)

92.5%

Average occupancy

6 years

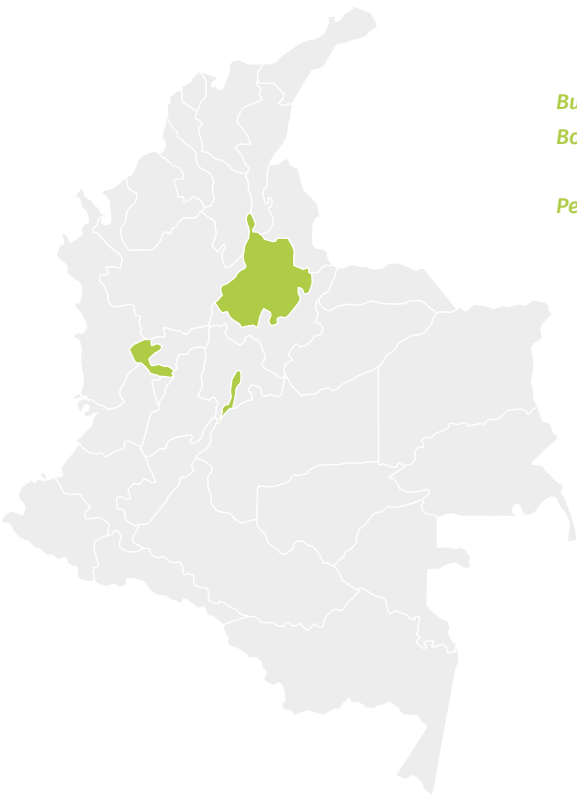
Average age of the assets in our portfolio

677

Tenants

74

Employees



- Bucaramanga ● Parque Caracolí
- Bogotá ● Parque La Colina
- Pereira ● Premium Outlet Arauco (Sopó)
- Parque Arboleda



## 2019 Highlights

- Acquisition of 52.5% of the Parque Alegra project under development in Barranquilla
- Outstanding sales with growth of 14.3% this year



# Corporate governance



**Our corporate governance aims to establish guidelines for sustainable creation of value through practices and processes that ensure regulatory compliance and fulfillment of strategic objectives in an environment of adequate controls, transparency and respect for the rights of minority shareholders.**

At the Ordinary Shareholder's Meeting on April 24, 2019, Parque Arauco shareholders elected board members for the next three years. Joining the Board of Directors are Ana Holuigue Barros, Vice Chairman of ComunidadMujer and Un Techo Para Chile, member of the advisory board for CLAPES UC and Red de Alimentos, among other foundations; Fernando Massú Taré, Chairman of the Board at BTG Pactual, director at ALVA and member of the advisory board at the Adolfo Ibañez foundation; and Rodrigo Muñoz Muñoz, a professor at Pontificia Universidad Católica's School of Management and Chief Executive Officer at Inversiones Caburga S.A. and Inversiones del Pacífico.

The company's bylaws do not call for alternate directors.

At the board meeting on May 9, 2019, the Directors' Committee was appointed for a period of three years, coinciding with the election of the Board of Directors. Rafael Aldunate, acting Chairman, ceded his position to Luis Hernán Paúl. Ana Holuigue joined the committee and Guillermo Said remained on the committee for another term.

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

Under these provisions, the Directors' Committee must include at least one independent director. The Parque Arauco Directors' Committee has two.





# Corporate governance

## Corporate governance structure

### Board of Directors

Comprised of nine members, three of whom are independent. Directs corporate governance at Parque Arauco

Read more →

### Directors' Committee

Comprised of three directors, two of whom are independent. The committee performs the activities listed in article 50 bis of the Chilean Corporations Law.

Read more →

### Executive Vice President

Responsible for leadership and overall management of the company.

Read more →

### Corporate Division

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

Read more →

### Corporate Committees

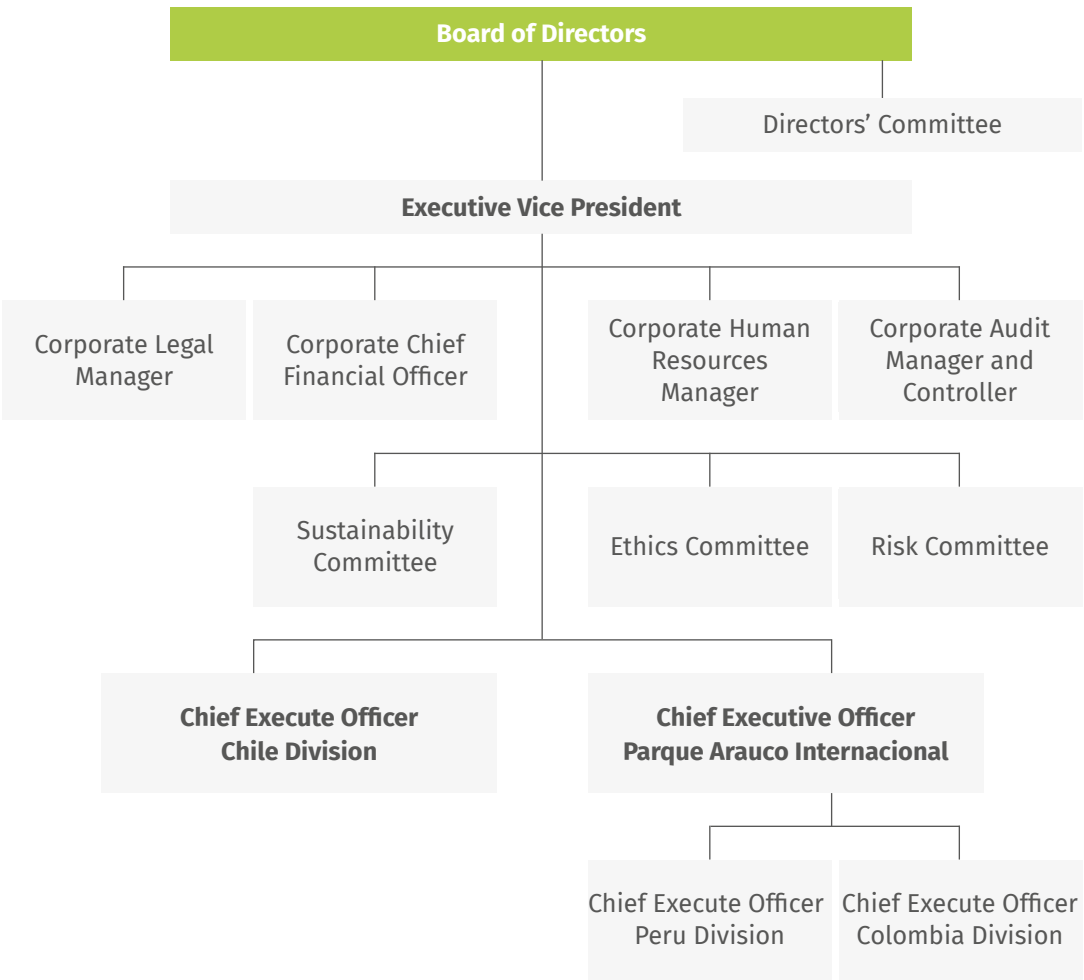
Conduct interdisciplinary analysis of risk management, ethics and sustainability. Set guidelines for applying those issues throughout the organization.

Read more →

### Business Unit Divisions

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

Read more →





## Board of directors

**JOSÉ SAID SAFFIE****Chairman**

Chilean National ID: 2.305.902-9  
Bachelor of Laws,  
Universidad de Chile

**ANA HOLUIGUE BARROS****Independent Director**

Chilean National ID: 5.717.729-2  
Bachelor of Economics, Pontificia  
Universidad Católica de Chile

**FERNANDO MASSU TARÉ****Independent Director**

Chilean National ID: 2.305.902-9  
Bachelor of Business Administration,  
Universidad Adolfo Ibáñez PMD, Harvard  
University

**SALVADOR SAID SOMAVÍA****Director**

Chilean National ID: 6.783.826-2  
Bachelor of Business Administration,  
Universidad Gabriela Mistral de Chile.

**ORLANDO SÁENZ ROJAS****Director**

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

**RODRIGO MUÑOZ MUÑOZ****Director**

Chilean National ID: 7.040.050-2  
Bachelor of Business Administration,  
Pontificia Universidad Católica de Chile

**LUIS HERNÁN PAÚL FRESNO****Independent Director**

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

**JOSÉ DOMINGO ELUCHANS URENDA****Director**

Chilean National ID: 6.474.632-4  
Attorney, Pontificia Universidad  
Católica de Chile

**GUILLERMO SAID YARUR****Director**

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

*The following individuals  
left their positions on the  
Board of Directors in 2019:*

Rafael Aldunate Valdes  
Chilean National ID:  
5.193.449-0  
Bachelor of Business  
Administration,  
Pontificia Universidad  
Católica de Chile;  
AMP, Harvard University

Juan Carlos Lobos Pérez  
Chilean National ID:  
4.567.869-5  
Attorney, Universidad  
Católica de Valparaíso

René Abumohor Touma  
Chilean National ID:  
3.065.693-8  
Financial Investor

More information on the experience of each board member →



## Board of directors

### Board responsibilities

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

In 2019, none of the directors held executive positions at Parque Arauco. Guillermo Said Yarur is the only board member that holds a direct interest in the company, with 0.04% of share capital.

### 2019 Meetings

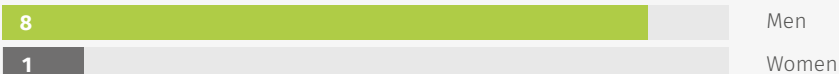
Ordinary sessions: **12** / Attendance: **95%**

Extraordinary sessions: **1** / Attendance: **78%**

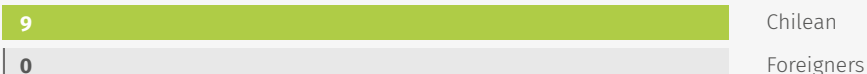
### BOARD DIVERSITY



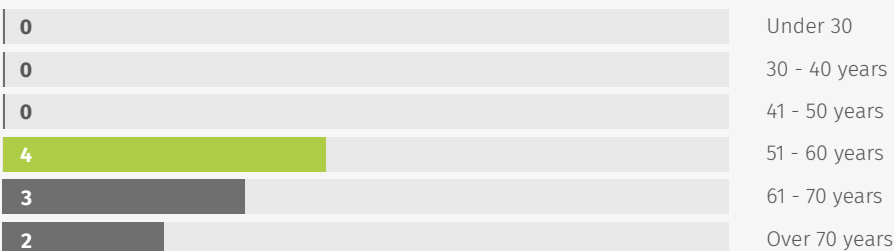
#### Gender



#### Nationality



#### Age



#### Years on the Board







## Senior executives and corporate managers



**JUAN ANTONIO ÁLVAREZ AVENDAÑO**  
Executive Vice President

Chilean National ID: 7.033.770-3  
Date appointed: 1/11/2011  
Attorney, Universidad de Chile;  
MBA, Pontificia Universidad  
Católica de Chile



**CLAUDIO CHAMORRO CARRIZO**  
Corporate Chief Financial Officer

Chilean National ID: 10.585.375-0  
Date appointed: 01/02/2013  
Bachelor of Business Administration, Pontificia  
Universidad Católica; MBA, University of  
California Los Angeles (UCLA)



**DUNCAN GROB URZÚA**  
Corporate Legal Manager

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



**CAROLINA GALLETTI VERNAZZANI  
FUENTEALBA**  
Corporate Human Resources Manager

Chilean National ID: 10.036.478-6  
Date appointed: 01/08/2012  
Bachelor of Business Administration,  
Universidad de Concepción



**MARCO HENRÍQUEZ ESPINOZA**  
Corporate Audit Manager and Controller

Chilean National ID: 9.401.560-K  
Date appointed: 02/01/2013  
B.A. in Accounting, Universidad Tecnológica  
Metropolitana, with a specialization in  
computer auditing from Universidad  
de Chile and a certificate in operational risk.



**ANDRÉS TORREALBA RUIZ-TAGLE**  
Chief Executive Officer, Chile Division

Chilean National ID: 7.622.704-7  
Date appointed: 1/1/2011  
Bachelor of Business Administration, Pontificia  
Universidad Católica de Chile



**EDUARDO PÉREZ MARCHANT**  
Chief Executive Officer, Parque Arauco  
Internacional

Chilean National ID: 10.662.089-K  
Date appointed: 01/02/2019  
Bachelor in Business Administration, Pontificia  
Universidad Católica de Chile;  
MBA, University of Chicago; MPP, University of  
Chicago, USA XX



**DIEGO BERMÚDEZ FARÍAS**  
Chief Executive Officer, Colombia Division

Date appointed: 01/02/2019  
Bachelor of Business Administration in  
Finance, University of Houston; Executive MBA  
from Universidad de los Andes, Colombia



**ALEJANDRO CAMINO NÚÑEZ**  
Chief Executive Officer, Peru Division

Date appointed: 11/12/2019  
Degree in business from Universidad del  
Pacífico, Peru; MBA, Stanford University, USA XX



# Management responsibilities

**Executive Vice President**

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

**Corporate Chief Financial Officer**

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

**Corporate Legal Manager**

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

**Business Unit Chief Execute Officers**

- Lead strategy development and execution in the corresponding country.

**Corporate Audit Manager and Controller**

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

**Corporate Human Resources Manager**

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



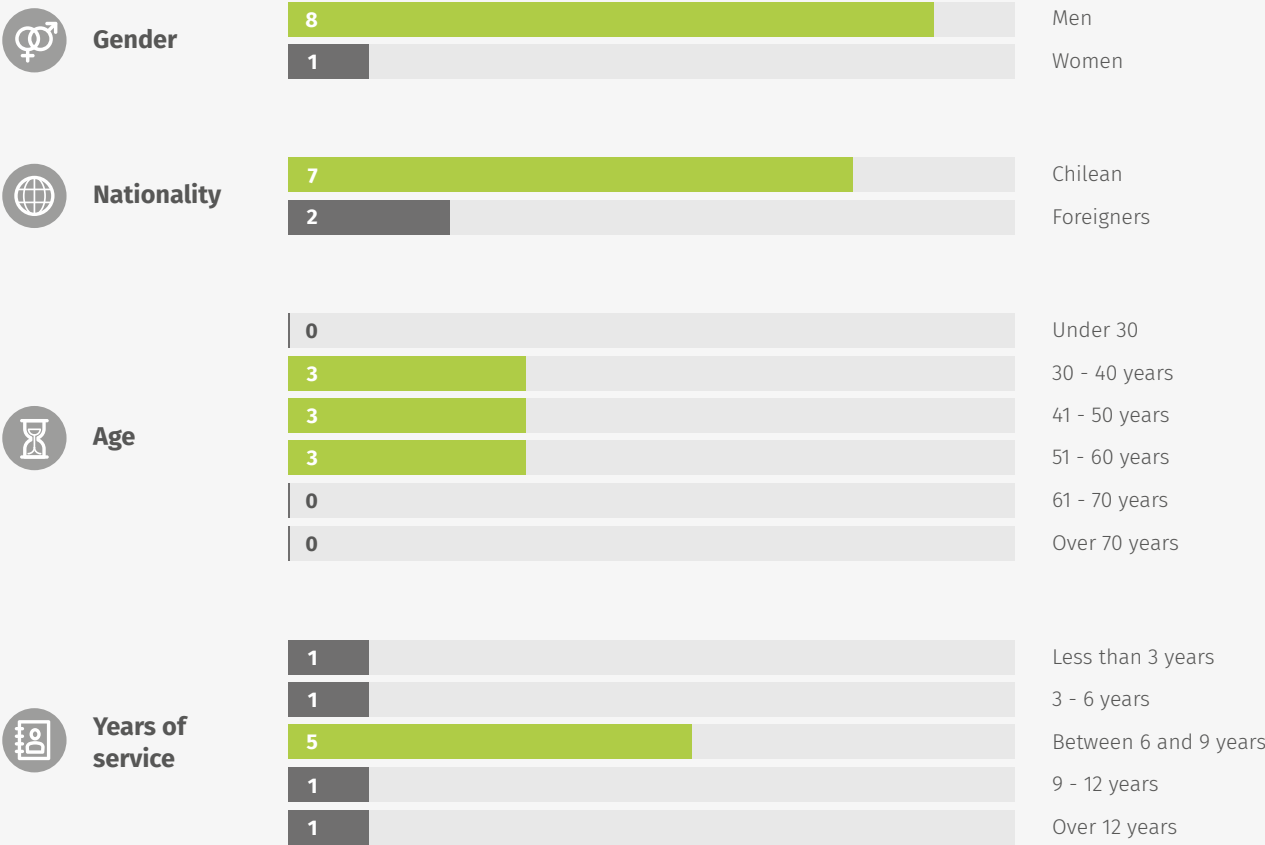
**PARQUE ARAUCO INTERNATIONAL DIVISION**

Created in 2019, this division leads the business units in Peru and Colombia, by improving coordination and synergies between the two divisions, corporate departments and the Board of Directors. This new division has a professional team that holds monthly meetings with executives in both countries in order to support strategy development with a focus on real estate and commercial development as well as customer experience.



# Management diversity

## SENIOR EXECUTIVES AND CORPORATE MANAGERS 9







# Directors' committee

| Members   | Main activities   |
|---|---|
| <div><div>→ <b>Luis Hernán Paúl Fresno</b><br/>Committee Chairman<br/>Independent Director</div><div>→ <b>Ana Holuigue Barros</b><br/>Independent Director</div><div>→ <b>Guillermo Said Yarur</b><br/>Director</div></div> <div><div></div><div><div>2019 Meetings</div><div><div>11</div><div>Total</div></div><div><div>91%</div><div>Attendance</div></div></div></div> | <div><div></div><div><div>1 Internal Audit</div><div>Review and monitor the annual audit plan.</div></div></div> <div><div></div><div><div>2 External Auditors</div><div>Propose external auditors. Also includes assessment of work performed throughout the year in the corresponding Board of Directors meetings.</div></div></div> <div><div></div><div><div>3 Financial Statements</div><div>Analyze and approve standalone and consolidated financial statements. Review quarterly statements with special attention paid to year-end statements.</div></div></div> <div><div></div><div><div>4 Other</div><div>Propose committee expenses that enable it to properly perform its duties. Analyze the remunerations system and compensation plans for senior executives and complaints filed through EthicsPoint.</div></div></div> <div><div><div>Risk and Compliance</div><div>→ Oversee implementation of the risk model for Chile, Peru and Colombia.</div><div>→ Follow-up on implementation of Crime Prevention Models and data protection laws in Peru and Colombia.</div><div>→ Monitor compliance with the Crime Prevention Model in Chile.</div><div>→ Review proposal for design and implementation of a comprehensive compliance model.</div></div></div> <div><div>See definition of director independence</div><div>→</div></div> <div><div>See Directors' Committee 2019 Annual Report</div><div>→</div></div> |



## Corporate committees

|                 | Risk Committee  | Sustainability Committee  |
|-----------------|---|---|
| OBJECTIVES      | <ul style="list-style-type: none"><li>→ Set guidelines for identifying, prioritizing and managing the company's risks.</li><li>→ Monitor and assess action plans created by the departments and/or individuals responsible for the company's processes. Mitigate risks at the company.</li><li>→ Disseminate, train and strengthen the entire organization's commitment to comprehensive risk management.</li></ul> | <ul style="list-style-type: none"><li>→ Present progress on the Sustainability Plan, sustainability trends and stakeholder and industry expectations.</li><li>→ Monitor sustainability strategy developments in the different countries. Provide inputs on the management indicators and performance metrics for ESG issues.</li><li>→ Analyze and approve donations. Control use of the budget assigned to social contributions in Chile, Peru and Colombia.</li></ul> |
| MEMBERS         | <ul style="list-style-type: none"><li>→ Corporate Audit Manager and Controller, Corporate Chief Financial Officer, Corporate Finance Manager, Corporate Planning and Control Manager, Corporate Legal Manager, and Corporate Head of Risk, who performs the role of secretary.</li></ul>  | <ul style="list-style-type: none"><li>→ Corporate Chief Financial Officer, Corporate Legal Manager, Corporate Finance Manager and the Corporate Head of Sustainability.</li></ul>   |
| 2019 ACTIVITIES | <ul style="list-style-type: none"><li>→ The committee met twice. Additionally, risk subcommittees led by the Chief Executive Officer of each country and comprised of their direct teams, met twice in Chile, twice in Colombia and once in Peru.</li></ul>   | <ul style="list-style-type: none"><li>→ The committee met four times and also held two work sessions with the Executive Vice President. It also gave four presentations to the Board of Directors on the status and main results of the sustainability strategy this year.</li></ul>  |
















# Ethical culture

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

All employees receive and commit to upholding the Code of Business Conduct, which specifies the minimum, non-negotiable behaviors required of members of our organization, including subsidiaries. This document is available on the Intranet and Parque Arauco's website.

This code is part of all employment contracts. Employees with questions or queries regarding its content and applicability should address them with their direct supervisor or the managers of the Audit and Control or Legal and Human Resources departments for resolution.

## Contents of the Business Code of Conduct

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







# Ethical culture

## Complaint channel

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

The complaint channel, housed on secure EthicsPoint servers, can be accessed via the Intranet or a link on the Parque Arauco website. All complaints filed using EthicsPoint are reported to the Directors' Committee, the Executive Vice President and the Corporate Audit Manager and Controller, who prepare a report for the Directors' Committee, which reviews the events and the surrounding investigation in order to adopt the appropriate measures. In 2019, 34 complaints were filed through this channel.



Click here to access our complaint channel. [→](#)



## Living our values

Only by living our values can we fulfill our purpose. Consequently, we offered a series of workshops on this topic in 2019. Groups of 20 Parque Arauco employees in Chile participated in this program. Using a practical, entertaining format involving inspirational videos and group work, they analyzed, debated and applied specific values to a real situations. Concentrating on one value each month, this year the program addressed: “Openness to change and innovation”, “Chose what is right, not what is easy” and “Make things happen”.

Operations in Colombia and Peru also offered activities to promote corporate values in all work teams.





# Internal control

**At Parque Arauco, the Corporate Audit and Control Department is an independent area responsible for ensuring the effectiveness and efficiency of operational risk management, reliability of financial reporting and compliance with the standards, rules and regulations that are applicable to the company.**

Its activities are overseen by the Directors' Committee, which reviews the annual audit plan, ensures the department's independence and effectiveness, presents its report conclusions and recommendations to the Board of Directors and analyzes and reviews special cases including those related to ethics reports.

One of last year's priorities was planning development of an integrated Internal Audit, Risk and Compliance system that integrates

all perspectives in order to identify situations, problems and solutions from different points of view and is aligned with pertinent processes and controls.

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



## Progress toward ongoing auditing

In 2019, 22 audits were conducted and another 17 were planned. Automation of auditing processes and implementation of new technology is enabling us to advance toward ongoing monitoring, a system designed to reduce data processing times and expand the scope of reports. This enables us to increase the number of audits and facilitates comprehensive, real-time analysis of different processes with relevant information that can be used to create action plans.

Last year, specific financial audit tests were conducted and information about financial consolidation, customers and suppliers was added to the model.





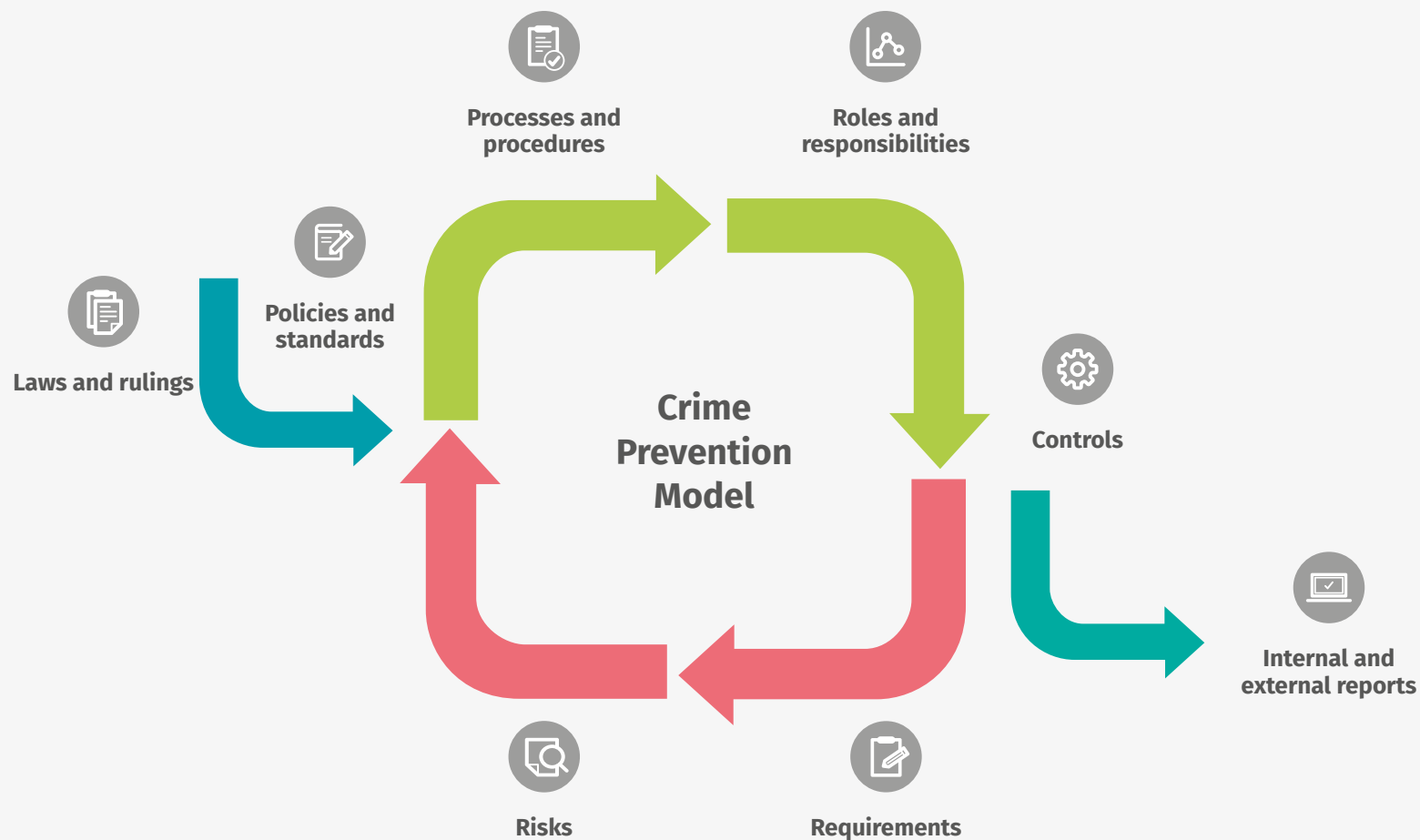
## Internal control

### Compliance

We have developed and are implementing a robust compliance model in Chile, Peru and Colombia. The regulatory framework includes: Chile.

In 2019, the Corporate Audit and Controller Department worked with different areas of the Colombia and Peru divisions to survey financial, operational, environmental and legal regulations in those countries. In 2020, we will work on implementing compliance indicators and surveying financial, operational, environmental and legal regulations in Chile. The company also plans to create a consolidated control panel for Chile, Peru and Colombia.

#### COMPONENTS OF THE CRIME PREVENTION MODEL



See the complete Crime Prevention Model [→](#)



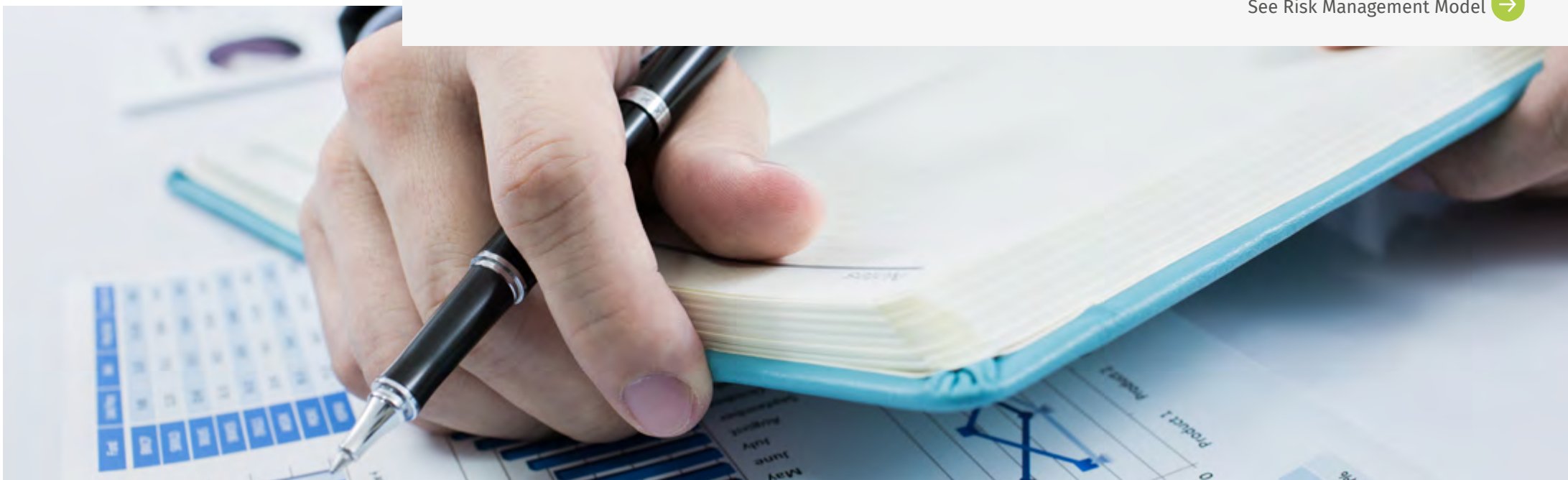
# Risk management

The Corporate Risk Committee is responsible for setting guidelines for identifying, prioritizing and managing the company's risks; following up on and assessing action plans; and encouraging commitment to comprehensive risk management throughout the organization.

## Major Developments in 2019

- Formalized risk model in a standard data model.
- Standardized the bases for risk information.
- Uploaded the risk data model on the Business Intelligence platform, thereby enabling analysis of inherent risks on several dimensions (by process, subprocess, business unit, shopping center, position, year, country).
- Created a dynamic survey that identifies developing risks.

See Risk Management Model 





# Sustainability management

We created our sustainability agenda on the basis of inputs received from interaction with our stakeholders, as well as analysis of industry best practices and the issues with the greatest impact on our business. Likewise, we consider standards and international performance indicators on ESG (environmental, social and corporate governance) matters as well as alignment with each of the areas we are addressing through the United Nations Sustainable Development Goals (SDG).

The Sustainability Area presents a quarterly report to the Board of Directors on the progress in these action areas and established priorities. There are periodic opportunities to meet with the senior executives and business leaders to ensure alignment, integration and organization-wide monitoring of the metrics and indicators established for each sustainability action area.

See details on Materiality

See more about alignment with SDGs

## Our sustainability agenda

| AREAS        |    |   |    |
|--------------|--|--|---|
|              | Environmental  | Social   | Corporate governance  |
| ACTION AREAS | <ul style="list-style-type: none"><li>→ Road map for climate change and managing our carbon footprint</li><li>→ Renewable energy consumption</li><li>→ Reuse and efficiently use water</li><li>→ Increase waste recycling</li><li>→ Implement sustainable design and construction criteria</li></ul> | <ul style="list-style-type: none"><li>→ Timely outreach with neighboring communities</li><li>→ Support emerging entrepreneurship</li><li>→ Promote sustainable practices in the value chain</li><li>→ Integrate with the environment and take action toward an inclusive culture</li><li>→ Be recognized for our labor practices</li></ul> | <ul style="list-style-type: none"><li>→ Promote good corporate governance practices</li><li>→ Identify and manage our risks in a timely manner (S&amp;S)</li><li>→ Strengthen our values-based culture</li><li>→ Report our performance to our stakeholders in a transparent, timely manner</li></ul> |







## Sustainability management



### Lines of action, progress and 2019 figures

#### Environmental

|   | How we measure  | 2018  | 2019  | Related SDG   |
|---|---|---|---|---|
| ENVIRONMENTAL<br>MANAGEMENT<br>IN OUR PORTFOLIO | → Reduce the intensity of our portfolio's water consumption each year           | <b>-6.2%</b><br>(0.67 m <sup>3</sup> /m <sup>2</sup> of common areas)     | <b>-5.3%</b><br>(0.64 m <sup>3</sup> /m <sup>2</sup> of common areas)     |    |
|   | → Increase the proportion of total waste generated that is recycled each year   | <b>19%</b><br>3,130 tons recycled   | <b>20.3%</b><br>3,797 tons recycled                                       |   |
|   | → Make progress on installing LED lighting at our shopping centers              | <b>+ 50%</b><br>of our shopping centers have LED lighting in common areas | <b>+ 60%</b><br>of our shopping centers have LED lighting in common areas |   |
| ACTION TO ADDRESS<br>CLIMATE CHANGE             | → Make progress on supplying our operations with renewable energy sources       | <b>23%</b><br>RE in the total energy matrix                               | <b>63%</b><br>RE in the total energy matrix                               |  |
|   | → Make progress on reforestation projects in conjunction with local communities | <b>1,365</b><br>trees planted   | <b>1,000</b><br>trees planted   |   |



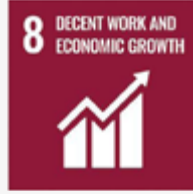
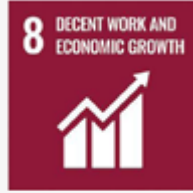


## Sustainability management



### Lines of action, progress and 2019 figures

#### Social

|   | How we measure   | 2018   | 2019   | Related SDG   |
|---|--|--|--|---|
| SUPPORT FOR LOCAL AND EMERGING ENTREPRENEURSHIP                                   | → Increase the number of entrepreneurial initiatives that our shopping centers support   | <b>1,000</b><br>entrepreneurs received selling space or training | <b>1,500</b><br>entrepreneurs received selling space or training |    |
| PARTNERSHIPS WITH SOCIAL INSTITUTIONS IN AREAS WHERE OUR SHOPPING CENTERS OPERATE | → Number of social organizations we work with in our direct area of influence each year  | <b>80</b>  | <b>73</b>  |   |
| SUSTAINABILITY IN THE SUPPLY CHAIN  | → Proportion of invoices paid within 30 days in Chile, Peru and Colombia<br>→ Percentage of new suppliers whose financial and labor information has been checked by Governance | <b>70%</b><br><b>100%</b>  | <b>83%</b><br><b>100%</b>  |  |
| ATTRACTING AND RETAINING TALENT   | → Annual employee satisfaction rate above 80%<br>→ Remain within the top-100 companies in Chile in terms of reputation for labor practices                                     | <b>88%</b><br><b>43</b><br>Rank on Merco Talent Chile            | <b>81%</b><br><b>49</b><br>Rank on Merco Talent Chile            |  |

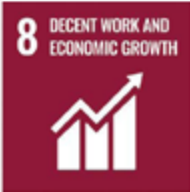



# Sustainability management



## Lines of action, progress and 2019 figures

### Corporate governance

|   | How we measure  | 2018  | 2019   | Related SDG   |
|---|---|---|--|---|
| IDENTIFYING AND MANAGING THE RISKS OF THE OPERATION | → Number of hours of safety and security training                             | <b>2,050</b><br>hours of training for employees               | <b>2,692</b><br>hours of training for employees<br><br><b>7,672</b><br>hours of training for suppliers |    |
| KNOWING AND PRACTICING CORPORATE VALUES             | → Ensure annual action on corporate values issues benefiting 100% of the team | <b>100%</b><br>values campaign implemented in the entire team | <b>100%</b><br>values campaign implemented in the entire team  |  |





## Awards and recognition



### DOW JONES SUSTAINABILITY INDEX

DJSI Emerging Markets, DJSI MILA and DJSI Chile



### FTSE4GOOD

The London Stock Exchange's Sustainability Index For the second straight year, we were listed on the Emerging Markets and Latin American indexes.



### INFORME REPORTA CHILE

Seventh place among 29 IPSA companies in study of the quality of information provided to shareholders and stakeholders.



### MERCO COMPANIES CHILE 2019

Corporate Reputation Business Monitor 31<sup>st</sup> among Chile's top-100 companies in terms of reputation.



### SUSTAINABILITY YEARBOOK 2020

The only Chilean real estate company included on S&P Global's annual report on leading companies in sustainability.



### GRESB PUBLIC DISCLOSURE

Global Real Estate Sustainability Benchmark. Organization that conducts annual assessments of ESG practices for the global real estate industry.



### SEALS OF RESPONSIBLE TRADE

National Merchants Federation of Colombia  
Parque La Colina  
Premium Outlet Arauco Sopo



### MERCO TALENT CHILE 2019

Corporate Reputation Business Monitor 49<sup>th</sup> of top-100 companies in terms of attracting and retaining talent, recognized as industry leaders.



### INDUSTRY MOVER

Recognizes us as the company that made the most progress on sustainability practices in our industry over the last year.



### INSTITUTIONAL INVESTOR

2019 Latin America Executive Team  
First place in the Best CFO category and second place for Best IR, Best IR professional, Best ESG and Best Website.



### GREAT PLACE TO WORK

Great Place to Work Institute  
Ninth among the best places to work in Chile<sup>1</sup> and 18<sup>th</sup> in Colombia.



### ENERGY EFFICIENCY SEALS

Ministry of Energy and Chilean Energy Sustainability Agency  
Arauco Maipú: Gold Seal  
Arauco Coronel, Parque Arauco Kennedy, Arauco Estación: Bronze Seal

1. In the category of companies with between 251 and 1,000 employees



# 4

## 2019 Performance

- Financial capital
- Real estate assets
- Social performance
- Environmental management
- Our team
- Supplier relationships



ParqueArauco®





# 4.1 Financial capital

The way we earn and use our financial capital is fundamental to the process of creating value for our stakeholders.

## IN THIS CHAPTER

- Capital management
- Investments
- Operational efficiency
- Performance







# Capital management

**The ability to access low-cost financial capital and properly allocate it is a determining factor in the success of our strategy and keeps us competitive within the industry.**

Our financial capital is the total funds available for our operations and deployment of our strategy. It is comprised of financial resources generated through our operations, debt and asset portfolio management. In 2019, our strategy of selling minority interests enabled us to generate funds to finance a significant part of our investment plan at a low capital cost.

The uncertainty generated by economic and geopolitical factors, volatility on capital markets and increased competition for

financial capital at favorable conditions present significant challenges for our capital management. In this scenario, we have remained firm in our commitment to financial solvency, operational efficiency and profitability, as constant objectives.

Read more





## Capital management

### Financing policy

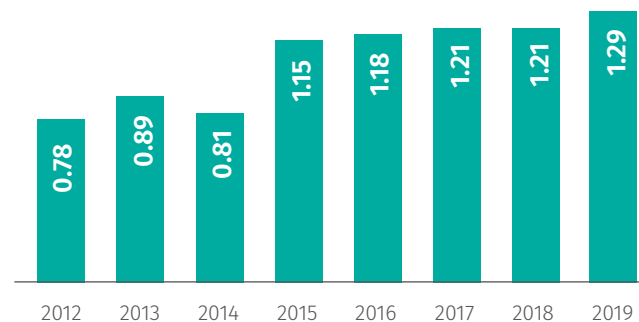
#### BASIC CRITERIA

- We fund our projects using financing options available on the market and seek an optimal capital structure for each type of asset.
- We take on financing in the local currency in each of the three countries.
- Our debt is primarily fixed rate.
- The average term of our gross debt (5.4 years) is similar to the average term of our tenants' contracts (6.0 years).

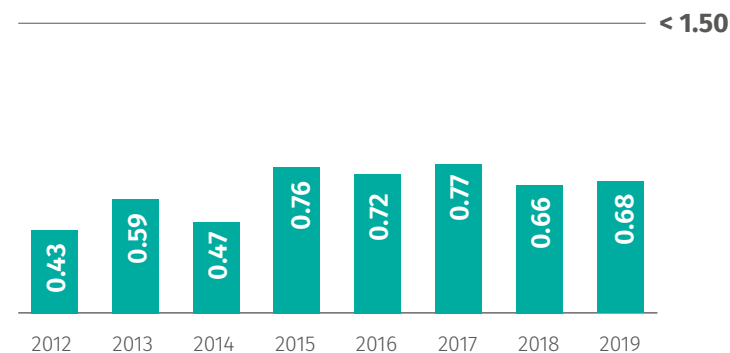
#### FINANCIAL INDICATORS

(as of December of each year)

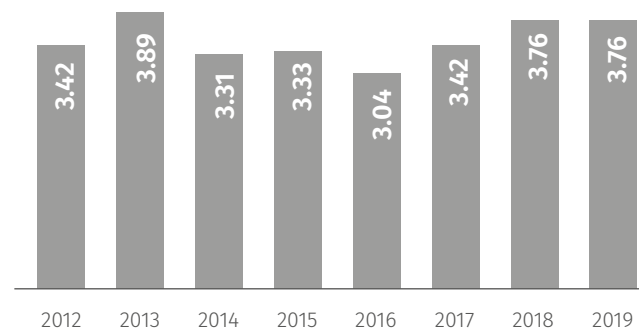
##### Liabilities / equity (times)



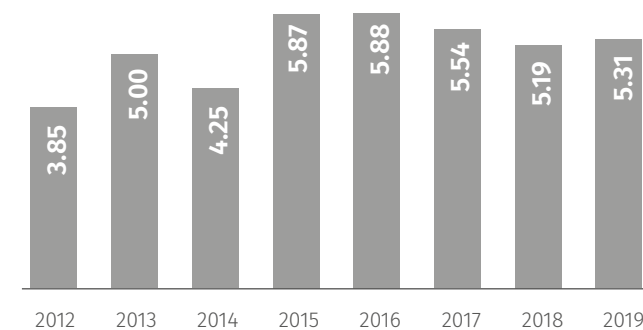
##### Net financial debt / equity (times)



##### EBITDA / financial expenses (times)



##### Net financial debt / EBITDA (times)



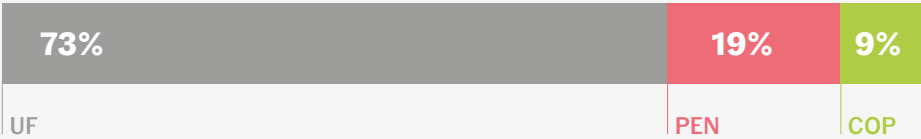


# Capital management



## DEBT PROFILE<sup>1</sup>

### Distribution by currency<sup>2</sup>



### Distribution by debt type



### Distribution by interest rate type



1. Figures are rounded to the first decimal place.  
2. UF (Unidad de Fomento); CLP (Chilean peso); PEN (Peruvian sol); COP (Colombian peso)



# Capital management

## Risk rating



**In 2019, Feller Rate and ICR upgraded their local risk rating for Parque Arauco’s corporate bonds from AA- to AA. Fitch Ratings held its rating steady at AA- with a positive outlook.**

In its rating report, Feller Rate explains that Parque Arauco’s improved rating reflects:

- Greater financial flexibility with which to execute the investment plan, after applying a strategy that included incorporating minority shareholders for some of its assets.
- A financial position strengthened by a growth strategy that does not put pressure on credit indicators.

Meanwhile, the ICR rating considered:

- High quality and wide variety of relevant assets, which lends stability to cash flows.
- High revenue diversification in terms of format, tenants and geography, distributed over three Latin American countries.
- Stable financial results supported by the privileged location of its shopping centers and the increase in leasable area.

## Upgraded risk ratings in 2019

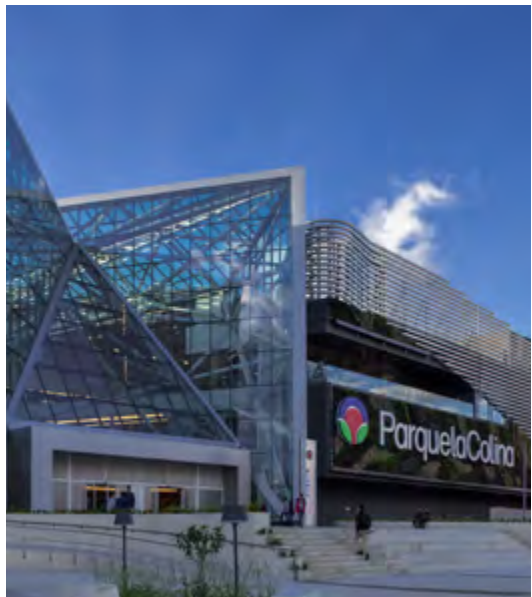
Updated July 2019

| Assets           | ICR Chile           | Feller Rate         |
|------------------|---------------------|---------------------|
| Solvency         | AA                  | AA                  |
| Bonds            | AA                  | AA                  |
| Commercial paper | N1+/AA              |                     |
| Stock            | First class level 1 | First class level 1 |
| Trends           | Stable              | Stable              |

## CATEGORY DEFINITIONS

**AA:** \*This rating is given to instruments with a very good capacity to make principal and interest payments within the agreed-upon terms and timetable. These assets will not be significantly impacted by potential changes in issuers, in the industry where it operates or in the economy.

**First class level 1:** “Stocks with the best combination of issuer solvency, profit stability and volatility of returns”







## → CASE STUDY

### Capital recycling



WE PURCHASED AND SOLD INTERESTS IN REAL ESTATE ASSETS IN 2019 AS PART OF A PORTFOLIO MANAGEMENT AND CAPITAL OPTIMIZATION STRATEGY.



Proper allocation of resources is key to real estate portfolio management. Thus, last year we sold minority interests in some mature assets in Chile with stable and predictable cash flows—attributes that are attractive for institutional investors, particularly when the market offers few similar alternatives. In this way, we have brought in new financial partners without transferring control of the operation. We used the capital obtained to acquire less mature assets or to invest in new projects that offer significant growth potential within the company's long-term strategy or to consolidate ownership when our partner is operational.

By selling minority interests, we brought on financial partners: Ameris Capital in Arauco Chillán and Arauco Centros Comerciales Regionals and Banchile Inversiones in our strip center business, Arauco Express.

All of these transactions occurred at cap rates below Parque Arauco's cost of equity, which generated funding for projects like Parque Alegria in Colombia, Boulevard Puerto Nuevo in Antofagasta, Chile, and continued expansion of Parque Arauco Kennedy, which includes a 401-room hotel and the largest hotel convention center in Santiago.

This year, we also purchased a 50% interest in the MegaPlaza assets in Peru from the Wiese family, thereby consolidating control of all our real estate assets in Peru.



## US\$ 501 million

CAPEX investments



## US\$ 282 million

Sales of minority interests



## US\$ 219 million

Net investment



# Capital management

## Portfolio management

### Summary of investment transactions and sale of minority interests

| Date                              | Transaction | Asset  | Country  | Counterparty                  | Price MUS\$ <sup>1</sup> | Interest % | Total GLA (m²) | Change in company-owned GLA (m²) |
|-----------------------------------|-------------|--|----------|-------------------------------|--------------------------|------------|----------------|----------------------------------|
| October 2018                      | Development | Parque Angamos   | Chile    | -                             | 34                       | 55.00%     | 10,500         | 5,775                            |
| November 2018                     | Purchase    | Arauco El Bosque   | Chile    | Open Plaza                    | 73                       | 100%       | 30,000         | 30,000                           |
| January 2019                      | Purchase    | Arauco Express strip centers   | Chile    | LarrainVial                   | 42                       | 47.00%     | 37,000         | 17,390                           |
| March 2019                        | Purchase    | Puerto Nuevo <sup>2</sup>  | Chile    | Puerto Nuevo Antofagasta S.A. | 29                       | 100%       | 9,500          | 9,500                            |
| March 2019                        | Purchase    | MegaPlaza Assets   | Peru     | Wiese Group                   | 174                      | 50.00%     | 253,000        | 126,500                          |
| April 2019                        | Purchase    | Parque Alegria   | Colombia | Colvalor                      | 35                       | 52.50%     | 50,000         | 26,250                           |
| 2018-2019                         | Expansion   | Parque Arauco Kennedy expansion  | Chile    | -                             | 114                      | 100%       | 11,000         | 11,000                           |
| <b>Total investments in Capex</b> |             |  |          |                               | <b>501</b>               |            |                |                                  |
| January 2019                      | Sale        | Arauco Quilicura, Arauco El Bosque, Arauco Coronel, Arauco San Antonio | Chile    | Ameris                        | 115                      | 49.00%     | 120,500        | -59,045                          |
| March 2019                        | Sale        | Arauco Express strip centers   | Chile    | Banchile                      | 45                       | 49.00%     | 37,000         | -18,130                          |
| April 2019                        | Sale        | Arauco Chillán   | Chile    | Ameris                        | 44                       | 40.00%     | 35,000         | -14,000                          |
| February 2018                     | Sale        | Parque El Golf land  | Peru     | Inversiones Centenario        | 78                       | 100%       | -              | -                                |
| <b>Sales of interests, total</b>  |             |  |          |                               | <b>282</b>               |            |                |                                  |
| <b>Net investment</b>             |             |  |          |                               | <b>219</b>               |            |                |                                  |

Material events related to these transactions. →

1. All amounts are at the equity value of the transactions.

2. Price and total GLA consider the entire project once all phases are complete.



# Investments

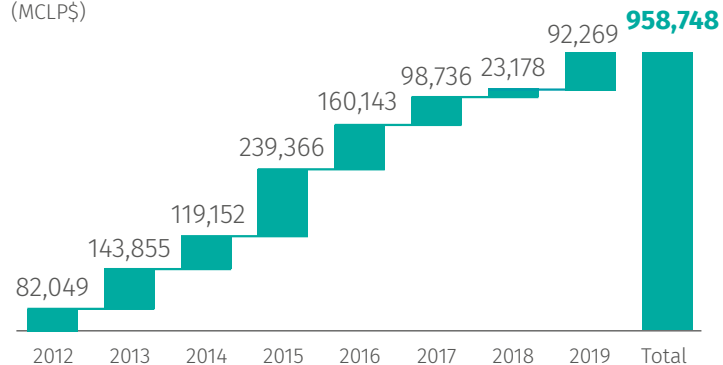


**We have invested CLP\$958,748 million in the last eight years in sustainable growth of leasable area, tenant sales and revenue.**

Parque Arauco's growth has been aligned with our investment policies, enabling us to maintain debt levels that are reasonable for this business and to make investments through real estate development, mergers and asset acquisitions, in addition to purchasing minority interests in Chile, Peru and Colombia.

Projects currently under development and scheduled for completion by 2024 represent an investment of US\$675 million.

**Net investment\***  
(MCLP\$)



\* Net investment includes the value of cash flows from investment activities each year.





# Operational efficiency

**In recent years, we have significantly increased our investment in technology. In addition to improving our end-user experience, one of the main objectives has been increasing our operations' productivity and efficiency.**

In 2019, we continued investing in our digital transformation plan while our Innovation Department led development of our internal analytics capabilities.



## Progress in 2019

### Contract optimization

Redesigning the process flow for commercial agreements provided a more flexible information technology solution and automation of some functions, like contract drafting. Models built with analytical tools reduce the time spent generating contracts and minimizes interpretation errors.



### Payment process automation

Launched in December, a new supplier portal for the Chile Division enables auto queries and facilitates internal processes related to management of tax documents and others.



### New efficiency control system

In 2019, we began implementing our BMS (Building Management System) platform at some shopping centers in Chile and Colombia. This process will extend to other assets in these countries and Peru in 2020. BMS is a building management system that makes it possible to supervise, control and report the efficiency of systems including electric, HVAC, elevators and escalators. Since this is all relevant to reducing the carbon footprint, the implementation plan prioritizes assets that have the greatest impact on this indicator.







# Performance

## 2019

Figures as of December 31

### Revenue (MCLP\$)



Consolidated revenue rose 8.4% this year; primarily thanks to improvements in our occupancy rate (up from 94.7% to 95.4%) and the addition of new square meters of leasable area.

### Tenant sales (MCLP\$)



Colombia achieved outstanding results with tenant sales up 14.3% in local currency this year. This was driven primarily by 17.3% growth at Parque La Colina, which was offset by lower sales in Chile. Peru, meanwhile, reported stable sales, growing 4.0% in local currency.

### EBITDA (MCLP\$)



The higher EBITDA reflects the operation's organic growth as well as the addition of new shopping centers. The positive impact of IFRS 16 and appreciation of Peruvian and Colombian currencies offset the discounts given to tenants in Chile.

### EBITDA margin



The EBITDA margin rose to 73.2% in a challenging context.





## Performance

### 2019

Figures as of December 31

#### Consolidated NOI (MCLP\$)

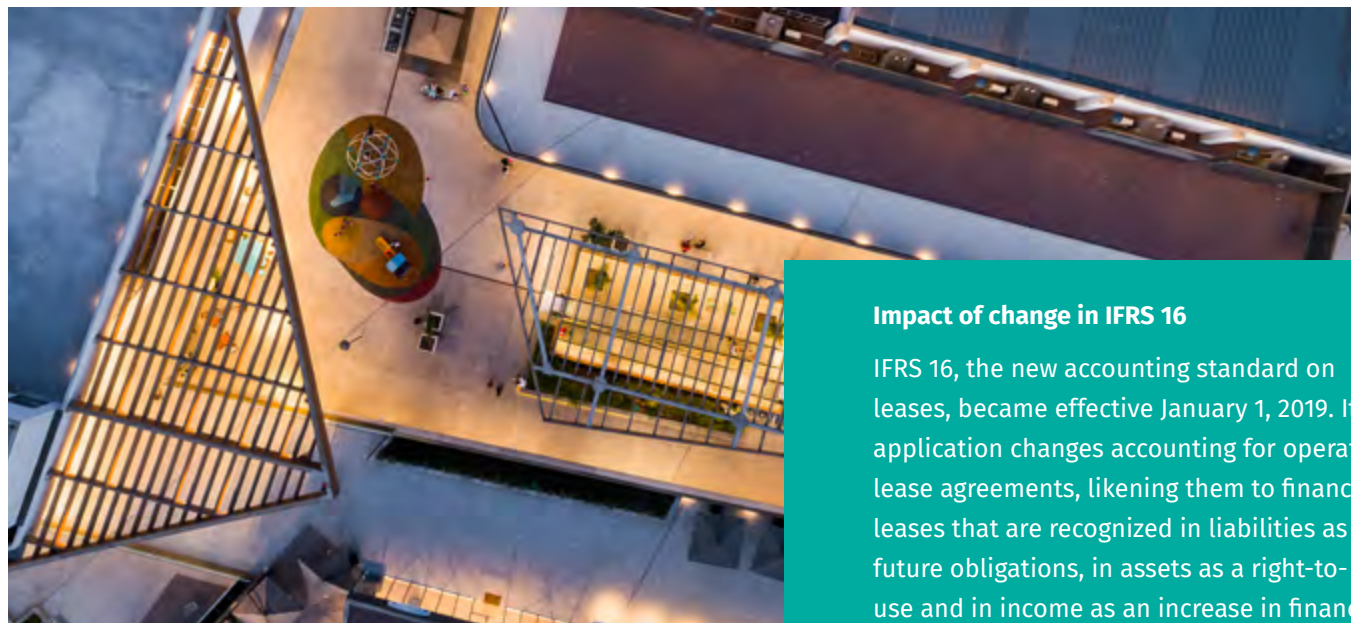


Parque Arauco's NOI (net operating income) grew, primarily thanks to increased revenue from Colombia and Peru. Within this indicator, NOI from related parties reflects improvements to Inmobiliaria Mall Viña del Mar S.A. following the third-quarter purchase of Mall del Centro in Concepción.

#### AFFO (MCLP\$)



AFFO grew, primarily as a result of the increase in EBITDA and reduction in the amount of current tax. The growth is also attributable to the result of the transactions that changed Parque Arauco's ownership interest in some shopping centers. These include the sale of 49% of the parent company of some shopping centers in Chile and the purchase of an additional interest in MegaPlaza's parent company in Peru.



#### Profit attributable to equity holders of the parent (MCLP\$)



Profit attributable to equity holders of the parent was below 2018 figures, primarily because of nonrecurring income from the sale of land in Peru in 2018. Lower operating results and higher non-operating expenses in the last quarter of 2019 also impacted results.

#### Impact of change in IFRS 16

IFRS 16, the new accounting standard on leases, became effective January 1, 2019. Its application changes accounting for operating lease agreements, likening them to finance leases that are recognized in liabilities as future obligations, in assets as a right-to-use and in income as an increase in financial expenses while reducing operating costs. Since it only impacts agreements related to office and land leases, which are not customarily part of the company's operations, the impact on Parque Arauco's financial statements is minor. The new standard does not impact tenant agreements where the company acts as the lessor, not as the lessee.





## 4.2 Real estate assets

Learning about our customers is key to creating spaces and experiences they value. In 2019, we continued using technology and analytics to improve our learning capabilities while adding and expanding our shopping centers to extend our offer in the region.

### IN THIS CHAPTER

- Our portfolio
- Land bank
- Customer experience
- Safe spaces







# Our portfolio

We have iconic shopping centers in Chile, Peru and Colombia.

(Figures as of December 31, 2019)

Detailed information about all portfolio assets →



CHILE

## PARQUE ARAUCO KENNEDY

- Added to portfolio in: 1982
- Total GLA: 111,000 m<sup>2</sup>
- Parque Arauco's ownership interest: 100%
- Occupancy: 98.7%



CHILE

## ARAUCO MAIPÚ

- Added to portfolio in: 1993
- Total GLA: 75,000 m<sup>2</sup>
- Parque Arauco's ownership interest: 100%
- Occupancy: 99.9%



CHILE

## ARAUCO ESTACIÓN

- Added to portfolio in: 2008
- Total GLA: 67,000 m<sup>2</sup>
- Parque Arauco's ownership interest: 83%
- Occupancy: 95.4%



PERU

## LARCOMAR

- Added to portfolio in: 2010
- Total GLA: 27,000 m<sup>2</sup>
- Parque Arauco's ownership interest: 100%
- Occupancy: 85.3%



PERU

## MEGAPLAZA NORTE

- Added to portfolio in: 2006
- Total GLA: 112,000 m<sup>2</sup>
- Parque Arauco's ownership interest: 100%
- Occupancy: 98.1%



COLOMBIA

## PARQUE LA COLINA

- Added to portfolio in: 2016
- Total GLA: 62,000 m<sup>2</sup>
- Parque Arauco's ownership interest: 100%
- Occupancy: 96.4%





## Our portfolio

### Some of our assets and projects are mixed use

Single assets that blend different uses (offices, residential, commercial, hotel and others) are a global real estate industry trend that serves new urban lifestyles and optimizes land use, particularly in high-value areas. We are already incorporating this trend in our shopping centers and future developments.



#### PARQUE ARAUCO KENNEDY

→ Health center

##### Expansion phase 1 (2021):

- - Hotel Hilton, 401 rooms
- - Convention center, capacity for 2,800 people

##### Expansion phase 2 (2024):

- -14 story tower, with approximately 15,000 m<sup>2</sup>



#### ARAUCO SAN ANTONIO

→ Hotel → Casino



#### MEGA PLAZA NORTE

→ Health center



#### PARQUE ARBOLEDA

→ Office tower



#### PARQUE CARACOLÍ

- Office tower
- Hotel Sonesta with 104 rooms



#### PUERTO NUEVO | DEVELOPMENT

- Commercial space in a complex that includes residential, office and hotel space (under development)



## Our portfolio

### Assets added to portfolio in 2019

| Shopping center                                      | Type                             | Country | Format       | Date added | Total GLA m <sup>2</sup> | Ownership % | Company-owned GLA | Total investment (local currency) <sup>1</sup> | Total investment (MUS\$) |
|--|----------------------------------|---------|--------------|------------|--------------------------|-------------|-------------------|--|--------------------------|
| Arauco Premium Outlet Buenaventura                   | Expansion                        | Chile   | Outlet       | 4Q19       | 2,500                    | 100%        | 2,500             | 140,000  | 5                        |
| Puerto Nuevo Antofagasta (Singular and Maipú Towers) | Acquisition                      | Chile   | Strip Center | 3Q19       | 6,500                    | 100%        | 6,500             | 460,000  | 17                       |
| Arauco Express El Peñón                              | Acquisition                      | Chile   | Strip Center | 3Q19       | 2,100                    | 51%         | 1,070             | 146,201  | 6                        |
| MegaPlaza  | Acquisition of minority interest | Peru    | Others       | 3Q19       | -                        | 50%         | 123,000           | 583,450  | 174                      |



Openings and projects under development as of year-end 2019 represent an additional 203,820 m<sup>2</sup> of company-owned GLA by 2024 and investments of US\$ 675 million.



1) Projects in UF (Chile), MPEN (Peru) and MCOP (Colombia).

2) Using exchange rates as of December 31, 2019: 28,309.94 CLP/UF, 748.74 CLP/USD, 3,271.55 COP/USD, 3.31 PEN/USD.



## Assets added to portfolio in 2019

### Addition of MegaPlaza assets

#### Peru



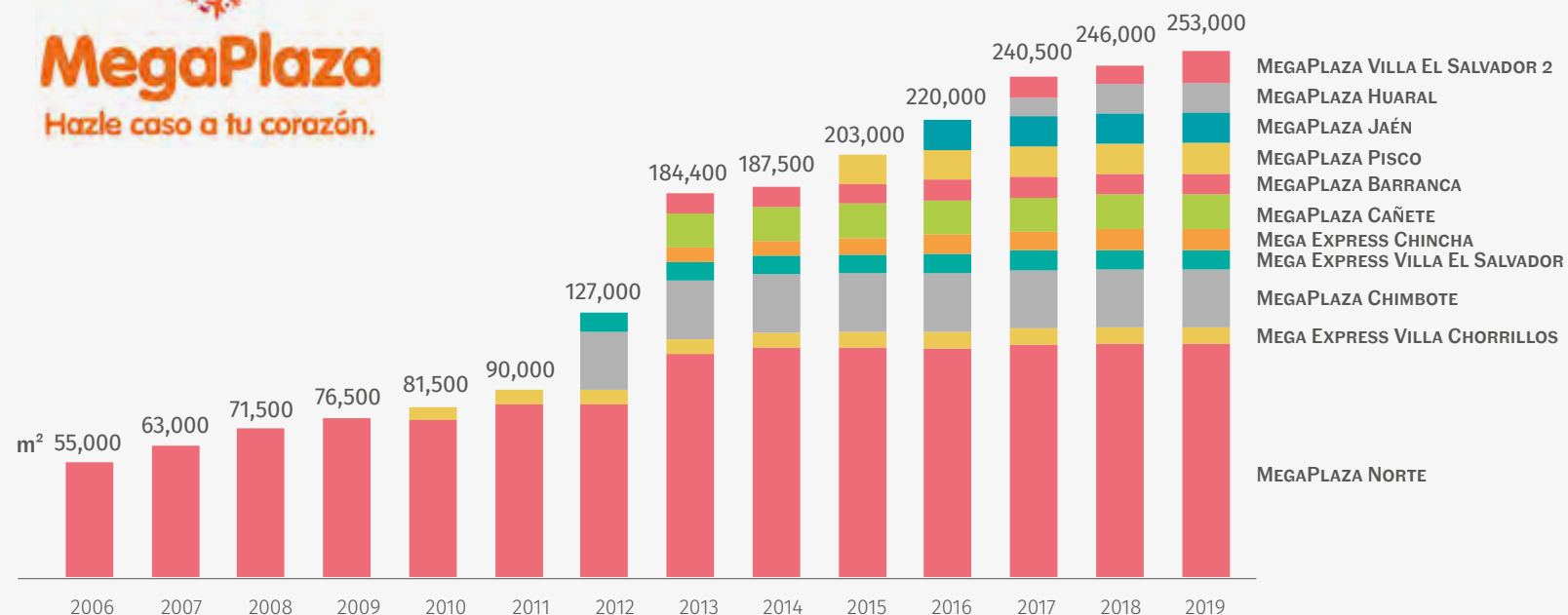
Prior to April 2019—completion of the transaction announced in 2018—Parque Arauco had two groups of real estate assets in Peru: MegaPlaza assets and others where it already owned 100% (e.g. Larcomar).

By purchasing a 50% interest in Inmuebles Panamericana S.A. (which owned the MegaPlaza shopping centers) from the Wiese Group, Parque Arauco gained 100% control of all its real estate assets in Peru.

In about five months, the shopping centers were merged under the same management team in an effort to integrate the best of both cultures, practices and teams.



#### GROWTH OF MEGAPLAZA ASSETS:



11  
shopping  
centers

253,000 m<sup>2</sup>  
Total GLA

62%  
of Parque Arauco  
GLA in Peru

58%  
of Parque Arauco  
revenue in Peru

70%  
Total sales  
in Peru





## Assets added to portfolio in 2019

### Integration of MegaPlaza assets

Peru



#### MEGAPLAZA NORTE THE LARGEST SHOPPING CENTER

MegaPlaza Norte marked Parque Arauco's entry into Peru in 2006. Today, it is the company's most important shopping center in the country. In the last eight years, EBITDA and revenue have grown 113% and 83%, respectively. Located in the Independencia district, the shopping center remains a leader at nearly 100% occupancy.





## Assets added to portfolio in 2019

### Puerto Nuevo Antofagasta

Chile



Located on the coastline, in the middle of Antofagasta, Puerto Nuevo is a complex designed by the firms of Juan Sabbagh (National Architecture Award Winner) and Borja Huidobro (A4 Arquitectos). The shopping center connects four towers: three for residential and office use and one exclusively for a future hotel.

**In March 2019, Parque Arauco signed an agreement with Inmobiliaria Puerto Nuevo Antofagasta S.A. to purchase the project's commercial space totaling approximately 9,500 m<sup>2</sup> of leasable area. The acquisition will be finalized in phases between 2019 and 2021, coinciding with transfer of the completed buildings.**



The commercial offering will include stores and branches by Casa Ideas, Gimnasio Energy, Latam, Farmacias Cruz Verde, Eglo, Chocolatería Vettel, Café Le Coin, Dronescan, La Caffeteria and Santander Work Café.

#### COMMERCIAL PROJECT

**Format:** Strip center

**Location:** Antofagasta, Chile

**Investment:** US\$ 26 million

**GLA:** 9,500 m<sup>2</sup>

**Parque Arauco's ownership:** 100%

#### Openings:

→ Singular and Maipú Towers - 2019

→ Balmaceda Tower - 2020

→ Hotel Tower - 2021







## Assets added to portfolio in 2019

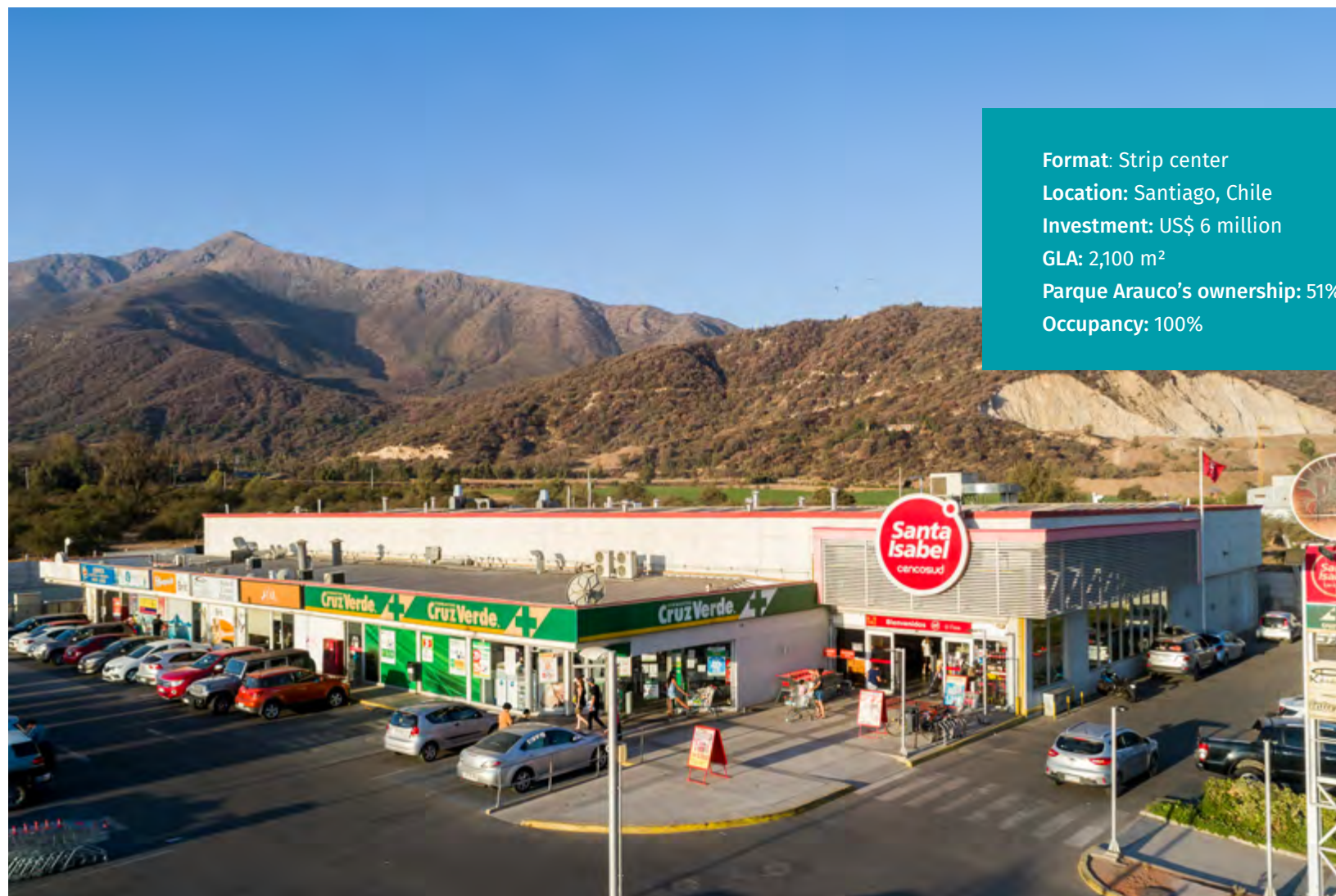
### Arauco Express El Peñón

Chile



In operation since 2012, this strip center is located in a consolidated area on the outskirts of Santiago where new residential complexes are being built. There are nine stores, including a Santa Isabel supermarket and a Cruz Verde pharmacy.

Parque Arauco acquired this asset in 2019 as part of a strategy to grow in different formats.



**Format:** Strip center

**Location:** Santiago, Chile

**Investment:** US\$ 6 million

**GLA:** 2,100 m<sup>2</sup>

**Parque Arauco's ownership:** 51%

**Occupancy:** 100%





## New projects

| New projects   | Country  | Format                       | Opening date | Total GLA m <sup>2</sup> | Ownership % | Company-owned GLA m <sup>2</sup> | Total investment (local currency) <sup>1</sup> | Total investment (MUS\$) <sup>2</sup> |
|----------------|----------|------------------------------|--------------|--------------------------|-------------|----------------------------------|--|---------------------------------------|
| Parque Alegria | Colombia | Regional Shopping Center     | 2H21         | 50,000                   | 52.5%       | 26,250                           | 433,000  | 132                                   |
| La Molina      | Peru     | Neighborhood Shopping Center | TBD          | 19,500                   | 100%        | 19,500                           | 180,000  | 54                                    |

| Acquisitions  | Country | Format       | Opening date                 | Total GLA m <sup>2</sup> | Ownership % | Company-owned GLA m <sup>2</sup> | Total investment (local currency) <sup>1</sup> | Total investment (MUS\$) <sup>2</sup> |
|---|---------|--------------|------------------------------|--------------------------|-------------|----------------------------------|--|---------------------------------------|
| Puerto Nuevo Antofagasta (Balmaceda Tower, Hotel Tower) | Chile   | Strip Center | 1H20 (tower)<br>2H21 (hotel) | 3,000                    | 100%        | 3,000                            | 250,000  | 9                                     |

| Expansions                                     | Country | Format         | Opening date | Total GLA m <sup>2</sup> | Ownership % | Company-owned GLA m <sup>2</sup> | Total investment (local currency) <sup>1</sup> | Total investment (MUS\$) <sup>2</sup> |
|--|---------|----------------|--------------|--------------------------|-------------|----------------------------------|--|---------------------------------------|
| Parque Arauco Kennedy - Phase 1                | Chile   | Regional/hotel | 2H21         | 11,000                   | 100%        | 11,000                           | 5,355,000                                      | 202                                   |
| Parque Arauco Kennedy - Phase 2                | Chile   | Regional/tower | 2H24         | 10,000                   | 100%        | 10,000                           | 2,200,000                                      | 82                                    |
| Arauco Premium Outlet Buenaventura (Remainder) | Chile   | Outlet         | 1Q20         | 1,000                    | 100%        | 1,000                            | -  | -                                     |

1. In addition to the 11,000 m<sup>2</sup> of GLA, the expansion includes a 401-room Hilton by Hilton and the largest hotel convention center in Santiago.

2. This project also includes a 15,000 m<sup>2</sup> tower.



## New projects

### Parque Alegria

#### Colombia



This new shopping center with approximately 50,000 m<sup>2</sup> of leasable area is being built on the south side of the city of Barranquilla, on the avenue that runs to the city's northern side and to the airport. It is expected to be the leading shopping center on Barranquilla's south side.

“This project, in association with important local real estate companies, Ospinas & Cía. and Grupo Pegasus (co-founders of Colvalor), marks our arrival in one of Colombia's four main cities.”

**Eduardo Pérez**  
Chief Executive Officer  
Parque Arauco Internacional



**Format:** Regional Shopping Center  
**Location:** Barranquilla, Colombia  
**GLA:** 50,000 m<sup>2</sup>  
**Parque Arauco's ownership interest:** 52.5%  
**Total investment:** US\$132 million  
**Construction began:** 2019  
**Scheduled to open:** 2021

**Department store:** Falabella  
**Supermarket:** Olímpica  
**Cinema:** Cine Colombia  
**Children's play area:** PlayLand





## New projects

### Parque Arauco Kennedy expansion

Chile



“The Parque Arauco Kennedy expansion project converts the company’s iconic shopping center into a mixed-use asset. As of year-end 2019, we had made considerable progress, completing the parking spaces, connecting tunnels and up to the sixth floor of the building—a very important milestone.”

**Andrés Torrealba**  
Chief Executive Officer, Chile Division

#### PHASE 1

The expansion will add 11,000 m<sup>2</sup> of commercial GLA to Parque Arauco Kennedy through construction of the Falabella chain’s flagship store and additional retail space. Furthermore, it involves construction of a 5-star, 401-room Hilton hotel by Hilton and the largest hotel convention center in Santiago, with capacity for more than 2,800 people in 3,000 m<sup>2</sup>. It also includes two restaurants, three bars, two pools, a gym, an executive lounge and another 700 parking spaces.

**Format:** Mixed use

**Commercial GLA:** 11,000 m<sup>2</sup>

**+ Hotel and convention center**

**Ownership:** 100%

**Total investment:** US\$ 202 million

**Construction began:** 2017

**Scheduled to open:** 2021



#### PHASE 2

The second expansion phase at Parque Arauco Kennedy was announced in 2018. It includes a 14-story tower and 10,000 m<sup>2</sup> of additional commercial GLA at its base.

**Format:** Mixed use

**Commercial GLA:** 10,000 m<sup>2</sup>

**+ Tower GLA:** 15,000 m<sup>2</sup>

**Ownership:** 100%

**Total investment:** US\$ 82 million

**Construction begins:** 2021

**Scheduled to open:** 2024



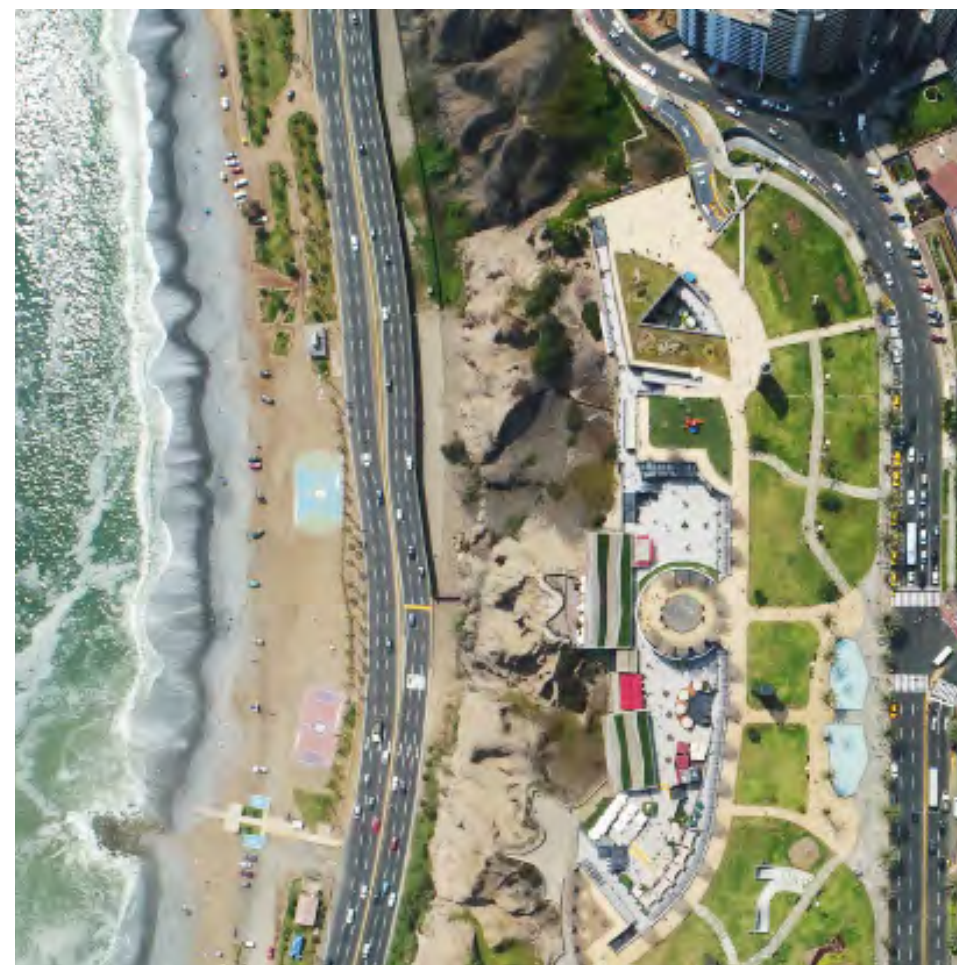




# Land bank

as of December 31, 2019

| Name                             | m <sup>2</sup> | Ownership % | Total cost (local currency) | Total cost (in MUS\$) |
|----------------------------------|----------------|-------------|-----------------------------|-----------------------|
| <b>Chile</b>                     |                |             |                             |                       |
| Quilicura                        | 25,486         | 100%        | 78,000                      | 3                     |
| Buenaventura                     | 115,864        | 100%        | 455,000                     | 17                    |
| Chicureo                         | 47,614         | 100%        | 206,000                     | 8                     |
| Los Andes                        | 39,254         | 100%        | 117,000                     | 4                     |
| San Pedro de la Paz              | 17,002         | 100%        | 51,000                      | 2                     |
| <b>Total Chile</b>               | <b>245,220</b> | <b>100%</b> | <b>907,000</b>              | <b>34</b>             |
| <b>Peru</b>                      |                |             |                             |                       |
| Chimbote                         | 42,657         | 100%        | 18,000                      | 5                     |
| Talara                           | 30,675         | 100%        | 9,400                       | 3                     |
| Ica                              | 12,643         | 100%        | 13,500                      | 4                     |
| Chiclayo                         | 6,609          | 100%        | 6,300                       | 2                     |
| Pomalca Chiclayo                 | 45,042         | 100%        | 6,565                       | 2                     |
| Lambayeque-MegaPlaza             | 25,260         | 50%         | 18,900                      | 6                     |
| San Juan de Lurigancho-MegaPlaza | 80,000         | 50%         | 10,415                      | 3                     |
| Other MegaPlaza properties       | 106,157        | 50%         | 85,685                      | 24                    |
| <b>Total Peru</b>                | <b>349,043</b> | <b>70%</b>  | <b>168,765</b>              | <b>49</b>             |
| <b>Colombia</b>                  |                |             |                             |                       |
| Neiva                            | 49,537         | 100%        | 18,000                      | 6                     |
| Valledupar                       | 46,000         | 100%        | 30,000                      | 9                     |
| Barranquilla                     | 56,166         | 100%        | 76,000                      | 23                    |
| <b>Total Colombia</b>            | <b>151,703</b> | <b>100%</b> | <b>124,000</b>              | <b>38</b>             |
| <b>Total</b>                     | <b>745,966</b> | <b>86%</b>  |                             | <b>121</b>            |



1) Land bank in UF (Chile), MPEN (Peru) and MCOP (Colombia).

2) Using exchange rates as of December 31, 2019: 28,309.94 CLP/UF, 748.74 CLP/USD, 3,271.55 COP/USD, 3.31 PEN/USD.

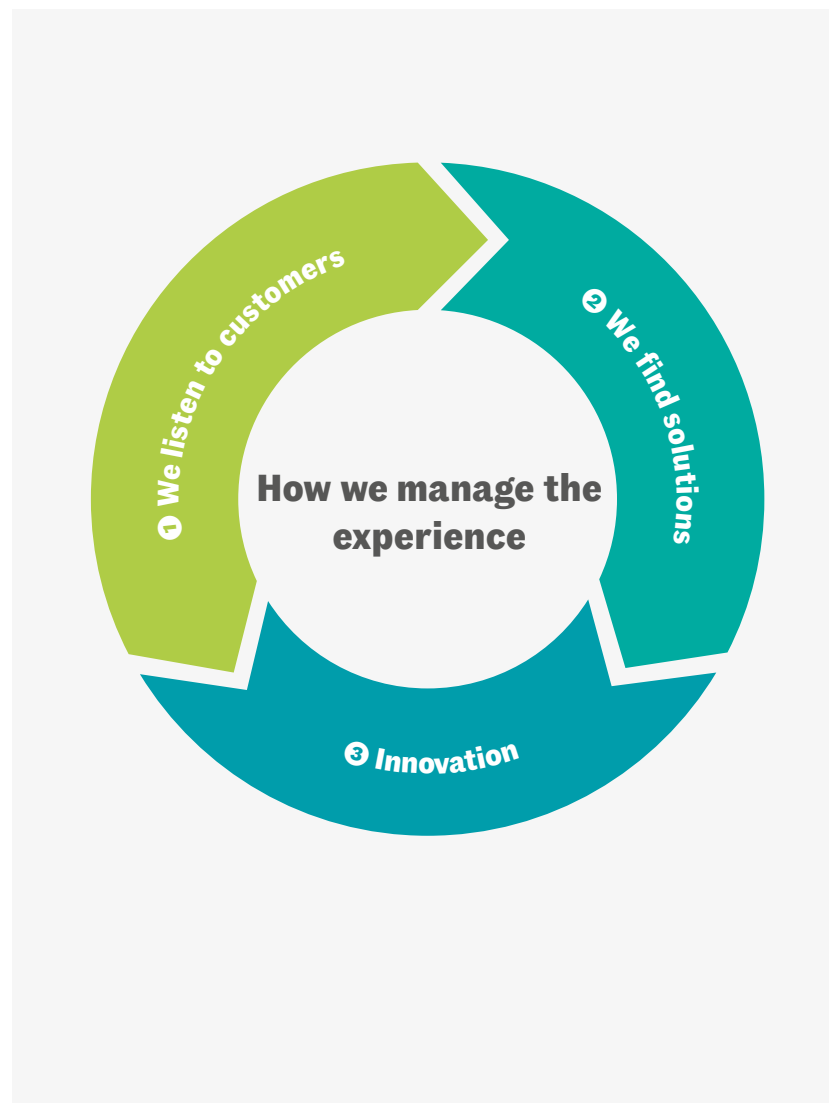


# Customer experience

We want to consolidate Parque Arauco's position as a customer-centered company by making decisions based on data analysis. We made considerable progress in 2019 in this direction.

## OBJECTIVES

- **To deeply know who visits our malls.** Who they are, why, when and how often they come; what they do and for how long.
- **Guarantee the best customer experience.** We want them to find innovative, high quality products and services; comfortable, clean spaces; efficient service; suitable and safe infrastructure.





## Customer experience

### Main developments



Hello! How can I help you?

#### VIRTUAL PHONE ASSISTANT

Ema, Parque Arauco's chat bot, helps answer questions about schedules and store locations via WhatsApp and the website.



#### DIGITAL DIRECTORIES

65" interactive screens with proximity sensors have been located on different levels of Parque Colina and Larcomar shopping centers since 2019 and at Parque Arauco Kennedy since 2018. The directories show the location of brands and services (along with the route there) as well as cinema listings (in Colombia), special deals and other services, like car rentals. They can also be used to conduct visitor surveys.



#### PUBLIC WIFI

Visitors can connect to the internet at no cost from any part of Parque Arauco Kennedy, Larcomar, Parque La Colina or Parque Caracolí. Two of those shopping centers feature technology that enables us to learn about visitor behavior in order to provide a better experience.

#### REAL-TIME SURVEYS

We set up touch screens and QR codes at critical points like bathrooms, restaurants, parking areas and rest areas where visitors' ratings of the service level generate immediate responses by the area responsible for solving certain problems. At the aggregate level, these systems provide useful information about what users value and what we should perfect.

#### SECURITY DEVICES

Closed circuit TV cameras feature image analysis and are directly connected to public security systems. The BMS (Building Management System) includes security, fire, basic services and access control systems.

#### SMART PARKING

Operating at four shopping centers in Chile, Larcomar and La Colina, smart parking systems help customers find their cars and automatically charge payments to their credit card. A mobile application can also be used to scan the QR code on the ticket.



#### GIFT CARDS

Parque La Colina, Parque Arboleda and Parque Caracolí worked with Davivienda and Mastercard to launch a gift card in November. These cards can be used at any store in the shopping centers, but not outside them.

#### PERSONALIZED CAMPAIGNS

Digital marketing in which offers are segmented by consumer preferences, not demographics.



#### PARTNERSHIP WITH RAPPI

Parque Arauco and Rappi formed Colombia's first partnership between a shopping center and a last mile operator. The agreement went into effect at Parque La Colina in October 2019. A parking lot area was specially designed and designated so that drivers could centralize deliveries and organize a delivery flow from the store to the final destination without interfering with customer parking spaces or shopping center activities.

The logistics system inside the mall keeps customer experience levels high, optimizes the delivery company's operations and creates opportunities to expand the product offering through e-commerce from the companies at the shopping center.





# Safe spaces

Since 2016, we have worked systematically to identify and mitigate risks related to customer and employee safety at our shopping centers and incorporate best practices on the matter.

In 2019, we conducted exhaustive audits under the supervision of a leading international Occupational Safety and Health consultant. These audits verified that all operations-critical equipment and systems were working properly at eight shopping centers, which represent 45% of the company's leasable area. The methodology will be replicated in 2020 to assess another significant portion of the company's portfolio in the three countries.

Each shopping center received a post-audit assessment, on a scale of A to F, on the 15 audited aspects for use in periodic external audits and to control progress. They also received a plan for managing the identified risks and prioritizing them by urgency and by the number of risk points mitigated by the proposed initiatives.

## SHOPPING CENTERS AUDITED IN 2019

### Chile

- Parque Arauco Kennedy
- Arauco Estación

### Peru

- Larcomar
- MegaPlaza Norte
- El Quinde Ica
- MegaPlaza Chimbote

### Colombia

- Parque La Colina
- Parque Arboleda

## AUDIT PRIORITIES

- The organization's performance, leadership and commitment
- Change management (with emphasis on tenants)
- Electric infrastructure
- Fire prevention and response
- Fire alarms and detection
- Fire protection equipment and extinguishers
- Evacuation and safety systems
- Grease, oil and smoke extraction
- Video surveillance and security
- Natural and liquid gas systems
- Material and waste management
- Vehicle and pedestrian traffic management
- Contractor safety and management
- Emergency preparation, response and investigation plan
- Elevator and escalator safety



**45%** of total GLA was audited in 2019



## 4.3 Social performance

Our shopping centers are gathering places as well as spaces of interaction and opportunity for people and surrounding communities. We want to integrate, grow and support opportunities in all the places where we operate.

### IN THIS CHAPTER

- Lines of action
- Community outreach
- Social integration at our shopping centers
- Support for local entrepreneurship





## Lines of action

In order to focus social contributions in the areas where we operate, we prioritize three areas directly connected to our purpose of “creating spaces that contribute to improving people’s lives”.



### Community outreach

#### OBJECTIVES

##### → Ongoing engagement

Establish good relationships and ongoing communication with neighbors.

##### → Participation

Create spaces for interaction and contribute to the areas where we operate.

[Read more](#) →



### Social integration at our shopping centers

#### OBJECTIVES

##### → Accessibility

Optimize urban integration and accessibility through our shopping centers.

##### → Opportunities and inclusiveness

Promote inclusiveness and opportunities for persons with disabilities.

[Read more](#) →



### Support for local entrepreneurs

#### OBJECTIVES

##### → Visibility and spaces

Partner with entrepreneurs and small business owners, by offering training or space in our shopping centers as a platform of opportunity for their projects.

##### → Connection and networks

Create networks that foster social and emerging entrepreneurship.

[Read more](#) →





## Community outreach

We seek open and ongoing relationships with the community and to work in partnership with local organizations that promote development in the areas where we operate.

**54%**

of our shopping centers have an updated self-assessment for community-related risks.

**+ 1,300**

free activities at our shopping centers last year

**73**

Social organizations worked with us on social support programs in communities in Chile, Peru and Colombia.

### How we do it:



**1** We used case studies, interviews as well as dialogue with directly involved parties and experts to identify our industry's most common impacts on neighboring communities and surroundings.



**2** We designed initiatives to align teams and raise awareness concerning detection, response and monitoring of possible impacts that influence relations with direct neighbors. This includes a phase of self-assessment and community risk analysis. Following this process, plans for impact monitoring and management are activated with priority given to shopping centers with the greatest challenges.



**3** We enhance our interactions through concrete actions that contribute to communities. We partner with local organizations to make our shopping centers a setting for sports, cultural and social support activities.





## Community outreach

### Joint actions with neighboring communities



#### Butterflies, nature's messengers in San Antonio

At a free exhibit, children and young people from the municipality of San Antonio, Chile, issued an invitation to protect the planet by constructing giant sculptures built entirely of recycled material. Each piece alluded to a theme like water, biodiversity, overpopulation or environmental protection.

**10** local public schools participated  
**+ 270** children and young people participated by creating the



Watch video

#### Faces of Arauco Maipú

At a public casting event exclusively for people from the area surrounding the shopping center, eight people were chosen as image ambassadors for Arauco Maipú's graphic communications on social networks, digital screens and public advertisements. Theirs will be the only faces on the mall's advertising pieces for a year.

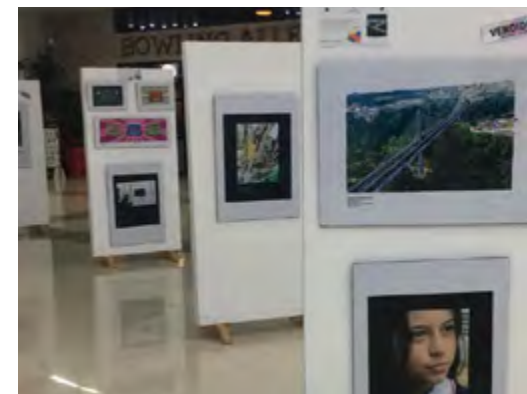
**285** people tried out in a single day | **8** winners

#### Second Graphic Arts Show at Parque Caracolí

The exhibit featured works by 120 artists inspired by architecture and life in the Santander region of Colombia and included mixed-medium, digital, painting, poster and photograph pieces. This was an initiative in partnership with the Colombian National Training Service (SENA) and the Rafael Pombo Institute in Bucaramanga.

**120** young local artists participated

**25** Works exhibited





## Social integration at our shopping centers

**We work to make our shopping centers increasingly accessible and create spaces that promote opportunity and a culture of inclusiveness.**

Our shopping centers are in centrally located urban areas, all of which are accessible via different types of transportation, favoring integration and decentralized development of different urban areas. Their proximity to public transport makes it easy for visitors and those who work at our shopping centers to get there.

Concern for accessibility and social inclusiveness, elements that we want to foster at our shopping centers, are implicit in integration with the surroundings.

### How we do it



**1.** Our shopping centers are primarily located in areas close to public transportation. We offer spaces that facilitate use of alternative transportation methods, like bicycles.



**2.** We continuously strive to make our shopping center infrastructure more accessible.



**3.** We communicate the importance of inclusiveness through activities at our shopping centers.



**1,294**  
bicycle parking  
spaces

**263,000**  
bicycle parking users  
each year

**84%**  
of our shopping  
centers are less than  
150 m from public  
transportation





## Social integration at our shopping centers

### Integration and accessibility initiatives

#### *Hamlet at Larcomar's La Plaza Theater*

In six showings a week, the La Plaza theater at Larcomar offered a free version of *Hamlet* in 2019, performed by nine actors with Down Syndrome and directed by renowned Peruvian playwright, Chela de Ferrari. The project was developed at the urging of Jaime Cruz, one of the lead actors who got involved in theater after his experience as an usher at La Plaza theater.

**52**

shows  
this season

**+ 9,500**

spectators in  
total

[Watch video](#)

#### Accessible infrastructure

The main shopping centers in Chile, Peru and Colombia were assessed for improvements in accessibility. The 2019 improvement plan included actions at 100% of shopping centers and outlets in Chile. Measures included installation of braille signage, design of customer service points, adaptations to bathrooms, hallways, ramps, stairs to common areas and parking spaces.

**14****+ 10,000****100%**

partnerships and projects to support institutions that work on issues related to inclusiveness and disability in Chile, Peru and Colombia.

people participated in actions cultivating a culture of inclusiveness at our shopping centers.

of shopping centers and outlets in Chile implemented a process for identifying and rectifying failures to meet accessibility standards and local regulations.

#### Inclusive music at our shopping centers

Sonidos de la Luz orchestra played in the restaurant areas at Parque Arauco Kennedy and Arauco Maipú as part of the musical agenda at these shopping centers throughout the year. These concerts provide new opportunities and a showcase for visually impaired musicians who, with support from Parque Arauco, have trained at Fundación Luz at no cost since 2006.

[Watch video](#)**21**

concerts since 2018

**12**

musicians have participated in these performances

**+ 150**

spectators at each concert



## Support for local entrepreneurs

**We support entrepreneurship because of its positive effect on the economy and on local employment. Supporting entrepreneurship also adds different, innovative proposals to complement the commercial offer at our shopping centers.**

Our shopping centers provide visibility and commercial space to emerging entrepreneurs. By partnering with expert institutions, we have launched training, mentoring and networking initiatives that strengthen business plans to help them remain in the long term.

### How we do it



**1.** We developed partnerships with the public sector, NGOs and universities that are interested and experienced in entrepreneurship issues in Chile, Peru and Colombia.



**2.** We position our shopping centers as stages for entrepreneurship and economic development in the areas where we operate.



**20**

social institutions and public organizations specializing in entrepreneurship worked as partners or received support for initiatives in Chile, Peru and Colombia.

**+ 1,500**

entrepreneurs were supported with selling space, networking or training at our shopping centers.

**+ 220**

entrepreneurship fairs in 2019.



## Support for local entrepreneurs

### Actions to support local entrepreneurs



#### The Push Yourself Now (Impúlsate Ya) Program

##### Bucaramanga, Colombia

This initiative selects 20 emerging entrepreneurs each year to participate in training sessions with experts. The best move on to a mentoring process with renowned local business people and receive selling space at Parque Caracolí with which to continue expanding their sales channels and networks while strengthening their business.

**40** entrepreneurs have benefited since 2018

**64** total training hours

**18** total mentoring hours

**3** local partners

#### Spaces for Chilean producers and artisans

The most representative products from Chile's rural regions and indigenous communities are sold directly by artisans and producers, many of whom have earned Seals of Excellence and Chilean Cultural Heritage recognition. For the third straight year, Parque Arauco Kennedy worked with INDAP (Institute for Agricultural Development) to organize fairs that create selling space and cultural exchange for first-rate artisans in Chile.

**65** participating producers and artisans

**3** years of partnership

**3** fairs

**+ 13** regions of the country represented with handmade products







## Entrepreneurship Talent Competition



97

entrepreneur  
contestants

22

regions of Peru were  
represented through  
participants

50%

of the entrepreneurs are  
related to fashion or food

80

attendees at after office  
event featuring food  
entrepreneurs at Larcomar



Watch video

We created the Entrepreneurial Talent category for the first time in Peru's most important social entrepreneurship award, the Kunan Challenge (*Desafío Kunan*).

Through this contest, we aim to recognize and support social entrepreneurs in sustainable retail while strengthening local initiatives that develop products with a social or environmental impact.

Parque Arauco is a strategic partner for Kunan, a platform that integrates and optimizes social entrepreneur ecosystems in Peru.

### Winner

**Las Polleras de Agus** Sells traditional skirts embroidered by artisans from at-risk rural areas. Certificates of authenticity, traceability of the manufacturing process and impact on neighboring communities offer added value.

### Finalist

**Bella Aborigen.** Employs 33 knitters who design and produce fashion accessories from towns in Ayacucho. By combining traditional textiles with current fashion, they have increased revenue from this activity more than 30%.



## 4.4 Environmental management

We are aware of the environmental challenges facing the planet and of the generalized call for companies and society to work together and develop practices that use natural resources responsibly. We base our decisions on environmental impact and the desire to play a more active role in addressing climate change.

### IN THIS CHAPTER

- Climate change management
- Sustainable design and construction
- Sustainable operations







## Scope of the environmental indicators

The indicators from this chapter were calculated for 37 shopping centers in our portfolio. They represent 95.6% of total GLA as of December 31, 2019 and produce 96.8% of our revenue.

 **37**

of the shopping centers in the portfolio

which represent

**95.6%**

of total GLA

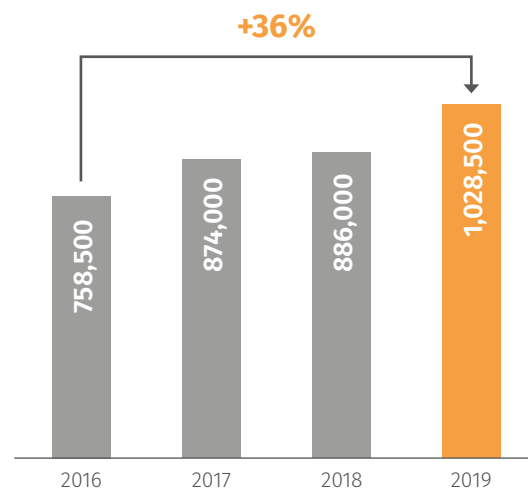
as of December 31, 2019

**96.8%**

of total revenue for the year


### Change in scope

Total GLA included in the indicators each year (m<sup>2</sup>)\*



### Indicator calculations

Each year, we review our environmental indicators, making adjustments and verifying deviations when appropriate. Intensities are calculated based on the shopping centers' common areas, which is dynamic given the changes in use of spaces in our portfolio.

Read more 

\*Total figures at the consolidated level  
(assets in Chile, Peru and Colombia)





# Climate change management

We recognize climate change as an emerging risk that has implications for our industry and people's lives. In recent years, we have assessed our exposure to the effects and risks in the areas where we operate. This process has guided creation of a road map that progressively aligns our environmental performance in Chile, Peru and Colombia.





## Climate change management

### Our road map for climate change management

| PRIORITIES       | 1 Identify risks and opportunities  | 2 Measure and compare   | 3 Educate, integrate and collaborate  |
|------------------|---|---|---|
| ACTIONS          | <p>Explore and quantify the impact of the risks as well as the scope of the opportunities to make progress with short-, medium- and long-term measures.</p> | <p>Identify and work on key indicators directly connected to managing our carbon footprint:</p> <ul style="list-style-type: none"><li>→ Energy consumption.</li><li>→ Transition to LED lighting.</li><li>→ Renewable energy consumption.</li><li>→ Connectivity of our shopping centers with public transportation systems.</li></ul> <p><a href="#">Read more</a> →</p> | <p>Take action to promote environmental awareness through our shopping centers:</p> <ul style="list-style-type: none"><li>→ Promote use of bicycles and low-emission mobility options.</li><li>→ Promote environmental education in the communities surrounding our shopping centers.</li></ul>   |
| 2019 PERFORMANCE | <p>Analyze scenarios given exposure to two types of risks associated with climate change in shopping centers located in at-risk areas in Chile.</p>         | <ul style="list-style-type: none"><li>→ <b>+ 60%</b> of our shopping centers have LED lighting.</li><li>→ <b>63%</b> of total energy comes from renewable sources.</li><li>→ <b>84%</b> of our portfolio is located less than 150 meters from public transportation.</li></ul>  | <ul style="list-style-type: none"><li>→ <b>+ 263,000</b> people used bicycle parking spaces at our shopping center last year.</li><li>→ <b>+ 32,600</b> people participated in environmental activities at our shopping centers in 2019.</li><li>→ <b>1,000</b> trees reforested in 2019.</li><li>→ <b>2,365</b> trees reforested in 2018 and 2019.</li></ul> |



# Carbon footprint and emissions intensity

## Scope 1

Direct greenhouse gas emissions (GHG) (that come from sources owned or controlled by the organization).

At Parque Arauco, Scope 1 emissions are generated by consumption of diesel to fuel our emergency generators and fire sprinkler system.

2019

**162.5**  
tCO<sub>2</sub>e

2018:  
95.6 tCO<sub>2</sub>e

## Scope 2 (market-based method)

GHG emissions associated with generating the electric power consumed by the organization. <sup>(1)</sup>

At Parque Arauco, Scope 2 emissions are generated by electricity consumption at the shopping centers.

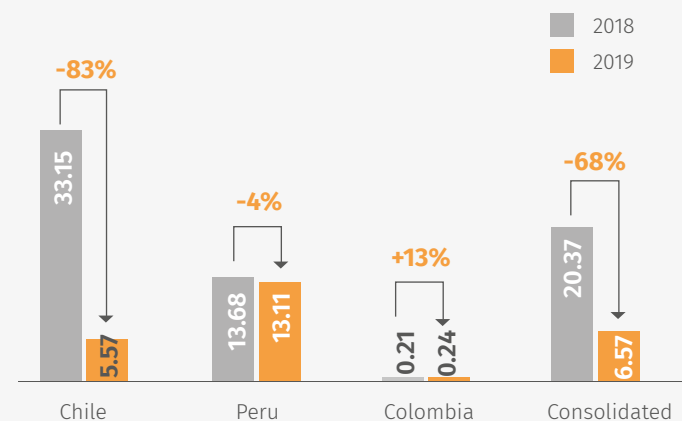
2019

**9,446**  
tCO<sub>2</sub>e

2018:  
26,452 tCO<sub>2</sub>e

[Read more](#) →

## EMISSIONS INTENSITY (CO<sub>2</sub>e)



**68%**

reduction in intensity  
of emissions  
compared to 2018

**9,609**  
tCO<sub>2</sub>e

Total emissions in 2019

[Read more](#) →



In 2019, we increased our renewable energy supply for the portfolio with a special emphasis on Chile, where we managed to acquire a significant percentage of energy with IREC certification.

In addition to the energy efficiency projects conducted in Chile, Peru and Colombia, this enabled us to cut emissions intensity by 68% in 2019.

<sup>(1)</sup> The market-based method includes our electricity contracts. The emission factors are those for each of our energy suppliers.





# Sustainable design and construction



## Management priorities

- Consider sustainable criteria in the design and construction of our shopping centers.
- Conduct projects with a focus on the wellbeing of persons and efficient use of natural resources in the long term.

## Key factors

- Compliance with environmental regulations
- Connectivity and use of public transportation
- Design that considers operating efficiency
- Materials with high environmental standards
- Green walls to improve insulation
- Certifications and standards
- Partnerships to promote sustainable construction
- Training engineering and project teams



## Sustainable design and construction



### ① Connectivity and low-emission transportation

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

Options that favor use of alternative or low-emissions transportation are increasingly common in the design of our shopping centers, e.g., use of bicycle parking spaces.

Furthermore, Parque Arauco Kennedy was the first shopping center in Santiago, Chile, to offer a charging station for electric cars (operational since 2014). In 2020, eight charging points will be added to the two existing points.



### ② Efficiency by design

While designing and building a shopping center, efficient fixtures and equipment are frequently installed to optimize future savings on water and energy use. The unique design of each shopping center considers climate conditions when determining whether open architecture, which does not require intense use of air conditioning or lighting, is possible.

Furthermore, decisions regarding landscaping and watering systems are analyzed as early as the design phase. Plant species that do not require abundant watering are favored.





## Sustainable design and construction

### 3 High-standard materials and networks

We select high-quality, durable materials for our projects. Whenever possible, we favor suppliers located close to our projects and materials with recycled content. We serve on the board of the Green Building Council in Chile and Peru. This international organization is present in more than 100 countries,

working to promote sustainable construction, technological innovation and efficient use of resources. Through these councils, the Projects and Infrastructure and Operations teams participated in workshops and training opportunities on best practices.



### 4 Green walls and areas

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

**5,000 m<sup>2</sup>**

of green walls installed at our shopping centers in Chile, Peru and Colombia.





## Sustainable design and construction

### Parque Arauco Sustainable Project Manual

With the support of the Chilean Chamber of Construction's Technological Development Corporation, we completed the Parque Arauco Sustainable Project Manual in 2019.

The document provides guidelines, indicators and references for the multiple phases and design and construction aspects of real estate projects. It specifies best practices in energy efficiency and renewable energy; hydro-efficiency; materials and waste; as well as environmental and community-related issues. It also includes recommendations for optimizing project management and incorporating elements like sustainable urban furnishings and reusable construction site equipment.



#### Charging stations for electric vehicles

Plans at Parque Arauco Kennedy include increasing the number of charging points for electric automobiles. To that end, the company is working on agreements to install additional charging stations in the parking lots close to the hotel that is under construction and the shopping center.



#### Paint containing recycled material

Paint made of between 15% and 30% recycled expanded polystyrene (pre- and post-consumption) was used for traffic markings at Parque Arauco Kennedy, Mall Arauco Maipú, Buenaventura Outlet and Mall Arauco San Antonio in 2019. The materials certification by Idea-Tec verifies that by using these paints, our company has contributed to recycling 721 kg of styrofoam and prevented emissions of 2,608 kg of CO<sub>2</sub>, which is comparable to 47,870 kms of car travel.



# Sustainable operations



## Management priorities

- Manage environmental indicators for portfolio assets
- Make continuous improvements in terms of energy and hydro-efficiency, waste management and emissions
- Raise awareness among our stakeholders through environmental initiatives at our shopping centers

## Key factors

- Monitoring and internal climate control system
- Energy and hydro-efficiency
- Waste management, reuse, recycling and valuation
- Monitoring emissions and climate change
- Training and team building
- Operations certificates and standards
- Environmental initiatives with tenants and customers



# Sustainable operations

## Sustainable operations criteria



### Measure

We defined environmental indicators based on international standards and monitoring of real estate industry best practices.

Under the environmental management mechanism we developed, the teams responsible for operating shopping centers in Chile, Peru and Colombia log their environmental performance on a monthly basis and submit documents that enable data traceability.

We have implemented energy diagnostics at shopping centers with different characteristics in order to assess behavior and identify weaknesses and opportunities for each type of operation.



### Compare

The Corporate Sustainability Area works with the Operations Area to conduct quarterly monitoring and ensure that environmental performance information is reported with the respective supporting documentation.

Chief Executive Officers from Chile, Peru and Colombia hold monitoring meetings to present the trends or weaknesses for the most relevant indicators.

The teams responsible for the operation establish a project agenda that aims to improve consumption efficiency and the environmental management processes.



### Improve

Environmental efficiency initiatives are tested at a single shopping center. Once the impact is identified in terms of reducing consumption and operational savings, the experience is replicated at other shopping centers.

In the Chile Division, we are making progress on an energy management system that enables us to expand the electricity consumption improvements at our shopping centers.

In the last quarter of 2019, we began a diagnostic process based on the ISO 140001 certification on our shopping centers in Colombia.





# Sustainable operations

Performance in 2019

## Energy ⚡



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

### RECOGNITION FOR ENERGY EFFICIENCY

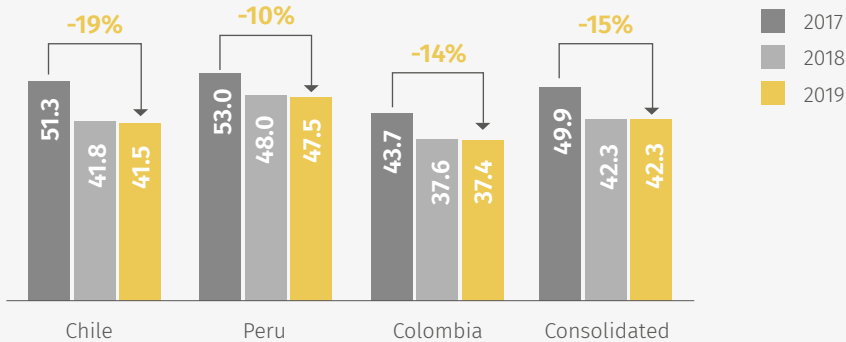
Parque Arauco Chile implemented an Energy Management System based on the ISO 50001:2018 Standard. It was audited in 2019 and approved by ABS Quality Evaluations (Chile) S.A.

+ 80%

of our shopping centers in Chile have an Energy Efficiency Seal.

|                       |   |
|-----------------------|---|
| Arauco Maipú          |  |
| Arauco Coronel        |   |
| Parque Arauco Kennedy |   |
| Arauco Estación       |   |
| Arauco Quilicura      |  |
| Arauco San Antonio    |   |

### ENERGY CONSUMPTION INTENSITY (kWh/m²)



15%

reduction in energy consumption intensity in the last two years.

Read more →

### ENERGY EFFICIENCY PROJECTS IN 2019

| Type of project          | Shopping centers involved  | Description  |
|--------------------------|--|--|
| Lighting replacement     | Arauco Quilicura, Arauco Chillán, Arauco Estación, Mall Arauco Maipú, El Quinde Cajamarca, Megaplaza Chimbote, Megaplaza Express Villa | Incandescent and fluorescent bulbs were replaced with efficient lighting with LED technology, significantly improving electrical efficiency. |
| Energy Management System | Arauco Quilicura, Arauco Chillán, Mall Arauco Maipú  | Implementation of an energy management system based on ISO 50001:2018 in common areas at shopping centers in Maipú, Quilicura and Chillán.   |



# Sustainable operations

Performance in 2019

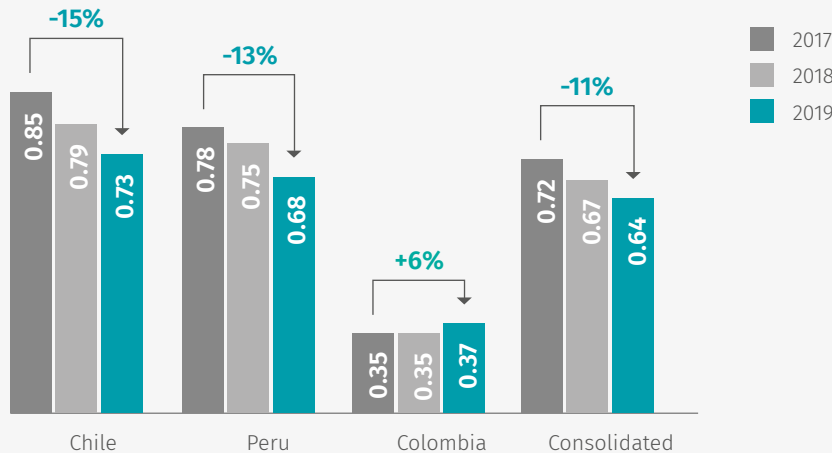
## Water



Public restrooms, landscaping, heating and air conditioning systems and waste room maintenance are the main sources of water consumption at our shopping centers.

The water that we use in our shopping centers primarily comes from the public drinking water system and is released into sewer systems.

INTENSITY OF WATER CONSUMPTION (m³/m²)



16,256 m³

of reused water supplied our operations in 2019

11%

reduction in water use intensity between 2017 and 2019

## HYDRO-EFFICIENCY PROJECTS IN 2019

Read more



| Type of project                                 | Shopping centers involved                    | Description   |
|---|--|---|
| Designing a rainwater collection system         | El Quinde Cajamarca (Peru)                   | Designed a system to harvest, store and treat rainwater to be used for toilets and hygienic services. |
| Improving watering systems for vertical gardens | Parque La Colina (Colombia)                  | Improved the drip watering system with programmable operation.  |
| Installing efficient faucets                    | Parque La Colina, Parque Arboleda (Colombia) | Installed more efficient faucets at our shopping centers.   |



## Sustainable operations

Performance in 2019

### Waste



**The waste generated at our shopping centers is similar to domestic waste.**

The majority is from our tenants, customers or visitors. With that in mind, we are working on waste management systems that significantly increase recycling at our shopping centers while identifying new ways and opportunities to use these initiatives to integrate with social organizations.



**Parque Arboleda is a leader in organic waste recycling in Pereira, Colombia**

Watch video

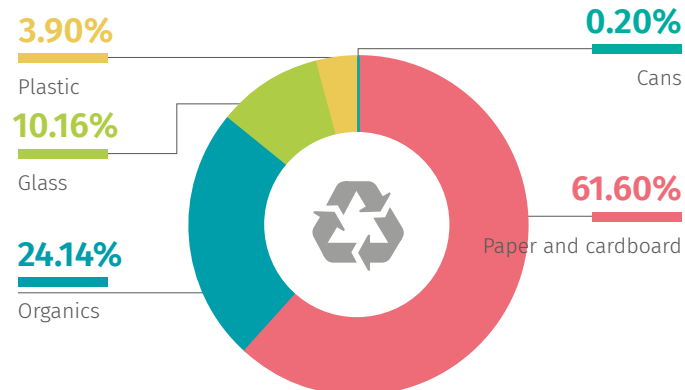
## 11 tons

of organic waste were recovered through this initiative

## 20%

of total waste was recycled or recovered in 2019

### DISTRIBUTION OF RECOVERED WASTE



### RECYCLED, COMPOSTED OR RECOVERED WASTE (t)



Several of our shopping centers recycle organic waste. In 2019, Parque Arboleda became a pioneer in the city by managing waste from its food operators at a composting plant that provides organic fertilizer for the gardens at Universidad Tecnológica de Pereira.

This project, in association with the Regional Autonomous Corporation of Risaralda, included training and working with employees in the Janitorial Service and Operations areas as well as tenants.

Read more





## Sustainable operations

### Urban biodiversity and environmental education

**All our shopping centers are located in highly populated urban areas with expansion and growth potential.**

To date, none of our shopping centers generate any type of significant impact on biodiversity nor are they located in high-risk nature preservation areas. Our efforts, then, are aimed at creating positive impact in the area.

#### Management priorities

- Contribute to improving environmental conditions in terms of air quality, reducing heat islands and conserving biodiversity in the cities where we operate.
- Generate opportunities for environmental education that promotes change in the habits of our customers and tenants, for example, by promoting recycling.



**+ 32,000**

people participated in activities related to the environment at our shopping centers in 2019.



## Urban biodiversity and environmental education

### Reforestation with native species in Coronel



In partnership with the Cultiva Foundation, Arauco Coronel convened neighbors and students at universities and schools around the southern Chilean city to reforest the La Peña area. By planting native species that adapt to climate conditions in the area, the reforestation project aims to help improve urban air quality. In September 2018, Parque Arauco and Cultiva worked with 253 volunteers to plant 1,365 native trees on 3.9 hectares in the district of Renca in Santiago.



**3.05**  
reforested hectares in  
Coronel



**500 tons**  
of fixed CO<sub>2</sub>e



**2,365**  
trees planted in the last  
two years 1,365 in 2018 and  
1,000 in 2019




**290**  
volunteers participated  
in planting



#### TREES PLANTED

|                            |                                |
|----------------------------|--------------------------------|
| <b>Chilean myrtle:</b> 169 | <b>Libertia formosa:</b> 100   |
| <b>Maytenus boaria:</b> 70 | <b>Hummingbird fuchsia:</b> 70 |
| <b>Patagua:</b> 44         | <b>Azara integrifolia:</b> 105 |
| <b>Peumo:</b> 102          | <b>Chilean guava:</b> 100      |
| <b>Soap bark tree:</b> 29  | <b>Ñipa:</b> 211               |

Watch video 





## Campaign to eliminate single-use plastics

**17,000**

reusable metal straws distributed

**110**

food operators joined the campaign



My Only Straw was an invitation to our customers, restaurants and food tenants to join the effort to protect the planet by changing habits and reducing the number drinking straws used each day.

The campaign took place at 55% of our shopping centers in Chile and included shopping centers in the Ñuble, Bío Bío and Metropolitan regions.

## 'Bring old toys back to life' campaign

**35,086**

toys collected between October 2018 and December 2019

**1,491**

wound dressings funded by this campaign



Since October 2018, our shopping centers in Chile have invited customers to participate in a circular economy initiative that reuses toys.

The Coaniquem Foundation refurbishes the toys for resale in their stores and

proceeds fund a portion of the care provided to children who have suffered severe burns. The same foundation benefits from glass collected at recycling points and containers throughout the country. As of December 2019, we had collected 177.6 tons of glass.

Watch video





# 4.5 Our team

Our company has been able to successfully advance and extend its business model thanks to its employees' knowledge and professionalism. We firmly believe that our employees are our main competitive advantage and the key to our success.

## IN THIS CHAPTER

- Our organization
- Our culture
- Attracting and retaining talent
- Training
- Compensation and competitiveness
- Workplace care and safety
- Labor practices and organizational climate





# Our organization

We attract, select and retain excellent professionals, creating the conditions for them to develop, be motivated and work happily, always giving their best.

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

|                                      |      | TOTAL | Chile | Peru | Colombia |
|--------------------------------------|------|-------|-------|------|----------|
| Senior Executives                    | 2019 | 6     | 4     | 1    | 1        |
|                                      | 2018 | 5     | 3     | 1    | 1        |
| Executives                           | 2019 | 97    | 73    | 10   | 14       |
|                                      | 2018 | 94    | 56    | 24   | 14       |
| Professionals                        | 2019 | 398   | 215   | 125  | 58       |
|                                      | 2018 | 391   | 211   | 121  | 59       |
| Administrative and support personnel | 2019 | 35    | 23    | 11   | 1        |
|                                      | 2018 | 79    | 16    | 63   | 0        |



536

Employees

315

IN CHILE

147

IN PERU

74

IN COLOMBIA



57% MEN  
43% WOMEN



98% CHILEAN  
2% FOREIGNERS



74% UNDER  
40 YEARS OLD  
26% OVER  
40 YEARS OLD

Read more →



# Our culture

## Cornerstones of the internal culture

At Parque Arauco, we have built a business culture that is expressed in a friendly working environment, where employees perform their duties with enthusiasm and joy, putting into practice the values that guide the way we act and do business.



### EXCELLENCE

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



### HAPPINESS

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



## PROCESSES AND PARTS OF THE HUMAN RESOURCES DEPARTMENT



**Attracting and retaining talent**

Read more →



**Training**

Read more →



**Compensation and competitiveness**

Read more →



**Workplace care and safety**

Read more →



**Labor practices and organizational climate**

Read more →





# Attracting and retaining talent



Watch video 

Our recruitment and selection processes are very rigorous because we want to ensure that candidates share our corporate values and that their profiles align with the culture and the way we work at Parque Arauco.

### NEW HIRES IN 2019

160


New employees

70

Female employees  
(65 in 2018)

90

Male employees  
(80 in 2018)

Read more 

### Young Talent Program

In 2019, we launched an initiative to attract talent by inviting recent graduates or professionals with a year of work experience to grow professionally with Parque Arauco.

We called for applications through social networks and at universities where several of the company's managers, deputy managers and alumnae who work at Parque Arauco gave face-to-face talks.

To learn more about the candidates skills and interests, we conducted different types of tests, interviews and meetings. In one phase, applicants presented solutions to cases related to Parque Arauco's business to a panel of company managers. People from each level of the company participated in networking sessions where candidates could learn about our culture and values and get answers to their questions.

The system focused on connecting young professionals' profiles with business areas in order to identify the best place for them to work.

### PROCESS

588

applicants from 80  
universities (including  
20 from Peru and Colombia)

7

were selected

5 were women



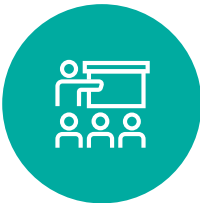
### Internal opportunities

Internal promotions rose 100% compared to 2018. In 2019, 102 people from the team were promoted or changed areas or positions within the organization.

| Promotions by gender | 2019 | 2018 |
|----------------------|------|------|
| Men                  | 63   | 35   |
| Women                | 39   | 16   |
| Total                | 102  | 51   |



# Training



Training initiatives met each area’s needs in relation to the strategic challenges.

In 2019, the Chile Division structured training themes around four priorities: leadership, personal and asset safety, use of information technology tools and the English language. For the Peru Division, the plan focused on innovation, soft skills (like negotiation and effective communication) and strategic skills related to process optimization. The Colombia Division prioritized programs that develop the skills required for optimal performance and prepare possible successors for key positions.



|  | 2019 <sup>1</sup> | 2018         |
|--|-------------------|--------------|
| <b>Total hours of training<sup>2</sup></b> | <b>17,129</b>     | <b>6,542</b> |
| Average training hours per employee        | 32.0              | 19.1         |
| Average training hours for women           | 39.4              | 22.5         |
| Average training hours for men             | 26.3              | 16.6         |

162%  
increase in total hours of training  
compared to 2018

1. Includes data on MegaPlaza assets added to Parque Arauco Peru operations in 2019.  
2. Does not include S&S training hours.



## Some training initiatives in 2019



### English for Everyone programs

At Parque Arauco Colombia, 77% of employees spend 4 hours a week in English classes. This valuable training allows our employees access to international industry trends and improves relationships with English-speaking suppliers and customers.

**In Chile, a group of employees also received English training in order to develop skills to better perform their duties.**

112

total  
participants

9,128

hours in Chile  
and Colombia



### Specific training courses

In addition to organization-wide topics, Parque Arauco Chile conducted training programs for specific areas. In the Commercial and Marketing areas, topics were related to negotiation, closing contracts, customer experience and its relationship to technology. In Operations, they included technical courses on fire detection and electric systems, among other issues.

29.4%

of training hours were spent on these  
topics



### Developing innovation skills

At Parque Arauco Peru, we launched an innovation skills development program in which employees apply Design Thinking methods to “learn by doing” with a specific goal. The initiative focuses on creating projects that could become prototypes that contribute value to the company.

28%

of the Peru Division training budget  
was used for innovation-related  
programs





## Compensation and competitiveness



Each division has worked on establishing the supervisor-team feedback process, considering the competencies aligned with Parque Arauco's values and strategic objectives, among others aspects. The Human Resources Department in every country keeps a record and files the documentation for follow up on feedback. They are responsible for quantifying impact and controlling the progress of the initiatives and established priorities.

# 293

People received a performance evaluation in 2019

We applied the International Global Grading System (GGS) methodology, which provides levels according to the position's responsibility, authority and influence on the business and strategy.

**A performance bonus based on the company's annual profit is one of Parque Arauco's internal employee incentives.**

[Read more](#)





# Workplace care and safety



**We promote self-care and wellbeing in our employees with internal campaigns, benefits and evaluations, among other activities that aim to create a culture of safety and self-care.**

Our health management and workplace safety system includes all the areas of the company. Its primary objectives are ensuring regulatory compliance in each country where we operate, identifying and preventing risks and promoting a culture of safety.

## Main occupational health and safety initiatives in 2019

### ACCIDENT PREVENTION

- Training, inspection and evaluations as part of managing the risk matrix at every shopping center.
- Annual occupational health and safety plans, including earthquake, tsunami and fire drills, for each shopping center.
- Critical equipment operations inspection program.

### WORKPLACE SAFETY

- Instructions for authorizing third-party entry control access by contractors and other external parties. The document specifies activities to be carried out, working schedule and personnel registered with the social security system.
- The Contractors Manual sets safety standards, requirements and other measures that contractors must meet in performing their activities.
- On-site inspections to ensure that safety conditions are met.

### PLAN

#### Chile Division

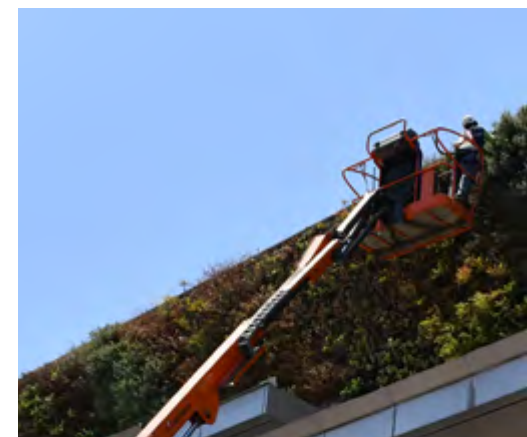
- In addition to the annual program for contractors and employees, we provided specific safety information related to social unrest and coordination with municipalities, firefighter brigades and safety associations.

#### Peru Division

- Training programs designed to fit position profiles and the risks to which they are exposed.
- With guidance from the National Superintendency of Labor Inspection, trainings were offered for employees and shopping center tenants.

#### Colombia Division

- Training programs on issues identified through the risk matrix.
- Training contractors on how to identify and react to extreme conduct.



# 2,692

hours of training on occupational health and safety

# 7,672

hours of training for contractors and third parties on health and safety issues

# 0

fatal accidents among employees and contractors



# Workplace care and safety



All our employees are represented on internal bodies that oversee compliance with health and safety standards in the workplace and coordinate actions to prevent accidents and professional illness.

The Chile Division has three joint committees. The Peru Division has a Joint Committee on Occupational Health and Safety, which represents all the operations and shopping centers in the country. In Colombia, the Joint Committee on Occupational Health and Safety is comprised of eight members at headquarters in Bogotá. The Occupational Health and Safety Representative Committee meets monthly and includes one representative from every mall.

Parque Arauco runs frequent information and awareness campaigns on topics like preventing muscle injuries with good posture, stretching during the work day, safety in the office, first aid, handling emotions and stress prevention. Areas responsible for operations and interaction with customers and tenants receive the most thorough and specific training on the safety and protection plan for people in each shopping center.



|  | 2019 <sup>1</sup> | 2018 <sup>2</sup> | 2017 <sup>3</sup> |
|--|-------------------|-------------------|-------------------|
| Rate of absenteeism for employees and contractors                    | 0.4%              | 0.4%              | 1.9%              |
| Lost time injury frequency rate (LTIFR) <sup>4</sup>                 | 1.91%             | 4.86%             | 6.88%             |
| Lost time injury frequency rate for contractors (LTIFR) <sup>4</sup> | 16.31%            | 11.94%            | 19.21%            |

1. Includes data on MegaPlaza assets added to Parque Arauco Peru in 2019.  
2. Includes all operations, except Megaplaza.  
3. Only considers operations in Chile and Colombia.  
4. LTIFR: Lost Time Injury Frequency Rate (accidents per million of hours worked)





# Workplace care and safety



## Benefits that aim to improve quality of life

| Health and education  | Healthy living   | Sports  | Work-family balance  |
|---|--|---|--|
| <p>In Chile, Peru and Colombia, Parque Arauco provides health and life insurance coverage for its employees, their children and their spouses depending on the conditions in each country.</p> <p>In Chile, we offer an annual ophthalmologist screening drive where our employees can get a check up and purchase glasses at preferential prices.</p> <p>In Chile, Peru and Colombia, we support education and professional development by rewarding academic excellence in employees and their children annually.</p> | <p>All our offices offer:</p> <ul style="list-style-type: none"><li>→ Fresh fruit baskets</li><li>→ Ergonomic chairs</li></ul> <p>In November, the Colombia Division began a quantitative study associated with the Take Care of your Heart challenge (<i>Reto Cuida tu Corazón</i>), in which all employees were invited to participate. Results will be measured quarterly.</p> <p>The Peru Division offered employees in Lima a nutritional advising program. Twice a month, a specialist visited the office to follow up with those who had accepted the challenge of losing weight and body fat or maintaining weight while increasing muscle mass.</p> | <p>In Chile, Peru and Colombia, we organized or supported athletic and sports activities for our employees. These include:</p> <ul style="list-style-type: none"><li>→ Outdoor sports</li><li>→ Half-court soccer</li><li>→ Men and women’s soccer</li><li>→ Paddle tennis</li><li>→ Yoga</li><li>→ Bowling</li><li>→ Ping-pong</li><li>→ Tae Bo (martial arts and aerobic workout)</li><li>→ Dance</li></ul> <p>To offer our employees more opportunity to exercise in their free time, we have partnerships and agreements with several organizations, including gyms and sports clubs.</p> | <p>In Chile</p> <ul style="list-style-type: none"><li>→ Half-day off for birthday</li><li>→ At least five paid days off each year in addition to legally mandated vacation time</li><li>→ Flexible and adjusted scheduling, e.g. summer schedule</li><li>→ Days off to compensate for business trips requiring flights of more than five hours</li></ul> |





# Labor practices and organizational climate



We use internationally renowned methods to evaluate factors that impact the working environment at our company.

We conduct annual studies that directly and indirectly ask employees in Chile, Peru and Colombia about communication with their supervisors and peers as well as other aspects of the internal environment. We measure our performance and compare ourselves to the industry to continue making progress as a company renowned for its good labor practices.

Sixteen percent of Parque Arauco employees in Chile are members of the union. In Colombia and Peru, there are no records of employees joining a union organization in 2019.

## POSITION ON ORGANIZATIONAL CLIMATE STUDIES IN CHILE



9

2019<sup>1</sup>

2018: 22

2017: 30

2016: 35

2015: 39



49

2019

2018: 43

2017: 47

2016: 62

2015: 93

81%

Internal satisfaction among employees in Chile, Peru and Colombia.



(1) Beginning in 2019, the Best Place to Work Chile ranking has three categories: 1) companies with up to 250 employees; 2) companies with 251 to 1,000 employees and 3) companies employing more than 1,000 people. Parque Arauco ranked 9<sup>th</sup> among the 17 companies with between 251 and 1,000 employees.



# 4.6 Our supplier relationships

Building strong relationships with our supply chain has value for our business.

## IN THIS CHAPTER

- Our supply chain
- Supplier management priorities
- Principles of reciprocity
- Criteria in our supplier relationships







# Our supply chain

3,647

Number of suppliers in 2019



1,294

Chile



1,455

Peru



898

Colombia

Read more



844

New suppliers 2019

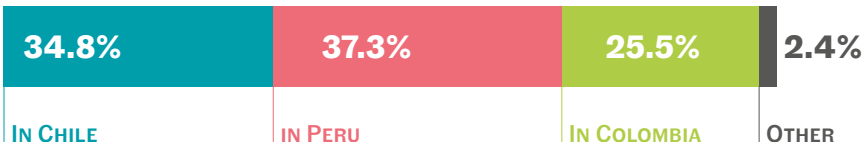


98%

of new suppliers are based in the countries where we operate



## LOCATION OF NEW SUPPLIERS IN 2019



## STRATEGIC SUPPLIERS

Strategic suppliers are those who provide services that are essential to the operational continuity of our shopping centers, that are directly involved in developing projects or to which payment in excess of one million dollars is made in a year.



116

strategic suppliers in 2019

(2018: 99 | 2017: 112)



# Our supply chain

## Areas to which our strategic suppliers belong



| Operational continuity  | Project development  | Payments exceeding US\$1 million a year  |  |
|---|--|--|--|
| <div><div>→ Utilities</div><div>→ Maintenance</div><div>→ Janitorial services</div><div>→ Security</div><div>→ Technological infrastructure</div></div> | <div><div>→ Land bank leases</div><div>→ Construction, architecture and engineering</div><div>→ Technological infrastructure</div></div> | <div><div>→ Utilities</div><div>→ Security</div><div>→ Construction, architecture and engineering</div><div>→ Maintenance</div><div>→ Telephone and internet</div><div>→ Maintenance</div></div> | <div><div>→ Land bank leases</div><div>→ Banks</div><div>→ Outsourced services</div><div>→ Insurance</div><div>→ Consulting services</div></div> |



# Supplier management priorities

**Acting responsibly and selecting suppliers that are specialists in their fields and willing to adopt the market's best practices, helps us establish a long-term, mutually beneficial relationship.**

Promoting best practices and quality in our strategic suppliers' performance minimizes potential risk and environmental or social costs. It makes our operations more efficient and supports continuous improvement.

## Choose suppliers with standards of excellence

### OBJECTIVE

Ensure high quality of service and in all areas related to our shopping center operations.

## Encourage operational efficiency and continuous improvement

### OBJECTIVE

Guarantee operational continuity and develop a management focus on quality and efficiency.

## Build internal capacity to integrate sustainability

### OBJECTIVE

Connect with internal areas so that they consider sustainability variables in supplier selection decisions and relationships.







# Principles of reciprocity

The following must be mutual in our supplier relationships:

- Respect in terms of values, ethics, free competition and responsibility in all our actions.
- Compliance with our Code of Business Conduct and preservation of best practices.
- Assessment, support and openness to continuous improvement, availability to identify opportunities and manage weaknesses.
- 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.
- Adherence to laws, principles, labor and social standards on issues related to: the right to organize, environmental responsibility, risk prevention, wellbeing and safety, decency, ethics and anti-corruption.



## Purchasing Policy and Supplier Code of Conduct

These documents establish the guidelines and conditions for supplier relations and frame the processes for procuring goods and services. The policy aims to make these transactions transparent, timely and at competitive market conditions. The Supplier Code of Conduct provides general supplier relationship guidelines and establishes mechanisms that ensure sound, mutually beneficial business relationships.

## New supplier portal

In December, our new supplier portal was launched to deliver information on tax documents, payment status and other contents more efficiently in Chile.



In addition to facilitating queries from suppliers and encouraging self-processing, the portal improves the efficiency of internal processes and facilitates distribution of the Supplier Code of Conduct and sustainability practices related to our value chain.

The portal helps us strengthen relationships, continuously improve supplier processes and distribute messages on policies and practices relevant to this group of stakeholders.






# Criteria in our supplier relationships

The elements tied to sustainability practices and the relationship with our value chain are categorized as follows:



## 1 INFORMATION ANALYSIS IN SUPPLIER SELECTION


- Strategic bidding processes request information related to sustainability practices.
- In the process of creating new suppliers, documents are analyzed, financial default or labor risks are identified and appropriate measures are taken.

Read more 



## 2 CRIME PREVENTION AND REPORTING IRREGULARITIES


- Our system for confidential reporting of Code of Business Conduct violations, ethical irregularities or legal infractions is available for suppliers and the general public in the Code of Conduct section of our web page [www.parquearauco.cl](http://www.parquearauco.cl).
- Contracts and purchase orders include clauses on standards and compliance with crime prevention standards.

Read more 



## 3 TIMELY PAYMENT


- Internal processes aim to make payment within 30 days of formal receipt of the invoice.

Read more 



## 4 MONITORING AND PROMOTING BEST PRACTICES IN SUSTAINABILITY

- Assessment of strategic suppliers applying the Measure What Matters, Sistema B methodology.

Read more 



## Criteria in our supplier relationships

1

### INFORMATION ANALYSIS IN SUPPLIER SELECTION

Parque Arauco's process of assessing bids includes documentation with information on sustainability practices.

The Governance Area, which reports to the Corporate Division's Regional Services Department, is responsible for obtaining and analyzing information to assess potential Parque Arauco suppliers.

The main objective of this analysis is to detect potential risks related to financial default, labor or conflicts of interest.

The control process is even more thorough and requires additional documentation in bidding processes for strategic suppliers, in which case, analysis is proportionate to the scope and size of the transaction or service contracted. Furthermore, the Safety and Security teams in each country monitor health and safety indicators for some of our shopping centers' strategic suppliers.



2019

**100%**

**of new suppliers underwent the information verification process established by the Governance Area.\***

*\*Includes new MegaPlaza suppliers beginning on the date Parque Arauco took total control of these assets.*



2019

**88%**

**of bidding processes included sustainability criteria in the selection matrix**





## Criteria in our supplier relationships

2

### CRIME PREVENTION AND REPORTING IRREGULARITIES

Through the Ethics Point tool, any supplier in Chile, Peru or Colombia may report Code of Business Conduct violations, unethical conduct or regulatory violations in the places where we operate. Reports may be filed anonymously and are reviewed by the Corporate Compliance Manager in a strictly confidential manner.

The Parque Arauco Crime Prevention Model includes procedures for engagement with counterparties, including suppliers. The model establishes guidelines to prevent crimes sanctioned under each country's laws on the criminal liability of legal entities for crimes of money laundering, terrorism finance, corruption and handling stolen goods, among others.

The company has additional control systems for financial transactions, including internal audit of supply chain processes.



2019

8

Supplier audits in Chile, Peru and Colombia





## Criteria in our supplier relationships

3

### TIMELY PAYMENT

In 2019, we increased the proportion of supplier payments made within about 30 days. In Chile, we went from 88% to 96% of payments made within that term and in Colombia, from 91% to 93%. Peru also made significant progress by reducing the maximum payment term from 45 to 30 days.



2019

**83%**

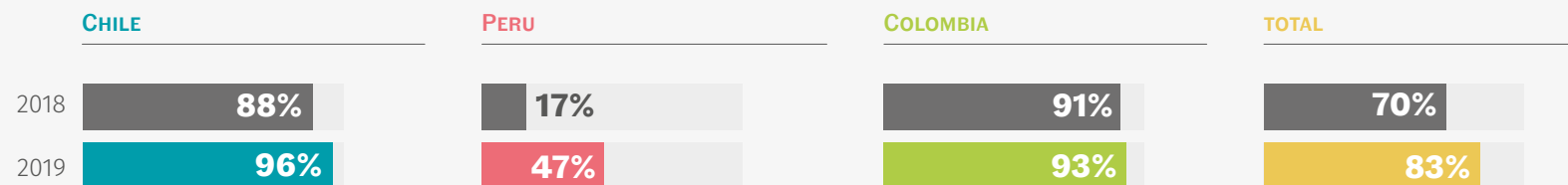
**of payments are made within 30 days in Chile, Peru and Colombia.**

(2018: 70%)

#### AVERAGE SUPPLIER PAYMENT TERM (IN DAYS)



#### PERCENT OF PAYMENTS MADE WITHIN 30 DAYS



\*Peru is working and making progress toward reaching the supplier payment target of no more than 30 days shortly. It is important to highlight the significant progress between 2018 and 2019.



## Criteria in our supplier relationships

4

### MONITORING AND PROMOTING BEST PRACTICES IN SUSTAINABILITY

#### Measure What Matters program

We are interested in making progress on monitoring the sustainability practices of our strategic suppliers. To that end, we partnered with Sistema B to implement the Measure What Matters program, an initiative that seeks to raise company awareness of the importance of measuring and identifying sustainability gaps.

In this program, companies use a simple, efficient and globally comparable measurement system to submit information about their practices and receive formal feedback with a results report that classifies performance on practices related to governance, environment and community.

At Parque Arauco, we focus on monitoring a group of suppliers that have been

prioritized based on the type of activity they perform at our shopping centers, their size and the impact of their social and environmental practices. These priority areas include: janitorial services, maintenance (vertical transportation, HVAC, parking lots, landscaping); security, customer service and construction and engineering.

46

**priority suppliers have participated in this program since it began in 2017**

*(18 in Chile, 14 in Peru and 14 in Colombia)*

18

**suppliers received the results of their 2019 assessments**

#### Assessment system

##### 1. ASSESS

Data and information is provided via a virtual platform made available by Sistema B.

##### 2. COMPARE

The result of every measurement is compared to the average of companies around the world that have been assessed using the same tool.

##### 3. IMPROVE

Parque Arauco provides a formal feedback report on the performance of each participant in the Measure What Matters assessment.







## Criteria in our supplier relationships

### Aspects assessed

| Corporate governance  | Community   | Employees   | Environment  |
|---|---|---|--|
| <ul style="list-style-type: none"><li>→ Clarity of mission</li><li>→ Governance structure</li><li>→ Stakeholder participation in decision making</li><li>→ Transparency</li></ul> | <ul style="list-style-type: none"><li>→ Job creation</li><li>→ Internal and external diversity</li><li>→ Volunteering, donations</li><li>→ Community outreach</li><li>→ Participation by vulnerable groups (women and repeated barriers to employment)</li><li>→ Standards for suppliers and distributors</li></ul> | <ul style="list-style-type: none"><li>→ Regulatory compliance on right to organize and child labor issues</li><li>→ Salary, compensation, benefits</li><li>→ Training, education</li><li>→ Employee ownership</li><li>→ Management/employee communication</li><li>→ Inclusiveness, non-discrimination</li></ul> | <ul style="list-style-type: none"><li>→ Facility management</li><li>→ Environmental efficiency in inputs</li><li>→ Reducing negative impact of production processes</li><li>→ Impact of distributors and suppliers</li></ul> |



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



# 5

## Additional information

- Detailed facts and figures
- About this report
- GRI content index



ParqueArauco®





# 5.1 Detailed facts and figures

## IN THIS CHAPTER

- General information
- Activities and businesses
- Board of directors
- Shareholders and stock performance

- Annual report from Directors' Committee
- Material events
- Subsidiary and associate information
- Glossary







# General information

## Basic identification

### Name or Corporate Name

Parque Arauco S.A.

### Taxpayer ID No.

94.627.000-8

### Legal Form

Publicly listed corporation

### Securities Registry

No. 403

### Registration date

November 29, 1991

### Address

Cerro Colorado 5240,  
Torres del Parque 1, 15<sup>th</sup> floor,  
Las Condes, Santiago Chile

### Telephone

(56-2) 2299 0510

### Website

www.paraucocom



## CONTACT INFORMATION

### Investor Relations

Tori Creighton  
(56 2) 2299 0510  
ir@paraucocom

### Sustainability Area

Ximena Bedoya  
(56-2) 2299 0510  
sostenibilidad@paraucocom

## 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             | 2/23/1981   |
| Notary                    | Andrés Rubio Flores   |
| Licensed to operate by    | Superintendency of Securities and Insurance (today the Financial Market Commission) |
| Ruling                    | 363-S   |
| Date of ruling            | 6/22/1981   |

### Registration with the Commerce Registry of the Real Estate Registrar

|                                   |            |
|-----------------------------------|------------|
| City                              | Santiago   |
| p.                                | 11,408     |
| No.                               | 6,348      |
| Year                              | 1981       |
| Published in the Official Gazette | No. 31,003 |
| Date of publication               | 6/30/1981  |



# General information



## Bylaws

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

| Date       | Santiago Notary     | Extract Registered with the Commerce Registry of the Santiago Real Estate Registrar | Publication in Official Gazette No. | Date of publication |
|------------|---------------------|---|-------------------------------------|---------------------|
| 6/1/1992   | Andrés Rubio Flores | p. 20,648 No. 10,800 1992   | 34,308                              | 7/6/1992            |
| 7/20/1992  | Andrés Rubio Flores | p. 23,842 No. 12,725 1992   | 34,333                              | 8/4/1992            |
| 4/7/1994   | Andrés Rubio Flores | p. 8,260 No. 6,805 1994   | 34,852                              | 4/29/1994           |
| 10/21/1994 | Andrés Rubio Flores | p. 25,747 No. 20,928 1994   | 35,024                              | 11/24/1994          |
| 5/14/1997  | Andrés Rubio Flores | p. 12,154 No. 9,722 1997  | 35,773                              | 5/24/1997           |
| 10/13/2005 | Andrés Rubio Flores | p. 38,425 No. 27,337 2005   | 38,291                              | 10/20/2005          |
| 03-10 2006 | Andrés Rubio Flores | p. 40,703 No. 28,935 2006   | 38,583                              | 10/7/2006           |
| 5/11/2007  | Andrés Rubio Flores | p. 20,217 No. 14,744 2007   | 38,771                              | 5/25/2007           |
| 4/14/2011  | Raúl Undurraga Laso | p. 20,660 No. 15,673 2011   | 39,942                              | 4/21/2011           |
| 11/6/2013  | Andrés Rubio Flores | p. 56,676 No. 56,768 2013   | 40,708                              | 11/16/2013          |
| 5/7/2014   | Andrés Rubio Flores | p. 34,602 No. 21,647 2014   | 40,858                              | 5/16/2014           |
| 11/24/2015 | Andrés Rubio Flores | p. 90,126 No. 52,719 2015   | 41,320                              | 11/30/2015          |



# Activities and businesses

## Property and facilities

| Property                               | Land Surface Area (m²) | Location District/City | Country | Property                             | Land Surface Area (m²) | Location District/City        | Country  |
|--|------------------------|------------------------|---------|--------------------------------------|------------------------|-------------------------------|----------|
| Arauco Chillán                         | 7,832                  | Chillán                | Chile   | Parque Arauco Kennedy                | 86,767                 | Las Condes, Santiago          | Chile    |
| Arauco Coronel                         | 66,463                 | Coronel                | Chile   | El Quinde Ica                        | 55,248                 | Ica                           | Peru     |
| Arauco El Bosque                       | 54,090                 | El Bosque, Santiago    | Chile   | InOutlet Premium Lurín               | 56,870                 | Lurín, Lima                   | Peru     |
| Arauco Express Antofagasta             | 14,650                 | Antofagasta            | Chile   | Plaza Jesús María                    | 4,707                  | Jesús María, Lima             | Peru     |
| Arauco Express Calama                  | 3,671                  | Calama                 | Chile   | MegaPlaza Cañete                     | 30,267                 | San Vicente de Cañete, Cañete | Peru     |
| Arauco Express Ciudad Empresarial      | 5,302                  | Huechuraba, Santiago   | Chile   | MegaPlaza Express Barranca           | 4,601                  | Barranca                      | Peru     |
| Arauco Express Ciudad Empresarial II   | 15,286                 | Huechuraba, Santiago   | Chile   | MegaPlaza Express Chinchá            | 32,776                 | Chinchá Alta                  | Peru     |
| Arauco Express Colón                   | 2,363                  | Las Condes, Santiago   | Chile   | MegaPlaza Express Jaén               | 51,577                 | Jaén                          | Peru     |
| Arauco Express Coquimbo                | 10,388                 | Coquimbo               | Chile   | MegaPlaza Express Villa (Chorrillos) | 15,000                 | Chorrillos, Lima              | Peru     |
| Arauco Express El Carmen de Huechuraba | 2,027                  | Huechuraba, Santiago   | Chile   | MegaPlaza Express Villa El Salvador  | 8,013                  | Villa El Salvador, Lima       | Peru     |
| Arauco Express Irrarrázaval            | 2,444                  | Ñuñoa, Santiago        | Chile   | MegaPlaza Huaral                     | 35,208                 | Huaral                        | Peru     |
| Arauco Express La Reina                | 3,008                  | La Reina, Santiago     | Chile   | MegaPlaza Norte                      | 138,312                | Independencia, Lima           | Peru     |
| Arauco Express Luis Pasteur            | 1,662                  | Vitacura, Santiago     | Chile   | MegaPlaza Pisco                      | 54,414                 | Pisco                         | Peru     |
| Arauco Express Manuel Montt            | 1,646                  | Providencia, Santiago  | Chile   | Parque Lambramani                    | 21,050                 | Arequipa                      | Peru     |
| Arauco Express Pajaritos               | 14,377                 | Maipú, Santiago        | Chile   | Viamix Chorrillos                    | 3,224                  | Chorrillos, Lima              | Peru     |
| Arauco Express Palmares                | 1,628                  | Viña del Mar           | Chile   | Viamix Colonial                      | 2,945                  | Downtown Lima, Lima           | Peru     |
| Arauco Maipú                           | 141,413                | Maipú, Santiago        | Chile   | Viamix Malvinas                      | 1,284                  | Downtown Lima, Lima           | Peru     |
| Arauco Premium Outlet Buenaventura     | 62,989                 | Quilicura, Santiago    | Chile   | Arauco Premium Outlet Bogotá         | 137,729                | Sopó, Bogotá                  | Colombia |
| Arauco Premium Outlet Coquimbo         | 41,040                 | Coquimbo               | Chile   | Parque Arboleda                      | 15,429                 | Pereira                       | Colombia |
| Arauco Quilicura                       | 54,431                 | Quilicura, Santiago    | Chile   | Parque Caracolí                      | 12,869                 | Bucaramanga                   | Colombia |
| Arauco San Antonio                     | 8,723                  | San Antonio            | Chile   | Parque La Colina                     | 53,700                 | Suba, Bogotá                  | Colombia |
| Parque Angamos                         | 14,744                 | Antofagasta            | Chile   |                                      |                        |                               |          |





# Activities and businesses

## Leased properties

| Property                        | Land Surface Area (m²) | Location                   | Country | Lease expires |
|---------------------------------|------------------------|----------------------------|---------|---------------|
| Arauco Chillán                  | 2,585                  | Chillán                    | Chile   | 2042          |
| Arauco Estación                 | 238,860                | Estación Central, Santiago | Chile   | 2042          |
| Arauco Express Las Brujas       | 7,041                  | La Reina, Santiago         | Chile   | 2043          |
| Arauco Express Recoleta         | 5,347                  | Recoleta, Santiago         | Chile   | 2044          |
| Arauco Premium Outlet Curauma   | 50,494                 | Curauma, Valparaíso        | Chile   | 2043          |
| Arauco Premium Outlet San Pedro | 35,003                 | San Pedro, Concepción      | Chile   | 2053          |
| El Quinde Cajamarca             | 36,118                 | Cajamarca                  | Peru    | 2061          |
| InOutlet Faucett                | 9,364                  | Callao, Lima               | Peru    | 2050          |
| Larcomar                        | 44,675                 | Miraflores, Lima           | Peru    | 2055          |
| MegaPlaza Chimbote              | 40,379                 | Chimbote                   | Peru    | 2040          |
| MegaPlaza Villa El Salvador II  | 40,796                 | Villa El Salvador, Lima    | Peru    | 2055          |





## Activities and businesses

### External auditors

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

### Trademarks and patents

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

### Customers

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

In 2019, no customer individually represented 10% or more of the company's revenue.

### Regulatory framework

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

#### Chile

Parque Arauco S.A. is a publicly traded corporation that is registered with the Financial Market Commission under number 0403 and, therefore, is supervised by 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 Commission regulations.

In terms of shopping center development, the company is subject to different regulations,

like the General Law on Urban Development and Construction, the Law on Contributions to Public Spaces and the 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.





## Activities and businesses

### Regulatory framework (continued)

#### 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 Law, General Administrative Procedure Act, Law on Comprehensive Management of Solid Waste, Consumer Protection Regulations and Repression of Anti-Trust Law.

Similarly, proper operation of the shopping centers requires authorization, permits and licenses, like the building license, license to operate and building safety technical inspection.

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

#### Colombia

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

Shopping center development requires adherence to urban development standards. The main regulatory bodies include: the District and Departmental Planning Office, the

Urban Development Institute and the Urban Planner. The latter is responsible for issuing urban development and construction permits.

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

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







## Activities and businesses

### Suppliers

No suppliers individually represented more than 10% of the company's purchases in 2019.

### NO. OF PARQUE ARAUCO SUPPLIERS

| Country      | 2017         | 2018         | 2019         |
|--------------|--------------|--------------|--------------|
| Chile        | 1,470        | 1,261        | 1,294        |
| Peru*        | 1,220        | 747          | 1,455        |
| Colombia     | 780          | 812          | 898          |
| <b>Total</b> | <b>3,470</b> | <b>2,820</b> | <b>3,647</b> |

\*Integration of MegaPlaza assets in 2019 raised the company's number of suppliers in Peru.

| Supplier payments   | 2017   | 2018   | 2019    |
|---|--------|--------|---------|
| Total (MCLP\$)  | 92,078 | 91,321 | 110,585 |
| <b>Distribution of payments to suppliers<sup>1</sup></b>  |        |        |         |
| Chile   | 54.60% | 66.01% | 52.51%  |
| Peru  | 32.30% | 20.38% | 35.34%  |
| Colombia  | 13.10% | 13.61% | 12.16%  |
| <b>Payments to construction suppliers</b>                 |        |        |         |
| Total (MCLP\$)  | 93,449 | 32,946 | 66,610  |
| <b>Distribution of payments to construction suppliers</b> |        |        |         |
| Chile   | 49.40% | 69.85% | 71.05%  |
| Peru  | 24.10% | 25.35% | 12.94%  |
| Colombia  | 26.50% | 4.79%  | 16.02%  |

1. Excludes construction suppliers.





## Activities and businesses

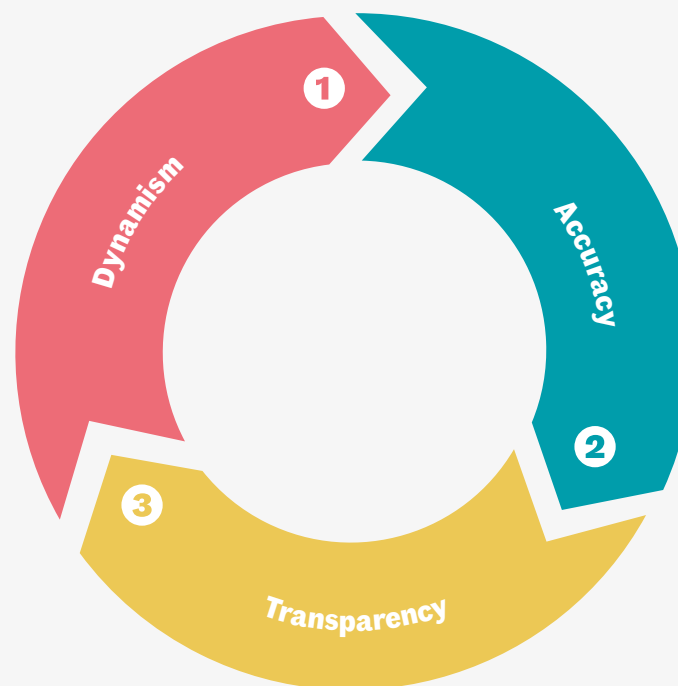
### Risk management model

#### RISK ANALYSIS

- Risk model housed in Business Intelligence (BI) tool.
- Risk analysis through different business dimensions.
- Standardization of data bases, including risk taxonomy, risk pillars, company processes and subprocesses, profit centers, economic units, positions at the company.

#### INFORMATION CAPTURE AND REPOSITORY

- Risk survey with dynamic format Questions appear depending on the respondent's country, position, processes, subprocesses and historic risks.
- The application automatically gathers data for storage in the BI tool.



#### RISK VALUATION

- Risk valuation (probability and impact) performed through a standardized survey by parties responsible for each subprocess.
- Mathematical calculations of ranges of financial impact for each subprocess, reducing bias.
- Parameters for calculating the weighted relevance of each process, inherent risk, risk assessment and residual risks.

#### RISK TREATMENT

- Formalize risk treatment plans and risk appetite by country
- Draft a business impact analysis and business continuity plan aligned with risk management.
- Create and operate a loss event database (LED).
- Provisions for expenses resulting from future accounting losses for each profit center.



## Activities and businesses

### Risk Factors

| Risk  | Causes   | Factor                                       |
|---|--|--|
| Fluctuations (drops) in demand                              | <ul style="list-style-type: none"><li>· Political - regulatory uncertainty</li><li>· Industry changes (e.g. Internet)</li><li>· Increase in supply / competition</li><li>· Obsolescence of some tenants (department stores)</li></ul>  | External<br>External<br>External<br>Internal |
| Financial fragility   | <ul style="list-style-type: none"><li>· Increase in interest rates</li><li>· Indebtedness mismatch</li><li>· Inefficiencies/interruption in the flow of collections</li></ul>  | External<br>Internal<br>Internal             |
| Events that impact investors                                | <ul style="list-style-type: none"><li>· Inappropriate communication of information and disclosure to shareholders</li><li>· Drop in share value</li><li>· Incorrect selection of partners</li></ul>  | Internal<br>External<br>Internal             |
| Breach of legal obligations                                 | Whether:<br>1) Laws<br>Examples: <ul style="list-style-type: none"><li>· Violation of Law No. 16,744 on workplace accidents and professional illnesses</li><li>· Violation of Law No. 19,628 on protection of personal information (Information about individual end users, suppliers and tenants)</li><li>· Violation of Law No. 19,496 on protecting consumer rights</li></ul> | Internal                                     |
|   | 2) Litigation against the company  | Internal                                     |
|   | <ul style="list-style-type: none"><li>· Insufficient or poorly prepared contracts</li></ul>  | Internal                                     |
| Business interruption                                       | <ul style="list-style-type: none"><li>· Disasters or natural catastrophes (e.g. fires, earthquakes, landslides, pandemics)</li><li>· Supply failure by critical suppliers</li></ul>  | External<br>Internal                         |
| Accident and/or death of customers, suppliers and personnel | <ul style="list-style-type: none"><li>· Failure to effectively address security concerns at shopping centers</li></ul>   | Internal                                     |
| Sanctions for failure to comply with tax obligations        | <ul style="list-style-type: none"><li>· Tax changes that impact customers and/or suppliers</li><li>· Major transactions have significant tax consequences that must be understood</li></ul>  | External<br>Internal                         |

*Continue >*





## Activities and businesses

### Risk Factors

<Continued

| Risk  | Causes   | Factor   |
|---|--|--|
| Financial and/or reputation losses                                  | <ul style="list-style-type: none"><li>· Fraudulent acts committed by workers</li><li>· Poorly addressed conflict of interest</li><li>· Crimes committed by personnel</li></ul>   | Internal<br>Internal<br>Internal                         |
| Loss of competitiveness   | <ul style="list-style-type: none"><li>· Lack of financial resources</li><li>· Lack of human capital to improve processes</li></ul>   | Internal<br>Internal                                     |
| Breach of environmental requirements                                | <ul style="list-style-type: none"><li>· New regulations or regulatory changes</li></ul>  | External   |
| Loss of talent  | <ul style="list-style-type: none"><li>· Inability to attract or retain human capital</li><li>· Absence of the necessary organizational structure</li><li>· Poor communication between supervisors and subordinates</li></ul>   | Internal<br>Internal<br>Internal                         |
| Financial losses  | <ul style="list-style-type: none"><li>· Process inefficiencies</li><li>· Excessive process times</li><li>· Loss due to currency mismatch</li><li>· Lack of current guarantees</li><li>· Inefficiencies due to inadequate IT infrastructure</li></ul>   | Internal<br>Internal<br>Internal<br>Internal<br>Internal |
| Environmental costs and consequences                                | <ul style="list-style-type: none"><li>· Regulatory noncompliance</li><li>· Inefficient management of environmental resources</li><li>· Failure to plan for or respond in a timely manner to climate impact</li></ul>   | Internal<br>Internal<br>Internal                         |
| Operating inefficiencies and/or losses                              | <ul style="list-style-type: none"><li>· Interruption in system services</li><li>· Integrity cyber attack: event that damages the authorization, completeness and/or accuracy of information</li><li>· Availability cyber attack: event that damages operations of technological tools that are critical to the operation</li><li>· Poor customer service as a result of poor management of outsourcing</li></ul> | External<br>External<br>External<br>Internal             |
| Improper use of critical, important and/or confidential information | <ul style="list-style-type: none"><li>· Access to information cyber attack: event that allows unauthorized access and, potentially, use of information (data or programs).</li><li>· Confidential information can be accessed by unauthorized persons</li></ul>  | External<br>Internal                                     |



## Activities and businesses

### Crime Prevention Model

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

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

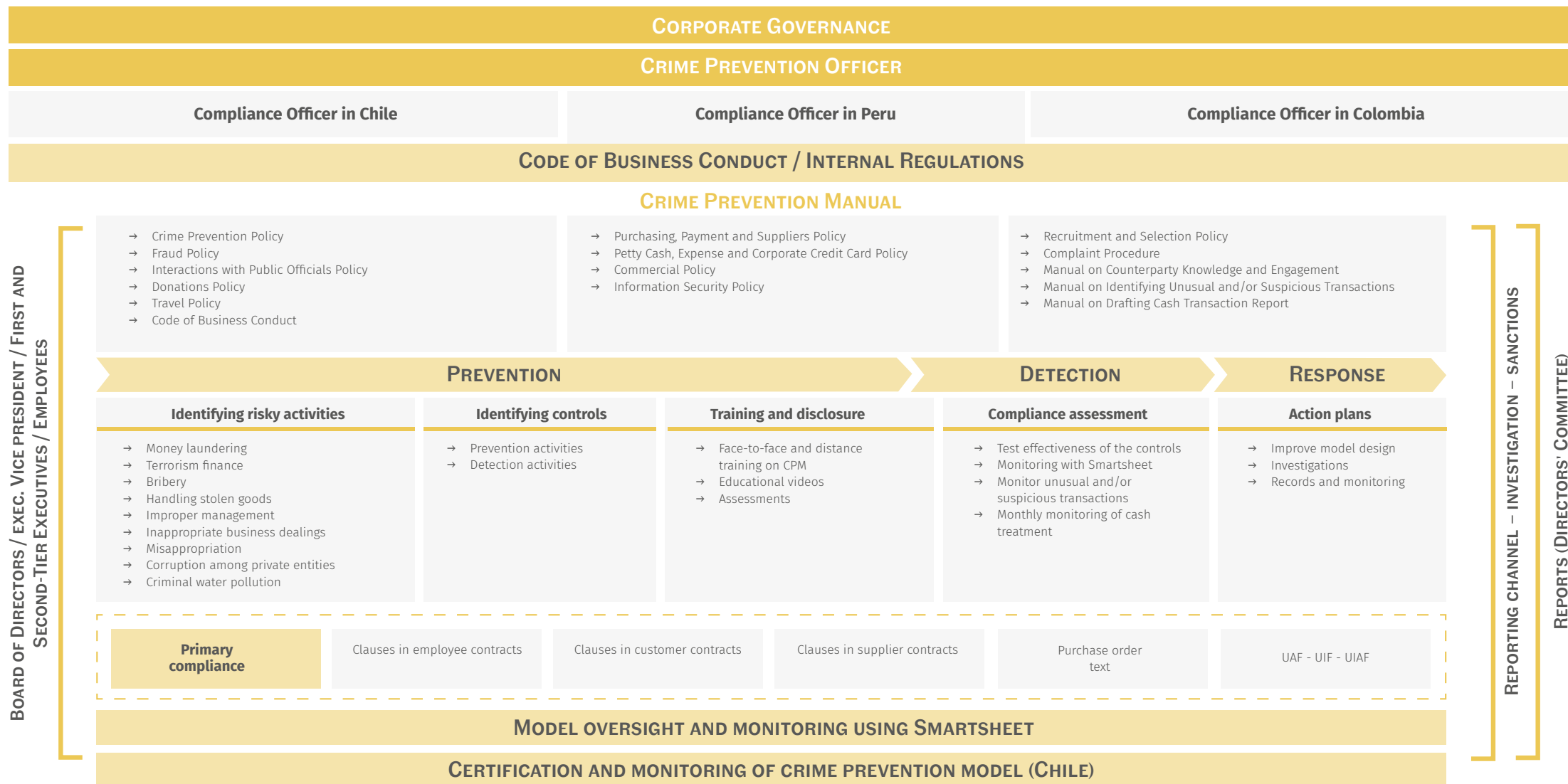
- All contracts (or affidavits of relationship in Peru and Colombia) between Parque Arauco and employees, customers and suppliers will include a crime prevention clause. An appendix will be added to those existing contracts that do not contain said clause.
- A crime prevention paragraph will be included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





## Activities and businesses

### Components and preventative measures







## Activities and businesses

### Crime Prevention Model Progress as of December 2019





## Activities and businesses

### Economic value generated and distributed

(ThCLP\$)

| Direct economic value generated                     | 2018               | 2019               |
|---|--------------------|--------------------|
| Revenue   | 189,618,287        | 205,612,761        |
| Financial income                                    | 7,975,774          | 11,444,462         |
| Dividends received                                  | 33,857,834         | 4,850,003          |
| Sales of property, plant and equipment <sup>1</sup> | 29,949,323         | 0                  |
| Share of profit of associates                       | 10,330,051         | 7,186,623          |
| <b>Total direct economic value generated</b>        | <b>271,731,269</b> | <b>229,093,849</b> |
| Direct economic value distributed                   |                    |                    |
| Operating expenses                                  | 32,024,978         | 35,106,670         |
| Salaries and wages                                  | 22,990,803         | 24,406,498         |
| Financial expenses                                  | 36,627,127         | 40,046,031         |
| Dividend paid                                       | 34,749,046         | 40,135,314         |
| Taxes <sup>2</sup>                                  | 24,111,973         | 14,451,950         |
| Donations / social contributions                    | 229,320            | 296,596            |
| <b>Total direct economic value distributed</b>      | <b>150,733,247</b> | <b>154,443,059</b> |
| Total economic value retained                       |                    |                    |
| Total direct value generated                        | 271,731,269        | 229,093,849        |
| Total direct economic value distributed             | 150,733,247        | 154,443,059        |
| <b>Total economic value retained</b>                | <b>120,998,022</b> | <b>74,650,790</b>  |

1. Sale of San Isidro land in Lima in 2018.

2. Current tax, note 15 of the financial statements.



# Activities and businesses

## Community investment

### Donations, memberships and sponsorships

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

Consequently, our contributions and donations are directly tied to social causes. Our corporate donation policy explicitly states that all social contributions must be reviewed by the Executive Sustainability Committee and that political campaign contributions will not be approved. In 2019, we supported different organizations or social causes with CLP\$ 296 million in donations and sponsorships.

### DONATIONS

| Institution   | Country |
|---|---------|
| Corporación para los Ciegos                           | Chile   |
| Fundación Nosedal                                     | Chile   |
| Fundación Protectora de la Infancia                   | Chile   |
| Universidad Católica de Chile’s Trabajo País program  | Chile   |
| Fundación Mano Amiga                                  | Chile   |
| Fundación Paso a Paso                                 | Chile   |
| Fundación Las Rosas                                   | Chile   |
| Fundación Hogar de Cristo                             | Chile   |
| Capilla País program                                  | Chile   |
| Corporación Yo Mujer                                  | Chile   |
| Fundación Chile Unido                                 | Chile   |
| Corporación Cultiva                                   | Chile   |
| Sociedad Protectora de Ciegos Santa Lucía             | Chile   |
| Chilean Firefighters Brigades                         | Chile   |
| Fundación Cottolengo Don Orione                       | Chile   |
| Fundación Abriendo Puertas                            | Chile   |
| Desafío Levantemos Chile (Coronel)                    | Chile   |
| Pacto por el Plástico                                 | Chile   |
| Fundación María Ayuda                                 | Chile   |
| Fundación EcoScience Chile                            | Chile   |
| Corporación de Padres y Amigos por el Limitado Visual | Chile   |

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| Institution                                  | Country  |
|--|----------|
| Art without Borders                          | Colombia |
| Fundación para el Desarrollo de Santander    | Colombia |
| Fundación Batuta                             | Colombia |
| Fundación Soñar Despierto                    | Colombia |
| Fundación Sanar                              | Colombia |
| Partnership with Red de Emprendimiento Kunan | Peru     |
| Peru 2021                                    | Peru     |
| La Plaza Inclusive Theater                   | Peru     |
| Chimbote Neighborhood Council                | Peru     |

### CONTRIBUTIONS AND SPONSORSHIPS

| Institution                                   | Country |
|---|---------|
| Unión Social de Empresarios Cristianos (USEC) | Chile   |
| Center for Public Research (CEP)              | Chile   |
| Chilean Chamber of Commerce                   | Chile   |
| Chile Green Building Council (GBC)            | Chile   |
| Fundación Generación Empresarial              | Chile   |
| Chilean Chamber of Construction               | Chile   |
| Colombian Embassy in Chile                    | Chile   |





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## Activities and businesses

### Environmental performance indicators

| Indicator   | Unit                               | 2017    |          |         |              | 2018      |          |         |              | 2019      |          |         |              |
|---|------------------------------------|---------|----------|---------|--------------|-----------|----------|---------|--------------|-----------|----------|---------|--------------|
|   |                                    | Chile   | Colombia | Peru    | Consolidated | Chile     | Colombia | Peru    | Consolidated | Chile     | Colombia | Peru    | Consolidated |
| Scope in shopping centers   | Quantity                           | 9       | 3        | 9       | 21           | 11        | 4        | 13      | 28           | 13        | 4        | 20      | 37           |
|  <b>Energy</b>             |                                    |         |          |         |              |           |          |         |              |           |          |         |              |
| Electricity consumption   | MWh                                | 86,592  | 25,483   | 48,582  | 160,657      | 88,405    | 25,333   | 47,844  | 161,582      | 93,250    | 25,257   | 67,514  | 186,022      |
| Electricity sold  | MWh                                | 56,460  | 13,484   | 31,919  | 101,863      | 60,487    | 13,598   | 32,719  | 106,804      | 63,016    | 13,796   | 47,923  | 124,734      |
| Electricity in common areas   | MWh                                | 30,132  | 11,999   | 16,663  | 58,794       | 27,918    | 11,735   | 15,125  | 54,778       | 30,235    | 11,461   | 19,592  | 61,287       |
| Energy consumption from fuels   | MWh                                | 58      | 287      | 100     | 445          | 5         | 265      | 52      | 322          | 87        | 306      | 189     | 582          |
| Total energy - company's own consumption  | MWh                                | 30,190  | 12,286   | 16,763  | 59,239       | 27,924    | 12,000   | 15,177  | 55,100       | 30,322    | 11,767   | 19,780  | 61,869       |
| Energy consumption intensity  | kWh/m <sup>2</sup>                 | 51.29   | 43.66    | 52.96   | 49.93        | 41.80     | 37.64    | 47.95   | 42.27        | 41.54     | 37.40    | 47.45   | 42.33        |
|  <b>Water</b>              |                                    |         |          |         |              |           |          |         |              |           |          |         |              |
| Total potable water   | m <sup>3</sup>                     | 990,491 | 187,745  | 518,853 | 1,697,089    | 1,057,849 | 218,756  | 505,541 | 1,782,146    | 1,070,179 | 227,889  | 634,379 | 1,932,447    |
| Tenant water consumption  | m <sup>3</sup>                     | 479,856 | 88,981   | 263,848 | 832,685      | 517,340   | 107,334  | 267,477 | 892,151      | 540,024   | 111,090  | 351,820 | 1,002,934    |
| Corporate water consumption   | m <sup>3</sup>                     | 502,917 | 98,764   | 246,585 | 848,266      | 524,843   | 111,422  | 237,787 | 874,052      | 530,155   | 116,799  | 281,579 | 928,532      |
| Reused water  | m <sup>3</sup>                     | -       | 10,353   | 3,698   | 14,051       | -         | 7,553    | 9,025   | 16,578       | -         | 11,168   | 5,088   | 16,256       |
| Water use intensity   | m <sup>3</sup> /m <sup>2</sup>     | 0.85    | 0.35     | 0.78    | 0.72         | 0.79      | 0.35     | 0.75    | 0.67         | 0.73      | 0.37     | 0.68    | 0.64         |
|  <b>Waste management</b> |                                    |         |          |         |              |           |          |         |              |           |          |         |              |
| Total waste generation  | t                                  | 9,172   | 2,289    | 2,092   | 13,552       | 10,197    | 2,867    | 3,371   | 16,435       | 10,674    | 3,661    | 4,327   | 18,661       |
| Waste generation intensity  | kg/m <sup>2</sup>                  | 22.72   | 16.03    | 6.73    | 15.80        | 23.66     | 18.30    | 10.84   | 18.29        | 22.64     | 23.56    | 10.75   | 18.13        |
| Recycled, composted or recovered waste  | t                                  | 772     | 335      | 118     | 1,225        | 1,864     | 821      | 444     | 3,130        | 2,187     | 1,075    | 535     | 3,797        |
| Proportion of waste recovered   | %                                  | 8.41%   | 14.62%   | 5.65%   | 9.04%        | 18.28%    | 28.65%   | 13.18%  | 19.04%       | 20.49%    | 29.35%   | 12.38%  | 20.35%       |
|  <b>Carbon footprint</b> |                                    |         |          |         |              |           |          |         |              |           |          |         |              |
| Scope 1   | tCO <sub>2</sub> e                 | 14.45   | 71.92    | 25.04   | 111.41       | 1.33      | 67.31    | 26.94   | 95.58        | 21.80     | 76.54    | 64.19   | 162.52       |
| Scope 2 - Location-based method   | tCO <sub>2</sub> e                 | 12,102  | 1,320    | 5,761   | 19,182       | 12,015    | 1,526    | 5,392   | 18,932       | 11,454    | 1,483    | 4,855   | 17,793       |
| Total emissions - Location-based method   | tCO <sub>2</sub> e                 | 12,116  | 1,392    | 5,983   | 19,491       | 12,016    | 1,593    | 5,514   | 19,123       | 11,476    | 1,560    | 4,919   | 17,956       |
| Scope 2 - Market-based method   | tCO <sub>2</sub> e                 | n/a     | n/a      | n/a     | n/a          | 22,148    | 0        | 4,304   | 26,452       | 4,047     | 0        | 5,399   | 9,446        |
| Total emissions - market-based method   | tCO <sub>2</sub> e                 | n/a     | n/a      | n/a     | n/a          | 22,150    | 67       | 4,330   | 26,547       | 4,069     | 77       | 5,464   | 9,609        |
| Emissions intensity - Market-based method   | tCO <sub>2</sub> e /m <sup>2</sup> | n/a     | n/a      | n/a     | n/a          | 33.15     | 0.21     | 13.68   | 20.37        | 5.57      | 0.24     | 13.11   | 6.57         |

\*n/a: not available



# Activities and businesses

## Senior executives and other managers

As of December 31, 2019

| Position  | Name                                     | Chilean National ID | Date appointed |
|---|--|---------------------|----------------|
| Executive Vice President                                  | Juan Antonio Álvarez Avendaño            | 7.033.770-3         | 11/1/2011      |
| Corporate Chief Financial Officer                         | Claudio Chamorro Carrizo                 | 10.585.375-0        | 2/1/2013       |
| Corporate Legal Manager                                   | Duncan Grob Urzúa                        | 10.777.541-2        | 2/9/2015       |
| Corporate Audit Manager and Controller                    | Marco Henríquez Espinoza                 | 9.401.560-K         | 1/2/2013       |
| Corporate Human Resources and Organization Manager        | Carolina Galletti Vernazzani Fuente-Alba | 10.036.478-6        | 8/1/2012       |
| Corporate Finance Manager                                 | Francisco Javier Moyano Pérez            | 9.908.134-1         | 2/26/2018      |
| Corporate Planning and Control Manager                    | Andrés Neely Erdos                       | 14.039.604-4        | 9/20/2016      |
| Chief Executive Officer, Chile Division                   | Andrés Torrealba Ruiz-Tagle              | 7.622.704-7         | 1/1/2011       |
| Chief Executive Officer, Parque Arauco Internacional S.A. | Eduardo Pérez Marchant                   | 10.662.089-K        | 2/1/2019       |
| Chief Executive Officer, Peru Division                    | Alejandro Camino Nuñez                   | 0-E (Foreigner)     | 12/11/2019     |
| Chief Executive Officer, Colombia Division                | Diego Bermúdez Farías                    | 0-E (Foreigner)     | 2/1/2019       |
| Shopping Center Manager, Chile Division                   | Nicolás Bennett Nualart                  | 13.829.061-1        | 11/1/2016      |
| Commercial Manager, Chile Division                        | Nicolás Mundi Valdés                     | 14.122.847-1        | 7/1/2019       |
| Shopping Center Manager, Colombia Division                | Juan Miguel Pinto Andrade                | 0-E (Foreigner)     | 2/1/2019       |
| Shopping Center Manager, Peru Division                    | Cesar Morales Guerra                     | 0-E (Foreigner)     | 10/1/2018      |
| Administration and Finance Manager, Colombia Division     | Carolina Bermúdez Rueda                  | 0-E (Foreigner)     | 11/20/2017     |





# Activities and businesses

## Organizational diversity

2019

| Number of persons by: |                                      | Chile      | Peru       | Colombia  | Consolidated |
|-----------------------|--------------------------------------|------------|------------|-----------|--------------|
| Gender                | Women                                | 121        | 61         | 51        | 233          |
|                       | Men                                  | 194        | 86         | 23        | 303          |
|                       | <b>Total</b>                         | <b>315</b> | <b>147</b> | <b>74</b> | <b>536</b>   |
| Nationality           | Nationals                            | 304        | 147        | 72        | 523          |
|                       | Foreigners                           | 11         | 0          | 2         | 13           |
|                       | <b>Total</b>                         | <b>315</b> | <b>147</b> | <b>74</b> | <b>536</b>   |
| Age group             | Under 30 years                       | 88         | 31         | 24        | 143          |
|                       | 31-40 years                          | 146        | 74         | 31        | 251          |
|                       | 41-50 years                          | 56         | 27         | 17        | 100          |
|                       | 51-60 years                          | 17         | 13         | 1         | 31           |
|                       | 61-70 years                          | 7          | 1          | 1         | 9            |
|                       | Over 71 years                        | 1          | 1          | 0         | 2            |
|                       | <b>Total</b>                         | <b>315</b> | <b>147</b> | <b>74</b> | <b>536</b>   |
| Years of service      | Less than 3 years                    | 163        | 107        | 40        | 310          |
|                       | 3-6 years                            | 85         | 19         | 20        | 124          |
|                       | 6-9 years                            | 37         | 6          | 9         | 52           |
|                       | 9-12 years                           | 11         | 3          | 5         | 19           |
|                       | Over 12 years                        | 19         | 12         | 0         | 31           |
|                       | <b>Total</b>                         | <b>315</b> | <b>147</b> | <b>74</b> | <b>536</b>   |
| Type of position      | Senior executives                    | 4          | 1          | 1         | 6            |
|                       | Managers and executives              | 73         | 10         | 14        | 97           |
|                       | Professionals                        | 215        | 125        | 58        | 398          |
|                       | Administrative and support personnel | 23         | 11         | 1         | 35           |
|                       | <b>Total</b>                         | <b>315</b> | <b>147</b> | <b>74</b> | <b>536</b>   |







# Activities and businesses

## Income and expenses

2019

|                         |                        | Chile | Peru    | Colombia | Consolidated |
|-------------------------|------------------------|-------|---------|----------|--------------|
| New employees by gender | Women                  | 29    | 30      | 11       | 70           |
|                         | Men                    | 56    | 28      | 6        | 90           |
|                         | Total                  | 85    | 58      | 17       | 160          |
| New employees by age    | Under 30               | 41    | 18      | 9        | 68           |
|                         | 30 - 50 years          | 40    | 39      | 8        | 87           |
|                         | Over 50                | 4     | 1       | 0        | 5            |
|                         | Total                  | 85    | 58      | 17       | 160          |
| Turnover rate           | Voluntary resignations | 9.20% | 11.60%  | 9.50%    | 9.90%        |
|                         | Involuntary dismissal  | 8.3%  | 70.10%  | 13.50%   | 25.9%        |
|                         | Total                  | 17.5% | 81.60%* | 23.00%   | 35.8%        |

## VACANCIES FILLED BY INTERNAL CANDIDATES

|   |  | Consolidated |      |
|---|--|--------------|------|
|   |  | 2018         | 2019 |
| No. of vacancies filled by internal candidates        |  | 63           | 98   |
| No. of vacancies filled by female internal candidates |  | 34           | 35   |
| No. of vacancies filled by male internal candidates   |  | 29           | 63   |



\* This percentage is attributable to the 2019 merger process following the total acquisition of MegaPlaza shopping centers.



# Activities and businesses

## Salary gap

AVERAGE SALARY FOR WOMEN OVER AVERAGE SALARY FOR MEN (%)

| Type of Position                     | Consolidated |      |
|--------------------------------------|--------------|------|
|                                      | 2018         | 2019 |
| Senior executives                    | N/A*         | N/A* |
| Managers and executives              | 87%          | 79%  |
| Professionals                        | 99%          | 97%  |
| Administrative and support personnel | 103%         | 91%  |

\*N/A At year-end 2019, there were 6 senior executives, all male.

## Occupational health and safety

### FATALITIES

|             | 2017 | 2018 | 2019 |
|-------------|------|------|------|
| Employees   | 0    | 0    | 0    |
| Contractors | 0    | 0    | 0    |







# Board of directors

## Board composition

The Parque Arauco Board of Directors is comprised of nine directors elected

at the shareholders' meeting, in accordance with Law No. 18,046 on Corporations and company bylaws.

All board members are elected to three-year terms and may be reelected indefinitely. Parque Arauco's bylaws do not provide for the existence of alternate directors, but establish a quorum of five directors to hold a meeting.

| Chilean National ID                        | Name                         | Position | Date appointed |
|--|------------------------------|----------|----------------|
| 2.305.902-9                                | José Said Saffie             | Director | 04/26/2019     |
| 3.599.669-9                                | Orlando Sáenz Rojas          | Director | 04/26/2019     |
| 5.717.729-2                                | Ana Beatriz Holuigue Barros  | Director | 04/26/2019     |
| 6.191.544-3                                | Guillermo Pablo Said Yarur   | Director | 04/26/2019     |
| 6.379.626-3                                | Salvador Said Somavía        | Director | 04/26/2019     |
| 6.474.632-4                                | José Domingo Eluchans Urenda | Director | 04/26/2019     |
| 6.783.826-2                                | Fernando Massú Taré          | Director | 04/26/2019     |
| 7.040.050-2                                | Rodrigo Muñoz Muñoz          | Director | 04/26/2019     |
| 7.289.965-2                                | Luis Hernán Paul Fresno      | Director | 04/26/2019     |
| Directors who left their positions in 2019 |                              |          |                |
| 5.193.449-0                                | Rafael Aldunate Valdés       | Director | 15/04/2016     |
| 3.065.693-8                                | René Abumohor Touma          | Director | 15/04/2016     |
| 4.567.869-5                                | Juan Carlos Lobos Pérez      | Director | 15/04/2016     |







## Board of directors

### Independent directors

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

These directors also met the requirements that they: not have any kinship relationship, up to the second degree by blood or marriage, with any of the individuals referred to in the previous point; not have been a director, manager, administrator or senior executive of non-profit organizations that have received significant contributions or donations from the individuals listed in the preceding paragraph; not have been a

partner or shareholder with direct or indirect possession or control over 10% or more of the capital of entities that have provided legal or consulting services for significant amounts or external auditors for the individuals referred to in the preceding paragraph, the company's principal competitors, suppliers or customers; and have not served as director, manager, administrator or senior executive of these entities.

### Conflicts of interest

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

issues including commercial opportunities and external employment for employees; family relationships within Parque Arauco, competitors, customers or suppliers; and receiving gifts.

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

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





# Board of directors

## Board compensation

At the ordinary shareholders’ meeting on April 26, 2019, 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.



(ThCLP\$)

| Name                        | Chilean National ID | 2018           |           | 2019           |           |
|-----------------------------|---------------------|----------------|-----------|----------------|-----------|
|                             |                     | Annual stipend | Committee | Annual stipend | Committee |
| Guillermo Said Yarur        | 6.191.544-3         | 40,753         | 21,192    | 41,761         | 21,716    |
| José Domingo Eluchans       | 6.474.632-4         | 40,753         | -         | 41,761         | -         |
| José Said Saffie            | 2.305.902-9         | 81,506         | -         | 83,521         | -         |
| Luis Hernán Paul Fresno     | 7.289.965-2         | 40,753         | 21,192    | 41,761         | 21,716    |
| Orlando Sáenz Rojas         | 3.599.669-9         | 40,753         | -         | 41,761         | -         |
| Fernando Massú Taré         | 6.783.826-2         | -              | -         | 27,981         | -         |
| Rodrigo Muñoz Muñoz         | 7.040.050-2         | -              | -         | 27,981         | -         |
| Ana Beatriz Holuigue Barros | 5.717.729-2         | -              | -         | 27,981         | 14,550    |
| Salvador Said Somavía       | 6.379.626-3         | 40,753         | -         | 41,761         | -         |
| Juan Carlos Lobos Pérez*    | 4.567.869-5         | 40,753         | -         | 13,780         | -         |
| Rafael Aldunate Valdés*     | 5.193.449-0         | 40,753         | 21,192    | 13,780         | 7,166     |
| René Abumohor Touma*        | 3.065.693-8         | 40,753         | -         | 13,780         | -         |
| Total stipends              |                     | 407,532        | 63,575    | 417,607        | 65,147    |

### Advisors to the Board

No expenses were recorded for advisory services contracted by the Board of Directors in 2019.

\*Juan Carlos Lobos Pérez, Rafael Aldunate Valdés and René Abumohor Touma were members of the Parque Arauco Board of Directors until April 26, 2019.



# Executive compensation

## Compensation strategy and governance

At Parque Arauco, we are committed to a compensation and incentives model that contributes to the company’s strategic objectives of growth, profitability and sustainability.

Our compensation policy is based on sustainability and remaining competitive with the market in order to fulfill our strategy of attracting, retaining and motivating the people who work at the company.



### COMPONENTS OF COMPENSATION AT PARQUE ARAUCO

|                       | Base salary   | Short-term incentives   | Long-term incentives   |
|-----------------------|---|---|--|
| Objective             | Attract and retain the best talent in order to execute the business strategy and create a work environment that motivates an exceptional team   | Annual performance bonus based on strategy-aligned business objectives  | Align management priorities with the company’s long-term objectives and those that generate value for the company’s shareholders   |
| Measuring performance | <div>→ Responsibility for objectives associated with each position, reporting to the next hierarchical level</div> <div>→ Business indicators associated with each functional area</div> <div>→ Performance evaluations, which are progressively being included throughout the entire company</div> | <div>→ Company’s financial indicator (EBITDA)</div> <div>→ Case-by-case compliance with the company Code of Conduct</div> | <div>→ Change in the company’s stock price over a set performance evaluation period</div> <div>→ The performance evaluation horizon for the current long-term incentive plan exceeds three and a half years.</div> |
| Scope                 | All company personnel   | All company personnel   | Executive Vice President and senior executives (individuals down to the organization’s second-tier of leadership).   |
| Implementation        | Competitive base salaries relative to the market in each country  | All company employees are eligible for annual performance bonuses   | Parque Arauco S.A. stock options   |





## Executive compensation

### Composition of compensation

The proportion of fixed and variable compensation for the Executive Vice President and senior executives is aligned with the company's compensation policy.

Total compensation received by the company's senior executives for the years ended December 31, 2018 and 2019 amounted to ThCLP\$ 4,004,648 and ThCLP\$ 4,453,613, respectively. Variable compensation accounted for approximately 32% and 37% of those figures, respectively.

### Long-term incentives - stock options plan

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. Unsubscribed shares from 2011 were written off in the fourth quarter of 2015.

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

During the 2015 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 in equal parts as of 2019 and 2020.

### Policies on stock investment and use of insider information

The Code of Conduct and Market Information Manual regulate ownership of capital interest in other companies as well as handling of insider information.

As of December 31, 2019, Parque Arauco S.A.'s senior executives do not own any direct interest in the Company, with the exception of Juan Antonio Álvarez, who owns 2,335,180 shares (0.26%).



# Shareholders and stock performance

## Shareholders

As of December 31, 2019

| Shareholders                | Ownership % |
|-----------------------------|-------------|
| Controller                  | 25%         |
| Foreign investment funds    | 23%         |
| Local stock brokerage firms | 18%         |
| Local mutual funds          | 1%          |
| Local pension funds         | 16%         |
| The Said Yarur family       | 5%          |
| The Abumohor family         | 3%          |
| Other shareholders          | 8%          |
| <b>Total</b>                | <b>100%</b> |

## Twelve largest shareholders

As of December 31, 2019, we had 369 shareholders.

| Name   | No. of shares subscribed | Number of paid-in shares | Ownership % |
|--|--------------------------|--------------------------|-------------|
| Inmobiliaria Atlantis S.A.                             | 230,707,974              | 230,707,974              | 25.47%      |
| Banco Itaú Corpbanca on behalf of foreign investors    | 102,019,741              | 102,019,741              | 11.26%      |
| Santander Corredores de Bolsa Limitada                 | 84,274,071               | 84,274,071               | 9.30%       |
| Banchile Corredores de Bolsa S. A.                     | 44,893,960               | 44,893,960               | 4.96%       |
| Banco Santander on behalf of foreign investors         | 37,558,046               | 37,558,046               | 4.15%       |
| Banco de Chile on behalf of non-resident third parties | 35,655,121               | 35,655,121               | 3.94%       |
| Banco de Chile on behalf of Citi Na New York Client    | 21,078,671               | 21,078,671               | 2.33%       |
| Bci Corredor de Bolsa S.A.                             | 20,546,795               | 20,546,795               | 2.27%       |
| Inversiones Ranco Uno S.A.                             | 19,424,114               | 19,424,114               | 2.14%       |
| Bolsa de Comercio de Santiago Bolsa de Valores         | 17,965,840               | 17,965,840               | 1.98%       |
| AFP Habitat S.A. (Pension Fund C)                      | 16,345,995               | 16,345,995               | 1.80%       |
| AFP Provida S.A. (Pension Fund C)                      | 15,031,616               | 15,031,616               | 1.66%       |

Figures are rounded to the first decimal place.



## Shareholders and stock performance

### Controlling Group of Parque Arauco S.A.

As of December 31, 2019

Parque Arauco S.A. is controlled by Inmobiliaria Atlantis S.A. (Taxpayer ID number: 76.089.588-1), which as of December 31, 2019 holds 25.47% of all Parque Arauco S.A. shares issued with voting rights.

There is no shareholder agreement between Inversiones Cabildo SpA and the other Inmobiliaria Atlantis S.A. shareholders.

The Inmobiliaria Atlantis S.A. shareholders and final controllers are:

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

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

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

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

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

**2** Inversiones Jardines del Bosque Limitada, holder of an 18.19% interest in Inmobiliaria Atlantis S.A. Its majority shareholder is Inversiones Orli 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 5.61999% interest in Inmobiliaria Atlantis S.A. The Eluchans Barreda family, represented by Mr. José Domingo Eluchans Urenda, Chilean National ID number: 6.474.632-4, are the shareholders and final controllers.

**4** Inversiones E.U. S.A. holder of a 2.64% interest in Inmobiliaria Atlantis S.A. Its shareholders are Mrs. Florencia Eluchans Urenda, Chilean National ID number: 4.695.623-0; Mrs. Celia Eluchans Urenda, Chilean National ID number: 4.727.634-9; Mrs.

Marcela Eluchans Urenda, Chilean National ID number: 6.065.798-K; Mrs. Ana María Eluchans Urenda, Chilean National ID number: 6.374.216-3; Mrs. Andrea Eluchans Urenda, Chilean National ID number: 6.374.217-1; Mrs. María Angélica Eluchans Urenda, Chilean National ID number: 6.065.725-4, and Mr. Edmundo Eluchans Urenda, Chilean National ID number: 4.721.073-9.

**5** Palmas Lo Curro S.A., holder of a 1.67% interest in Inmobiliaria Atlantis S.A., the final controller of which 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 0.53% 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.





# Shareholders and stock performance

**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., holder of a 0.52% 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. Limitada, holder of a 1.38% interest in Inmobiliaria Atlantis S.A. The Eluchans Barreda family, represented by Mr. José Domingo Eluchans Urenda, Chilean National ID number: 6.474.632-4, are the shareholders.

| Shareholders' equity                   | ThCLP\$       |
|--|---------------|
| Shared capital                         | 423,575,312   |
| Retained earnings (accumulated losses) | 590,004,152   |
| Share premium                          | 289,355       |
| Other reserves                         | 50,579,660    |
| Non-controlling interest               | 110,808,359   |
| Total equity                           | 1,175,256,838 |
| Other shareholders                     | 8%            |





# Shareholders and stock performance

## Share series

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

## Dividend policy

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

| Dividend No. | Date of distribution | CLP\$/share<br>in currency at each date | Charged to year |
|--------------|----------------------|---|-----------------|
| 18           | 05.06.08             | 9.5                                     | 2007            |
| 19           | 05.12.09             | 9.5                                     | 2008            |
| 20           | 05.05.10             | 29                                      | 2009            |
| 21           | 05.04.11             | 39                                      | 2010            |
| 22           | 05.10.12             | 27                                      | 2011            |
| 23           | 05.10.13             | 27                                      | 2012            |
| 24           | 05.14.14             | 27                                      | 2013            |
| 25           | 05.13.15             | 30                                      | 2014            |
| 26           | 05.10.16             | 30                                      | 2015            |
| 27           | 05.04.17             | 32                                      | 2016            |
| 28           | 04.26.18             | 35                                      | 2017            |
| 29           | 05.15.19             | 39                                      | 2018            |





# Shareholders and stock performance

## Market information

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

**Ticker:** Parauco

**Outstanding shares:** 902,157,216

Data as of December 31, 2019

**Market capitalization (MCLP\$):** 1,672,741

**Closing price per share (CLP\$):** 1,849.9



## SANTIAGO EXCHANGE

| Period                  | Number of shares traded | Total value of shares traded (CLP\$) | Average price per share (CLP\$) |
|-------------------------|-------------------------|--------------------------------------|---------------------------------|
| 1 <sup>st</sup> quarter | 46,658,081              | 82,763,113,428                       | 1,774                           |
| 2 <sup>nd</sup> quarter | 39,539,366              | 72,979,585,725                       | 1,846                           |
| 3 <sup>rd</sup> quarter | 46,983,469              | 91,675,924,449                       | 1,951                           |
| 4 <sup>th</sup> quarter | 87,482,247              | 164,302,856,325                      | 1,878                           |

## CHILEAN ELECTRONIC STOCK EXCHANGE

| Period                  | Number of shares traded | Total value of shares traded (CLP\$) | Average price per share (CLP\$) |
|-------------------------|-------------------------|--------------------------------------|---------------------------------|
| 1 <sup>st</sup> quarter | 1,397,569               | 2,516,239,738                        | 1,800                           |
| 2 <sup>nd</sup> quarter | 643,013                 | 1,171,855,650                        | 1,822                           |
| 3 <sup>rd</sup> quarter | 603,329                 | 1,179,873,921                        | 1,956                           |
| 4 <sup>th</sup> quarter | 1,161,435               | 2,102,649,721                        | 1,810                           |





# Annual report from Directors' Committee

This annual report, containing a summary of committee performance during 2019, was prepared by the Directors' Committee at Parque Arauco S.A. (the Company or Parque Arauco), in accordance with number 5 of paragraph 8 of article 50 bis of Law No.18,046 on Corporations.

## 1 Committee composition, meetings and compensation

### 1.1 Committee composition

At the Ordinary Shareholders' Meeting on April 26, 2019, a new Board of Directors was elected to a three-year term. Likewise, at the board meeting held on May 9, 2019, the Board unanimously agreed to appoint the following members to the Directors' Committee: Ana Holuigue Barros and Luis Hernán Paúl Fresno, who are both independent, and Guillermo Said Yarur. They also agreed to appoint Luis Hernán Paul Fresno as Chairman of the Directors' Committee.

### 1.2 Meetings

In 2019, the Directors' Committee met on January 14, March 7, April 11, May 9, June 12,

July 24, August 8, September 23, October 10, November 7 and December 12.

### 1.3 Compensation and expenses

Compensation of each of its members and the committee expense budget was set by the company's shareholders at the ordinary meeting held on April 26, 2019, as indicated below:

- (i) Compensation: They agreed to maintain current compensation for members of the Directors' Committee of a gross monthly amount of UF 65 (sixty-five Unidades de Fomento), regardless of the number of ordinary or extraordinary meetings that members attend in a month.
- (ii) Expenses: They agreed to maintain the expense budget of CLP\$10,000,000 (ten million pesos) a year, or an amount equivalent to the annual compensation of the Committee, whichever is higher.

## 2 Activities performed this year

Throughout the year, the Committee focused on learning matters related to their particular area, according to the provisions of article 50

bis of the Corporations Law and the Financial Market Commission's Ruling No. 1956.

In particular, the Committee has paid special attention to reviewing and monitoring the annual audit plan, analysis and approval of the financial statements, proposing external audit and risk rating firms, monitoring Deloitte's work during the year and issues entrusted to the committee by the Corporations Law.

Likewise, the Chairman has worked with management to analyze different issues discussed at the Committee. They have created a new working agenda for 2020, which primarily focuses on issues entrusted to the Chairman under the Law.

The Directors' Committee performed the following activities in 2019.

### 2.1 Review of balance sheet and financial statements

In 2019, 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 financial position as well as profit and loss for the year. The Committee has focused on examination and possible recommendations related to significant changes the Company adopted in relation to treatment of financial-accounting policies, which it submitted to the Board of Directors for approval. The Committee supervised the external auditor's work and ensured that they had all required information in a manner that was timely and enabled them to form an independent opinion on the consolidated and standalone financial statements.

### 2.2 Appointment of risk rating agency and external auditors

In keeping with its legal obligation, the



## Annual report from Directors' Committee

Directors' Committee proposed to the Board of Directors, for subsequent approval at the Ordinary Shareholders' Meeting, that the Company hire Deloitte as an external auditor. 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. In the event that the proposal was rejected, the Committee agreed to propose KPMG as an alternative. The firm also meets the aforementioned criteria, although they are more expensive. Likewise, the Committee has taken on the task of reviewing the scope and focus proposed by the external auditors and coordinating the auditing effort with internal audit. Additionally, the Directors' Committee met with Deloitte to discuss matters including the audit plan for 2019 and the scope of internal control work. To that effect, the firm reviewed the annual work and activities schedule.

For the Company's risk raters, the Committee proposed authorizing the Board of Directors to appoint at least two of any of the following

firms: Feller - Rate Clasificadora de Riesgo Ltda., Fitch Chile Clasificadora de Riesgo Ltda., Clasificadora de Riesgo Humphreys Limitada and ICR Clasificadora de Riesgo Ltda.

### 2.3 Compensation system for executives and employees

The Directors' Committee reviewed the compensation structure for Chile, Peru and Colombia, including the compensation policy and the target-based bonus structure for executives. It also discussed the need for a minimum mandatory standard on employee compensation systems at the Company's service providers and agreed to continue working on this issue in 2020.

### 2.4 Examination of transactions with related parties

It examined transactions that, according to legal regulations and the Company's Customary Transactions Policy, are or could be classified as transactions with related parties and granted the required approval. This analysis included transactions with Scotiabank Chile, BTG Pactual Chile, Comercial

Café Mokka S.A., Comercial Los Andes S.A. and Embotelladora Andina S.A.

The company's Customary Transactions Policy was reviewed at the board meeting on March 7, 2019, prior to election of the Board of Directors.

### 2.5 Complaint channel

The Committee regularly reviewed complaints filed through Ethics Points, the anonymous reporting channel, as well as management's investigations and reports. They also reviewed the main statistics for complaints received by the Company.

### 2.6 Hiring Deloitte for other services

The Directors' Committee analyzed management's proposal for hiring Deloitte Auditores y Consultores Limitada to render services other than external audit, which are not included on the list in article 242 of Securities Market Law No.18,045. These activities are related to the certification required to maintain the Ministry of Economics, Development and Tourism's





## Annual report from Directors' Committee

Pro Pyme Seal. After verifying Deloitte's experience on the matter and that the services were offered at market conditions, the Committee agreed to recommend to the Company's Board of Directors that Deloitte be hired to render the aforementioned services.

### 3 Recommendations

The Directors' Committee recommended hiring Deloitte as an external auditor and advisor for the certification required to maintain the Pro Pyme Seal. Similarly, it

recommended authorizing the Board of Directors to appoint at least two of any of the following firms: Feller - Rate Clasificadora de Riesgo Ltda., Fitch Chile Clasificadora de Riesgo Ltda., Clasificadora de Riesgo Humphreys Limitada and ICR Clasificadora de Riesgo Ltda. Other 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 2019.







# Material events

Extracts of information communicated as material events to the Chilean Financial Market Commission in 2019.

**January 2, 2019**

## Ownership of Centros Comerciales Vecinales Arauco Express S.A

On this date, PASA received an offer from Larrain Vial Activos S.A. Administradora General de Fondos in representation of Fondo de Inversión LV - Patio Renta Inmobiliaria 1 ("the Fund") to (i) purchase 100% of PASA's capital interest in Centros Comerciales Vecinales Arauco Express S.A. ("the Company"), corresponding to 62,730 shares, or, alternatively (ii) sell 100% of the Fund's ownership in the Company, corresponding to 54,880 shares. Both offers involved a price per share of 18.1175 Unidades de Fomento.

**January 10, 2019**

## Ownership of Arauco Regional Shopping Centers

PASA received an offer (the "Offer") from Ameris Capital Administradora General de Fondos S.A. ("Ameris") for Ameris

Rentas Comerciales I Investment Fund (the "Fund") to acquire 49% of shares in subsidiary company Arauco Centros Comerciales Regionales SpA ("ACCR" or "the Company") for a total price of UF 2,721,394 (the "Transaction"), subject to certain adjustments. The objective of the Transaction was that PASA would continue to control ACCR while owning or controlling the following shopping centers: (i) Arauco Quilicura, (ii) Arauco El Bosque, (iii) Arauco Coronel and (iv) Arauco San Antonio.

On the same date, PASA communicated to Ameris its acceptance of the offer. In the event that the stipulated conditions precedent were fulfilled, the Fund would acquire 49% of the total shares in which ACCR's share capital is divided, while PASA conserves the remaining 51% of shares. These conditions are customary for this type of transaction and include Ameris signing a promise to subscribe shares with future fund investors for an amount equal to or greater than the price offered for the Transaction. According to the terms of the offer, subject

to fulfillment of the conditions precedent, the Transaction must take place on or before March 11, 2019.

**January 31, 2019**

## Ownership of Centros Comerciales Vecinales Arauco Express S.A.

On that same date, PASA resolved to purchase from Larraín Vial Activos S.A. Administradora General de Fondos, in representation of Fondo de Inversión LV - Patio Renta Inmobiliaria I (henceforth "Fondo LV - Patio"), 100% Fondo LV - Patio's capital interest in Centros Comerciales Vecinales Arauco Express S.A. ("Arauco Express" or the "Company"), which corresponds to 54,880 shares at a price per share of UF 18.1175 for a total price of UF 994,288. The share purchase agreement was scheduled to be signed on March 20 of the same year.

On the same date, PASA signed a binding agreement called a Memorandum of Understanding, with Banchile Administradora General de Fondos S.A. (henceforth "Banchile"), through which

the parties agreed to the terms under which Banchile, in representation of the investment fund it manages, would purchase 57,629 shares of Arauco Express, representing 49% of the company's total share capital, with PASA conserving the remaining 51% (the "Banchile Transaction"). The price agreed upon for the Banchile Transaction, subject to subsequent adjustment, is UF 18.661 per share, so that the total price received by PASA is UF 1,075,415, payable in cash at the moment the Banchile Transaction is finalized.

Along with the transfer of shares for the transaction, PASA and Banchile, in representation of the investment fund that acquires the shares, will sign a shareholders' agreement as the only shareholders of the company.

Subject to the customary conditions precedent for this type of transaction, the Banchile Transaction must be finalized on or before March 29, 2019. Finalization of both transactions will generate after-tax income of



## Material events

MCLP\$1,000, which will be recorded directly in equity instead of profit for the year, in accordance with IFRS 10.

### January 31, 2019

#### Ownership of Arauco Centros Comerciales Regionales SpA

On this date, PASA signed a series of agreements with Ameris Parauco Fondo de Inversión (previously Ameris Rentas Comerciales I Investment Fund), represented by Ameris Capital Administradora General de Fondos S.A. (the “Fund”) meaning that the latter has acquired 49% of shares in subsidiary company Arauco Centros Comerciales Regionales SpA (“ACCR” or the “Company”) for a total price of UF 2,721,394 (the “Transaction”), subject to certain adjustments.

These agreements primarily include an ACCR share purchase agreement and a shareholders’ agreement between PASA and the Fund, as the Company’s only shareholders.

The objective of the Transaction was that PASA would continue to control ACCR while owning or controlling the following shopping centers: (i) Arauco Quilicura, (ii) Arauco El Bosque, (iii) Arauco Coronel, and (iv) Arauco San Antonio. Finalization of the transaction has generated after-tax income of MCLP\$39,000, which will be recorded directly in equity instead of profit for the year, in accordance with IFRS 10.

### March 7, 2019

#### Notice of Annual General Shareholders’ Meeting

The Board of Directors agreed to call an Ordinary Shareholder’s Meeting, scheduled for April 26, 2019 at 10:00, at the Company’s registered address: Avenida Presidente Kennedy 5413, Las Condes, Santiago.

Also, in compliance with FMC Ruling No. 660, I hereby inform you that the Board agreed to propose at the aforementioned Ordinary Shareholders’ Meeting, payment of a dividend in the amount of CLP\$ 39 (thirty-nine pesos) per share, charged to 2018 earnings. If

approved, distribution of said dividend would begin on May 15, 2019, to those shareholders registered in the Company’s shareholder registry as of midnight on May 9, 2019.

The Board of Directors also authorized the Chairman, Executive Vice President and/or the Corporate Legal Manager to perform all the necessary duties related to summons, communications and publications.

Finally, in accordance with the provisions of article 147 of Law No. 18,046, the Board of Directors has agreed to modify the Company’s General Policies on Customary Transactions. To that end, a modified version of the policy is attached and available to shareholders at registered offices as well as on the Company’s website.

### March 15, 2019

#### Acquisition of Puerto Nuevo Project

On this date, Parque Arauco S.A. and Inmobiliaria Puerto Nuevo Antofagasta S.A. have signed a share purchase agreement for the real estate that is part of the commercial

project located in the mixed-use complex called “Puerto Nuevo”. The commercial project is located in Antofagasta, between Baquedano and Balmaceda streets, with approximately 9,700 m<sup>2</sup> of leasable area. The development will be completed in four phases. To date, two have been built, the third is under construction and the fourth is under development. PASA will acquire the real estate as construction is finished. The acquisition price for the commercial project is UF 709,701 (seven hundred nine thousand seven hundred ten Unidades de Fomento) plus VAT, payable as 20% within thirty calendar days of this date and 80% when each of the aforementioned purchase agreements are signed.

The purchase of each building is subject to certain conditions that are customary for this type of project. These must be fulfilled on different dates, over the next three months and up until the date that the mixed-use project is complete.

PASA considers that the transaction will positively impact results, though it is impossible to quantify the impact at this time.



## Material events

**March 28, 2019**

### **Ownership of Centros Comerciales Vecinales Arauco Express**

On this date, PASA has sold 57,629 shares of its stake in Centros Comerciales Vecinales Arauco Express S.A. (the “Company”), which represent 49% of the Company’s total shares, to Banchile Administradora General de Fondos S.A., in representation of Banchile Rentas Inmobiliarias I Investment Fund (the “Fund”). PASA has retained the remaining 51% of shares. The sale price was UF 18.661 per share, resulting in a total price of UF 1,075,415, subject to certain adjustments.

Along with the transfer of shares subject to the transaction, PASA and the Fund have signed a shareholders’ agreement as the only shareholders of the company. As a result of the acquisition of the Company’s share capital from Fondo de Inversión LV - Patio Renta Inmobiliaria I on March 20, as reported herein, PASA’s after-tax equity rose MCLP\$1,000. As reported in the aforementioned material event, this will be recorded directly in equity instead of profit for the year, in accordance with IFRS 10.

**March 29, 2019**

### **Control of MegaPlaza assets**

In relation to the Material Event submitted to the CMF on June 1, 2018, Arauco Holding Perú S.A.C. (henceforth “AHP”) along with different companies and individuals related to the Wiese Group (together, “Wiese Group” and the Wiese Group with AHP, the “Parties”), have agreed to modify the reported structure. The parties agreed to a share purchase agreement under which AHP will acquire 100% of the Wiese Group’s direct or indirect ownership of Holding Plaza S.A. (the “Share Transfer”). Holding Plaza S.A. directly or indirectly holds 50% of Inmuebles Panamericana S.A. (“IPSA”), which is, in turn, the owner of all the operational assets that the Wiese Group holds, to date, in conjunction with PASA, including: MegaPlaza Norte, Chimbote, Cañete, Chinchá and Barranca.

The price of the transfer is 396,642,210 Peruvian soles. It is worth noting that, to date, the company has financial liabilities of 179,866,038 Peruvian soles, which PASA will assume.

The aforementioned transfer is subject to a series of conditions precedent that must be met on or before Monday, April 29, 2019. The sale of 15.46% of shares in Holding Plaza S.A. owned by Fundación Augusto N. Wiese, will be finalized as soon the Foundation Oversight Board grants authorization.

AHP and the Wiese Group will each maintain, directly or indirectly, 50% ownership in real estate projects located in Huaraz and San Juan de Lurigancho, which the Parties will continue to develop jointly.

Finally, prior to the Share Transfer, IPSA shareholders have agreed to create a new spin-off called Desarrollos Panamericana S.A.C, to which they will contribute the remaining land, which will be put up for sale.

PASA considers that the transaction will positively impact AHP’s results, though it is impossible to quantify at this time.

**April 18, 2019**

### **Ownership of Arauco Chillán SpA**

On this date, Parque Arauco S.A. (PASA) has signed with Ameris Parauco Fondo de Inversión (the Fund), represented by Ameris Capital Administradora General de Fondos S.A. (“Ameris”) a share purchase agreement for 40% of the shares of the subsidiary Arauco Chillán SpA (“ACC”) for a total price of UF 1,050,937.96 (the “Transaction”), subject to certain adjustments, while PASA retains 60% of total shares issued by ACC. Arauco Chillán SpA operates the Arauco Chillán shopping center located at El Roble 770, Chillán, in Chile’s Ñuble Region.

The share purchase is subject to certain conditions that are customary for this type of transaction, which must be met on or before April 30 of this year. Finalization of the transaction will generate after-tax income of MCLP\$23,000, which will be recorded directly in equity instead of profit for the year, in accordance with IFRS 10.





## Material events

**April 25, 2019**

### **Parque Alegre Barranquilla project**

Colvalor Propiedades Colombiana SAS (henceforth “Colvalor”) is developing a shopping center with 55,000 m<sup>2</sup> of commercial space in southern Barranquilla, Colombia (henceforth “the Project”).

Colvalor, through Fideicomiso P.A. Alegre Barranquilla (henceforth “the Trust”), will maintain 91% ownership of the Project (50,000 m<sup>2</sup>). The remaining 9% (5,000 m<sup>2</sup>) will be owned by Supertiendas y Droguerías Olímpica S.A. The project is currently in early stages of construction and the shopping center is scheduled to open in 2021.

Through an agreement subscribed on this date, PASA subsidiary Inversiones Colombianas Arauco SAS (henceforth “PASA Colombia”) and Colvalor have agreed to the essential terms and conditions of the partnership that will enable PASA Colombia to acquire 52.5% of the Trust. The total value of the transaction, including acquisition of

the aforementioned ownership, capital contributions and others, is COP\$ 108,956,668,728. Additionally, the parties will subscribe agreements that regulate corporate governance of the Trust and management of the Project.

The remaining 47.5% capital interest will be acquired by PASA Colombia, beginning in the fifth year of the shopping center’s operations. For a term of 12 months from this time, PASA Colombia will have a purchase option and Colvalor a sale option.

Materialization of the transaction described in the agreement is subject to a series of conditions customary to this type of transaction, including negotiation of final agreements, which must be met on or before August 30, 2019.

**April 26, 2019**

### **Ordinary Shareholders’ Meeting Agreements**

Today, April 26, 2019, the Parque Arauco S.A. Ordinary Shareholders’ Meeting was called

to order with a quorum of 96.964089% of the company’s subscribed and paid shareholders. At the Ordinary Shareholder Meeting, shareholders:

1. Approved the annual report, financial statements and the report from external auditor, Deloitte Auditores y Consultores Ltda., for the year ended December 31, 2018.
2. Agreed to appoint Deloitte Auditores y Consultores Limitada as external auditors.
3. Agreed to authorize the Board of Directors to appoint at least two of any of the following firms: Feller - Rate Clasificadora de Riesgo Ltda., Fitch Chile Clasificadora de Riesgo Ltda., Clasificadora de Riesgo Humphreys Limitada and ICR Clasificadora de Riesgo Ltda.
4. Heard reports on the transactions referred to in Title XVI of the Corporations Law.
5. Heard reports on Directors' Committee 2018 activities and expenses and approved the Directors' Committee 2019 compensation and expense budget.
6. Agreed to use *El Diario Financiero* for corporate publications.

7. Approved the distribution of earnings as a final, minimum, mandatory dividend of CLP\$ 25.61 (twenty-five point sixty-one pesos) and an additional dividend of CLP\$ 13.39 (thirteen point thirty-nine pesos) per share, for a total dividend of CLP\$ 39 per share, to be paid as of May 15, 2019, to those shareholders registered in the company’s shareholder registry as of midnight on May 9, 2019. The respective No. 1 forms from CMF Ruling No. 660 are attached. Furthermore, they approved maintaining the company’s dividend policy in the sense of distributing at least 30% of distributable net profits as dividends each year.
8. Approved board compensation for 2019 and reviewed board expenses from 2018.
9. Elected José Said Saffie, Salvador Said Somavía, Orlando Sáenz Rojas, José Domingo Eluchans Urenda, Rodrigo Muñoz Muñoz, Guillermo Said Yarur, Ana Holuigue Barros (independent), Luis Hernán Paúl Fresno (independent) and Fernando Massú Taré (independent) to the Board of Directors for the next statutory period.



## Material events

**June 7, 2019**

### **Ownership of Arauco Chillán SpA**

In relation to the material event reported to you last April 18, 2019, Parque Arauco S.A. and Ameris Parauco Fondo de Inversión (the "Fund") subscribed a share purchase agreement for 40% of shares in the subsidiary Arauco Chillán SpA ("ACC"), the company which operates the Arauco Chillán shopping center, located at El Roble No. 770 Chillán, in Chile's Ñuble Region. The share purchase was finalized according to the terms agreed upon last April 30, 2019.

PASA has subscribed with the Fund, represented by Ameris Capital Administradora General de Fondos S.A. ("Ameris"), a share purchase agreement to acquire 9% of shares of ACC for a total price of UF 238,400 (the "Transaction"), subject to certain adjustments. PASA retains the remaining 51% of the total shares issued by ACC.

Finalization of the transaction will generate an after-tax gain of MCLP\$5,200, which will be recorded directly in equity instead of profit for the year, in accordance with IFRS 10.

**July 29, 2019**

### **Parque Alegria Barranquilla project**

In the material event dated April 25, 2019, PASA reported to the Financial Market Commission the signing of an agreement between Colvalor Propiedades Colombianas SAS (henceforth "Colvalor") and Inversiones Colombianas Arauco SAS (henceforth "PASA Colombia") containing the essential terms and conditions of the partnership, which would definitively enable PASA Colombia to acquire 52.5% of the Fideicomiso P.A. Alegria Barranquilla (henceforth "the Trust"), which owns a shopping center located in southern Barranquilla, Colombia. As indicated at that time, the parties had to enter into agreements that regulate corporate governance of the Trust and management of the Project.

On this date, Colvalor and PASA Colombia have entered into the following agreements:

1.- An Investment Framework Agreement that regulates the terms and conditions under which (a) PASA Colombia will gradually contribute funds to the Trust, through

which it will acquire a 52.5% interest in the Trust, as well as certain revenue premiums and structuring commissions, which are jointly estimated at COP\$ 114,600,941,279 (approximately US\$36 million); (b) the shopping center will be built and put into operation; and (c) additional contributions may be made. The parties' obligation to execute the transaction described in the Investment Framework Agreement is subject to a series of conditions that must be met within 60 days of this date.

2.- A Trustees Agreement that establishes the terms and conditions that regulate (a) the relationship between the parties in terms of their participation as trustees in the Trust, including, among others, a purchase option for PASA Colombia for 100% of Colvalor's Fiduciary Rights and an sale option for Colvalor for 100% of its Fiduciary Rights to PASA Colombia; (b) the contract between the Trust and Ospinas y Cía. S.A. to manage project construction and selling project units prior to launching operations at the shopping center; and (c) the contract between the Trust and PASA Colombia to manage the project.

Once the transaction has taken place, the Trust will sell a 3,300 m<sup>2</sup> supermarket space to Supertiendas Olímpica S.A., making it a co-owner of the shopping center. The Trust will retain 94% ownership and Supertiendas Olímpica S.A. will hold the remaining 6%.

PASA considers that the transaction will positively impact results, though it is impossible to quantify the impact at this time.

**August 14, 2019**

### **Acquisition of Mall del Centro de Concepción through an associate**

On this same date, PASA associate (50% PASA and 50% Ripley group), Inmobiliaria Mall Viña del Mar S.A. ("Marina"), subscribed a share purchase agreement through which it acquired 100% of shares issued by Mall del Centro de Concepción S.A. (MCC).

MCC owns the Mall del Centro shopping center located in the city of Concepción, which has approximately 36,500 m<sup>2</sup> of GLA.



## Material events

Marina owns Mall Marina Arauco and Mall de Curicó and, until this date, it operated Mall del Centro on behalf of the Ripley group.

The price of the transaction, paid on this date, was UF 5,260,000.

PASA considers that the transaction will positively impact Marina's results, though it is impossible to quantify the impact at this time.

### October 23, 2019

#### Information about social unrest

As a result of the events in Chile at this time, we report that all our shopping centers in Chile were closed on Sunday, October 20<sup>th</sup> and Monday, October 21<sup>st</sup>. The Company gradually began to reopen some of our shopping centers with limited hours on

Tuesday, October 22<sup>nd</sup>. We expect to continue this process in the coming days, if conditions allow.

Several shopping centers have suffered varying degrees of damage, with Arauco Quilicura and Arauco Coronel being the most affected. Notwithstanding the above, to date the Company has not been able to determine the effects that these developments will have on its results and/or financial position.

The Company has insurance protection against this type of incident for all shopping centers, which has been activated as necessary.







# Subsidiary and associate information

Chile



| Company                                    | Capital |                | Line of business                                 | Board of Directors   | Direct management   | Direct/<br>indirect<br>interest | Investment as<br>a percentage<br>of parent's<br>assets |
|--|---------|----------------|--|--|---|---------------------------------|--|
| Bulevar Rentas Inmobiliarias S.A.          | CLP     | 5,532,299,431  | Construction and leasing of real estate projects | Andrés Torrealba Ruiz-Tagle (Chairman), Nicolás Bennett Nualart, Claudio Chamorro Carrizo, Matías Chomalí Kattan and Duncan Grob Urzúa.  | Nicolás Bennett Nualart (Chief Executive Officer)                       | 100%                            | 0.6%   |
| Parque Angamos SpA                         | CLP     | 13,489,963,908 | Construction and leasing of real estate projects | Nicolás Bennett Nualart (Chairman), Andrés Torrealba Ruiz-Tagle and Cristián Sironvalle Cordero  | Andrés Torrealba Ruiz-Tagle (Chief Executive Officer)                   | 55%                             | 0.2%   |
| Comercial Arauco Ltda.                     | CLP     | 100,000        | Construction and leasing of real estate projects | N/A  | Parque Arauco S.A. Chief Executive Officer: Andrés Torrealba Ruiz-Tagle | 100%                            | 0.0%   |
| Desarrollos Inmobiliarios San Antonio S.A. | CLP     | 16,493,728,579 | Construction and leasing of real estate projects | Andrés Torrealba Ruiz-Tagle (Chairman), Nicolás Bennett Nualart, Drago Gluscevic Vermehren, Duncan Grob Urzúa and Matías Chomalí Kattan.   | Nicolás Bennett Nualart (Chief Executive Officer)                       | 70%                             | 0.9%   |
| Inmobiliaria Paseo de la Estación S.A.     | CLP     | 15,266,108,051 | Construction and leasing of real estate projects | Andrés Torrealba Ruiz-Tagle (Chairman), Claudio Chamorro Carrizo, Cristóbal Montecino Castro, Nicolás Bennett Nualart and Matías Chomalí Kattan.   | Nicolás Bennett Nualart (Chief Executive Officer)                       | 83%                             | 3.4%   |
| Inversiones Parque Arauco Uno S.A.         | CLP     | 8,500,479,600  | Construction and leasing of real estate projects | Andrés Torrealba Ruiz Tagle (Chairman), Claudio Chamorro Carrizo, Duncan Grob Urzúa, Nicolás Bennett Nualart and Matías Chomalí Kattan.  | Nicolás Bennett Nualart (Chief Executive Officer)                       | 100%                            | 0.4%   |
| Arauco Malls Chile S.A.                    | CLP     | 96,959,364,098 | Construction and leasing of real estate projects | Andrés Torrealba Ruiz-Tagle (Chairman), Claudio Chamorro Carrizo and Nicolás Bennett Nualart   | Nicolás Bennett Nualart (Chief Executive Officer)                       | 100%                            | 7.0%   |
| Arauco Centros Comerciales Regionales SpA  | CLP     | 56,789,997,427 | Construction and leasing of real estate projects | Andrés Torrealba Ruiz-Tagle (Chairman), Matías Chomalí Kattan (alternate), Nicolás Bennett Nualart, Felipe Castro del Río (alternate), Claudio Chamorro Carrizo, Francisco Moyano Pérez (alternate), Martín Figueroa Valenzuela, Pablo Armas Vigneaux (alternate), Rodrigo Guzmán Mohr and Cristián Moreno Assadi (alternate). | Nicolás Bennett Nualart (Chief Executive Officer)                       | 51%                             | 1.4%   |
| Arauco Chillán SpA                         | CLP     | 19,206,409,141 | Construction and leasing of real estate projects | Andrés Torrealba Ruiz-Tagle (Chairman), Matías Chomalí Kattan (alternate), Nicolás Bennett Nualart, Felipe Castro del Río (alternate), Claudio Chamorro Carrizo, Francisco Moyano Pérez (alternate), Martín Figueroa Valenzuela, Pablo Armas Vigneaux (alternate), Rodrigo Guzmán Mohr and Cristián Moreno Assadi (alternate). | Nicolás Bennett Nualart (Chief Executive Officer)                       | 51.00%                          | 0.6%   |



## Subsidiary and associate information

### Chile



| Company   | Capital |                  | Line of business   | Board of Directors  | Direct management                                 | Direct/<br>indirect<br>interest | Investment as<br>a percentage<br>of parent's<br>assets |
|---|---------|------------------|--|---|---|---------------------------------|--|
| Parque Arauco Internacional S.A.                        | USD     | 1,091,645,147.57 | Investment company   | Claudio Chamorro Carrizo (Chairman), Andrés Neely Erdos and Duncan Grob Urzúa.  | Francisco Moyano Pérez (Chief Executive Officer). | 100%                            | 32.0%  |
| Todo Arauco S.A.  | CLP     | 53,653,536,260   | Construction and leasing of real estate projects   | Nicolás Bennett Nualart (Chairman), Andrés Torrealba Ruiz-Tagle and Claudio Chamorro Carrizo  | Vacancy (Chief Executive Officer)                 | 100%                            | 4.7%   |
| Arauco Viña SpA   | CLP     | 72,825,804,318   | Construction and leasing of real estate projects   | Andrés Torrealba Ruiz-Tagle (Chairman), Matías Chomalí Kattan (alternate), Francisco Moyano Pérez, Pablo Menchaca Fernández (alternate), Nicolás Bennett Nualart, Felipe Castro del Río (alternate), Duncan Grob Urzúa, Jessica Vargas Mora (alternate), Claudio Chamorro Carrizo and Matías Silva Olmos (alternate). | Nicolás Bennett Nualart (Chief Executive Officer) | 100%                            | 4.0%   |
| Inmobiliaria Mall Viña del Mar S.A.                     | CLP     | 17,783,008,000   | Construction and leasing of real estate projects   | Andrés Torrealba Ruiz-Tagle, Claudio Chamorro Carrizo (alternate), Sergio Hidalgo Herazo (Chairman), Alejandro Fridman Pirozansky (alternate), Juan Antonio Álvarez Aven-<br>daño, alternate director vacancy, and Miguel Núñez Sfeir, alternate director vacancy.  | Sergio Novoa Balmaceda (Chief Executive Officer)  | 50%                             | 4.0%   |
| Centros Comerciales Vecinales Arauco Express S.A.       | CLP     | 15,005,565,571   | Construction and leasing of real estate projects   | Andrés Torrealba Ruíz-Tagle (Chairman), Claudio Chamorro Carrizo, director vacancy, Bernardo Dominichetti Herera and Eduardo Beffermann Córdova.  | Vacancy (Chief Executive Officer)                 | 51%                             | 0.3%   |
| Centro Comercial Arauco Express Ciudad Empresarial S.A. | CLP     | 2,067,161,388    | Design, construction, develop-<br>ment, operation, management and<br>marketing of groups of stores or<br>connected service centers, managed<br>as a unit. It performs these roles for<br>itself and third parties. | Andrés Torrealba Ruíz-Tagle (Chairman), Claudio Chamorro Carrizo, director vacancy, Matías Chomalí Kattan.  | Vacancy (Chief Executive Officer)                 | 100%                            | 0.2%   |
| Nueva Arauco SpA.                                       | CLP     | 507,442,846      | Investment company   | N/A   | N/A   | 100%                            | 0.0%   |
| Plaza Estación S.A.                                     | CLP     | 43,191,520       | Construction and leasing of real estate projects   | Andrés Torrealba Ruiz-Tagle (Chairman), Claudio Chamorro Carrizo and Nicolás Bennett Nualart  | Nicolás Bennett Nualart (Chief Executive Officer) | 100%                            | 1.4%   |



## Subsidiary and associate information

### Peru



| Company                             | Capital |               | Line of business                                 | Board of Directors   | Direct management  | Direct/<br>indirect<br>interest | Investment<br>as a<br>percentage<br>of parent's<br>assets |
|-------------------------------------|---------|---------------|--|--|--|---------------------------------|---|
| Arauco Holding<br>Perú S.A.C.       | PEN     | 1,318,434,089 | Construction and leasing of real estate projects | Emilio Rodríguez Larraín (Chairman),<br>Juan Antonio Álvarez Avendaño,<br>José Domingo Eluchans Urenda,<br>Guillermo Said Yarur, Salvador Said<br>Somavía, Claudio Chamorro Carrizo.           | Arauco Malls Perú S.A.C.                                     | 100%                            | 18.4%   |
| Parque<br>Lambramani S.A.C.         | PEN     | 256,207,861   | Construction and leasing of real estate projects | Juan Antonio Álvarez Avendaño,<br>José Domingo Eluchans Urenda and<br>Guillermo Said Yarur   | Arauco Malls Perú S.A.C.                                     | 100%                            | 4.4%  |
| Inversiones Vilna S.A.C.            | PEN     | 19,537,773    | Construction and leasing of real estate projects | N/A  | Arauco Malls Perú S.A.C.                                     | 100%                            | 0.6%  |
| Strip Centers<br>del Perú S.A.C.    | PEN     | 135,952,590   | Construction and leasing of real estate projects | N/A  | Arauco Malls Perú S.A.C.                                     | 100%                            | 1.6%  |
| Sercenco S.A.C.                     | PEN     | 53,906,420    | Construction and leasing of real estate projects | N/A  | Arauco Malls Perú S.A.C.                                     | 100%                            | 0.4%  |
| Ekimed S.A.C.                       | PEN     | 129,743,808   | Construction and leasing of real estate projects | N/A  | Arauco Malls Perú S.A.C.                                     | 100%                            | 2.7%  |
| El Piquero Shopping<br>Plaza S.A.C. | PEN     | 10,090,515    | Construction and leasing of real estate projects | N/A  | Arauco Malls Perú S.A.C.                                     | 100%                            | 0.1%  |
| Inmobiliaria<br>El Quinde S.A.C.    | PEN     | 63,617,996    | Construction and leasing of real estate projects | N/A  | Arauco Malls Perú S.A.C.                                     | 100%                            | 1.8%  |
| El Quinde Shopping<br>Plaza S.A.C.  | PEN     | 42,486,162    | Construction and leasing of real estate projects | N/A  | Arauco Malls Perú S.A.C.                                     | 100%                            | 0.8%  |
| Arauco Malls Perú S.A.C.            | PEN     | 42,783,250    | Construction and leasing of real estate projects | N/A  | Alejandro José Camino<br>Nuñez (Chief Executive<br>Officer). | 100%                            | 0.0%  |
| Altek Trading S.A.C.                | PEN     | 94,804,200    | Construction and leasing of real estate projects | Eduardo Pérez Marchant, Duncan Man-<br>uel Grob Urzúa, Alejandro José Camino<br>Nuñez, César Enrique Morales Guerra,<br>Eduardo Fabricio Incio Rodríguez, Alon-<br>so Fernando Gamero Eguiluz. | Inmuebles Panamericana<br>S.                                 | 100%                            | 1.1%  |





## Subsidiary and associate information

### Peru



| Company                                  | Capital |             | Line of business   | Board of Directors   | Direct management               | Direct/<br>indirect<br>interest | Investment as<br>a percentage<br>of parent's<br>assets |
|--|---------|-------------|--|--|---------------------------------|---------------------------------|--|
| Inmobiliaria Colomera S.A.C.             | PEN     | 5,453,612   | Construction and leasing of real estate projects   | N/A  | Desarrollos Panamericana S.A.C. | 100%                            | 0.0%   |
| Inmuebles Panamericana S.A.              | PEN     | 236,699,853 | Construction and leasing of real estate projects   | Eduardo Pérez Marchant, Claudio Humberto Chamorro Carrizo, César Emilio Rodríguez Larraín Salinas, Duncan Manuel Grob Urzúa. | Arauco Malls Perú S.A.C.        | 100%                            | 8.3%   |
| Inversiones Villa el Salvador S.A.C.     | PEN     | 33,672,497  | Construction and leasing of real estate projects   | N/A  | Arauco Malls Perú S.A.C.        | 100%                            | 0.5%   |
| Inversiones Alameda Sur S.A.C.           | PEN     | 17,527,278  | Construction and leasing of real estate projects   | N/A  | Arauco Malls Perú S.A.C.        | 100%                            | 0.5%   |
| Administradora Panamericana S.A.C.       | PEN     | 5,350       | Managing, marketing and advertising shopping centers and all related, derivative or associated activities.   | N/A  | Arauco Malls Perú S.A.C.        | 100%                            | 0.0%   |
| Gerencia de Centros Comerciales S.A.C.   | PEN     | 11,699,651  | Construction and leasing of real estate projects   | N/A  | Desarrollos Panamericana S.A.C. | 50%                             | 0.1%   |
| Sociedad de Inversiones y Gestión S.A.C. | PEN     | 11,306,984  | Construction and leasing of real estate projects   | N/A  | Desarrollos Panamericana S.A.C. | 50%                             | 0.3%   |
| Holding Plaza S.A.                       | PEN     | 151,819,069 | For profit real estate activities  | N/A  | Arauco Holding Perú S.A.C.      | 100%                            | 2.2%   |
| Nisa Malls S.A.                          | PEN     | 26,525,392  | Financial market management  | N/A  | Arauco Holding Perú S.A.C.      | 98%                             | 0.2%   |
| Nueva Plaza Inversiones S.A.C.           | PEN     | 15,627,322  | Management consulting activities   | N/A  | Arauco Holding Perú S.A.C.      | 100%                            | 0.2%   |
| Corporación Andaman S.A.C.               | PEN     | 365,331     | Domestic and international sales of all type of goods as well as offering entertainment and leisure services | N/A  | Desarrollos Panamericana S.A.C. | 50%                             | 0.9%   |
| Inversiones Bairiki S.A.C.               | PEN     | 13,254,540  | Construction and leasing of real estate projects   | N/A  | Javier Carulla Marchena         | 50%                             | 0.0%   |



## Subsidiary and associate information

### Peru



| Company   | Capital |             | Line of business                                 | Board of Directors | Direct management               | Direct/indirect interest | Investment as a percentage of parent's assets |
|---|---------|-------------|--|--------------------|---------------------------------|--------------------------|---|
| Inmobiliaria Botafogo S.A.C.                    | PEN     | 35,672,357  | Construction and leasing of real estate projects | N/A                | Arauco Malls Perú S.A.C.        | 100%                     | 0.4%  |
| Inmobiliaria Costa Nueva S.A.C.                 | PEN     | 43,682,894  | Construction and leasing of real estate projects | N/A                | Arauco Malls Perú S.A.C.        | 100%                     | 0.5%  |
| Inmobiliaria Pisac S.A.C.                       | PEN     | 47,319,936  | Construction and leasing of real estate projects | N/A                | Arauco Malls Perú S.A.C.        | 100%                     | 0.7%  |
| Inversiones Lendipo S.A.C.                      | PEN     | 50,304,237  | Construction and leasing of real estate projects | N/A                | Arauco Malls Perú S.A.C.        | 100%                     | 0.4%  |
| Inmobiliaria Kotare S.A.C.                      | PEN     | 5,903,496   | Construction and leasing of real estate projects | N/A                | Desarrollos Panamericana S.A.C. | 50%                      | 0.0%  |
| Inversiones Kandoo S.A.C.                       | PEN     | 48,321,455. | Construction and leasing of real estate projects | N/A                | Arauco Malls Perú S.A.C.        | 100%                     | 0.7%  |
| Inmobiliaria Eburns S.A.C.                      | PEN     | 71,401,342  | Construction and leasing of real estate projects | N/A                | Arauco Malls Perú S.A.C.        | 100%                     | 0.6%  |
| Inversiones Diamanda S.A.C.                     | PEN     | 21,711,353  | Construction and leasing of real estate projects | N/A                | Desarrollos Panamericana S.A.C. | 50%                      | 0.1%  |
| Inmobiliaria Nueva Centuria S.A.C.              | PEN     | 613,058     | Construction and leasing of real estate projects | N/A                | Desarrollos Panamericana S.A.C. | 50%                      | 0.0%  |
| Inversiones Innsmouth S.A.C.                    | PEN     | 37,814,672  | Construction and leasing of real estate projects | N/A                | Desarrollos Panamericana S.A.C. | 50%                      | 0.2%  |
| Inmobiliaria Castell S.A.C.                     | PEN     | 400         | Construction and leasing of real estate projects | N/A                | Desarrollos Panamericana S.A.C. | 50%                      | 0.0%  |
| Inversiones Termasia S.A.C.                     | PEN     | 15,830,709  | Construction and leasing of real estate projects | N/A                | Desarrollos Panamericana S.A.C. | 50%                      | 0.1%  |
| Inversiones Lambore S.A.C.                      | PEN     | 42,648,775  | Construction and leasing of real estate projects | N/A                | Arauco Malls Perú S.A.C.        | 100%                     | 0.0%  |
| Inversiones Inmobiliarias Puerto Pizarro S.A.C. | PEN     | 400         | Construction and leasing of real estate projects | N/A                | Desarrollos Panamericana S.A.C. | 50%                      | 0.0%  |



## Subsidiary and associate information

### Colombia



| Company  | Capital | Line of business | Board of Directors                                  | Direct management   | Direct/<br>indirect<br>interest   | Investment as<br>a percentage<br>of parent's<br>assets |       |
|--|---------|------------------|---|---|---|--|-------|
| Inversiones Colombianas Arauco S.A.S.  | COP     | 45,124,204,000   | Construction and leasing of<br>real estate projects | N/A   | Diego Bermúdez Farías<br>(Chief Executive Officer),<br>Carolina Bermúdez Rueda<br>and Tatiana Montealegre<br>McMichen (alternates).                               | 100%   | 1.7%  |
| Parque Arauco Colombia S.A.<br>(formerly Inversiones Inmobiliarias<br>Arauco Alameda S.A.S.) | COP     | 82,986,436,000   | Construction and leasing of<br>real estate projects | Diego Mauricio Bermúdez Farías, Eduardo Pérez<br>Marchant (alternate), Duncan Grob Urzua , Tati-<br>ana Montealegre McMichen (alternate), Claudio<br>Chamorro Carrizo, Carolina Bermúdez Rueda<br>(alternate), Jorge Andrés Gómez Barragán, Fran-<br>cisco Alberto Gómez Barragán (alternate), Ricardo<br>Fandiño de la Calle, Adriana Lucía Moreno Márquez<br>(alternate). | Diego Bermúdez Farías<br>(Chief Executive Officer),<br>Carolina Bermúdez Rueda,<br>Tatiana Montealegre<br>McMichen and Tatiana Ja-<br>ramillo Uribe (alternates). | 100%   | 10.4% |
| Eje Construcciones S.A.S.  | COP     | 392,156,000      | Construction and leasing of<br>real estate projects | Eduardo Pérez Marchant, Tatiana Montealegre<br>McMichen (alternate), Diego Mauricio Bermúdez<br>Farías, Olga Tatiana Peña De La Rosa (alternate),<br>Carolina Bermúdez Rueda, Juan Miguel Pinto<br>Andrade (alternate), José Farid Merheg Sabbagh,<br>Eduardo Merheg Sabbach (alternate), and Ricardo<br>Merheg Sabbagh, Alberto de Jesús Velásquez Uribe<br>(alternate).   | Mildred Patiño Suarez<br>(Chief Executive Offi-<br>cer), Juan Miguel Pinto<br>Andrade and Carolina<br>Bermúdez Rueda (alter-<br>nates).                           | 55%  | 1.4%  |
| Inversiones Inmobiliarias<br>Barranquilla Arauco S.A.S.                                      | COP     | 9,747,418,000    | Construction and leasing of<br>real estate projects | N/A   | Olga Cecilia Luna Rojas<br>(Chief Executive Offi-<br>cer), Juan Miguel Pinto<br>Andrade and Carolina<br>Bermúdez Rueda (alter-<br>nates).                         | 100%   | 0.9%  |





# Subsidiary and associate information

Argentina



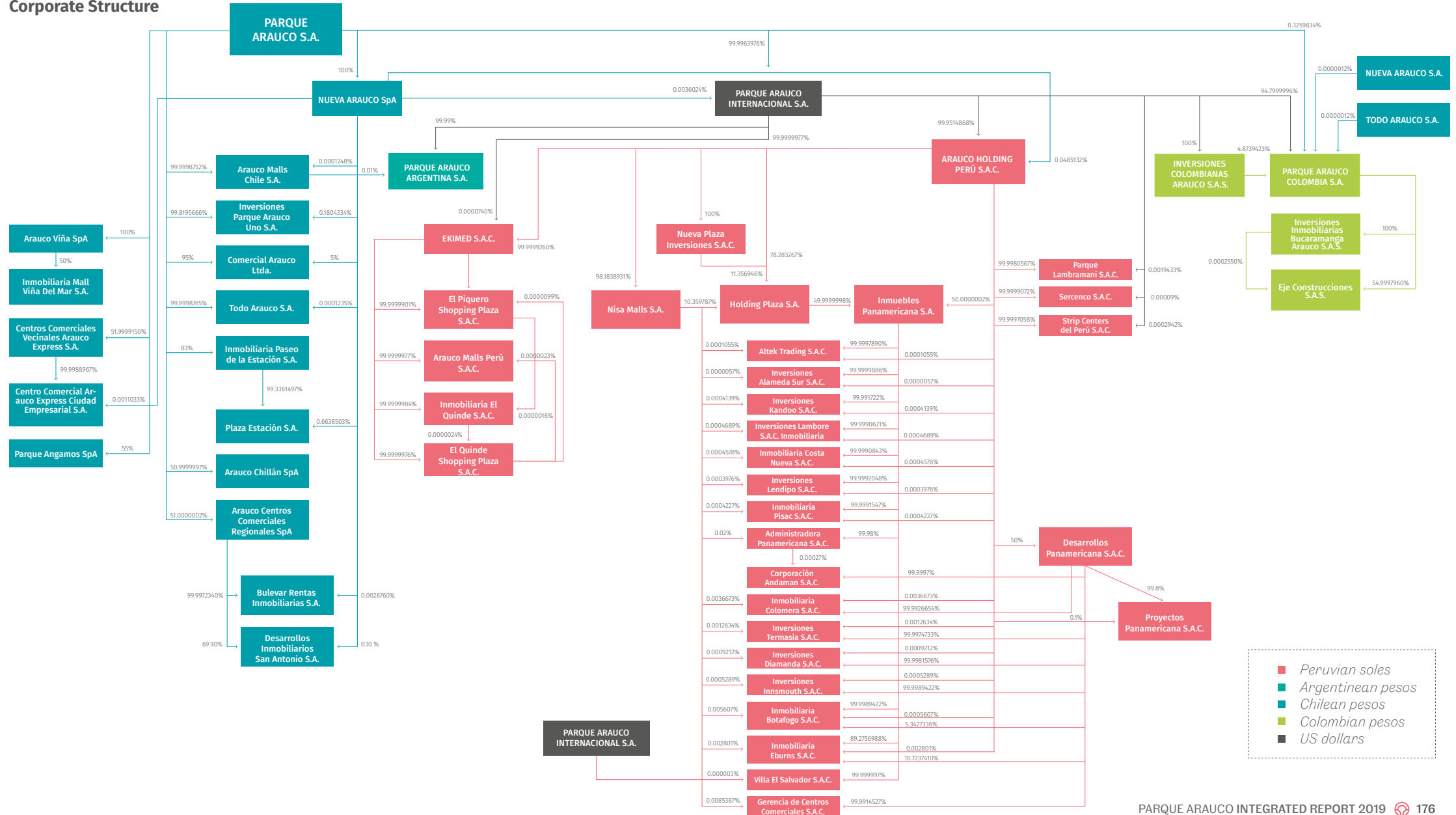
| Company                      | Capital | Line of business   | Board of Directors                                | Direct management   | Direct/<br>indirect<br>interest | Investment as<br>a percentage<br>of parent's<br>assets |
|------------------------------|---------|--|---|---|---------------------------------|--|
| Parque Arauco Argentina S.A. | ARS     | 7,031<br>Construction and leasing of<br>real estate projects | Fabián Cainzos (One director position is vacant.) | Eduardo Pérez Marchant<br>(Chairman) and Leonardo<br>Fernández (Vice Chair-<br>man) | 100%                            | 0.0%   |





# Subsidiary and associate information

## Corporate Structure





# Glossary

## A

**Adjusted FFO Margin:** AFFO / revenue

**AFFO:** Adjusted Funds From Operations: Net Profit - Depreciation & Amortization - Share of Profit (Loss) - Other Gains (Losses) - Foreign Exchange Differences - Indexation Units - Fair Value of Investment Properties + Associates Adjusted FFO

## C

**Company-owned GLA:** Total GLA multiplied by Parque Arauco's ownership interest in the shopping center

**Controlling Adjusted FFO:** AFFO attributable to the shareholders of the company

**Controlling FFO:** FFO attributable to the shareholders of the company

## E

**Earnings per Share:** Earnings attributable to equity holders / average weighted number of shares over last twelve months

**EBITDA** - Earnings Before Income Tax Depreciation and Amortization: Revenue + Cost of Sales + Administrative Expenses - Depreciation and Amortization

**EBITDA Margin:** EBITDA / Revenue

## F

**FFO** - Funds From Operations: Total Profit (Loss) - Depreciation and Amortization - Share of Profit (Loss) + FFO Associates Monthly Revenue / m<sup>2</sup>: Monthly Revenue divided by Revenue generating GLA for the month

## G

**GLA - Gross Leasable Area:** the sum of all areas available for lease

**Greenfield Projects:** Organic development of new shopping centers

## L

**Land Banks:** Land the company maintains for future development

**LTM** - Last Twelve Months: Refers to information from the last twelve months

## M

**Monthly Sales/m<sup>2</sup>:** Monthly tenant sales divided by sales generating GLA for the month

## N

**Neighborhood Shopping Center:** Shopping center with GLA between 6,000 - 20,000 m<sup>2</sup>

**Net Income Margin:** Net Profit / Revenue

**NOI:** Net Operating Income: Revenue + Cost of Sales + Administrative Expenses - Depreciation & Amortization + NOI Associates

## O

**Occupancy:** GLA paying rent divided by total GLA

## P

**Pipeline:** Greenfield and expansion projects under development

**Premium Outlet:** Shopping center located outside the city offering clothing and goods at reduced prices

## R

**Regional Shopping Center:** Shopping center with GLA in excess of 20,000 m<sup>2</sup>

## S

**SSR** - Same Store Rent: Percentage change in the rent collected from tenants who paid rent in both of the periods being compared

**SSS** - Same Store Sales: Percentage change in the sales reported by tenants who reported sales in both of the periods being compared

**Strip Center:** A shopping center with GLA of less than 6,000 m<sup>2</sup>.

## T

**Tenant Cost:** (Minimum Rent + Variable Rent + Building Fees + Cost of Advertisement Fund paid by Parque Arauco tenants) / Tenant Sales

**Tenant Sales:** Consolidated sales by tenants at shopping centers

## U

**UF** - Unidad de Fomento: A Chilean unit of account indexed to daily inflation





## 5.2 About this Report

The content of this annual report has been drafted considering the requirements of Chile's Financial Market Commission General Character Standard No. 30; the recommendations of the International Integrated Reporting Council (IIRC) and the Global Reporting Initiative (GRI) Standards guide.

### IN THIS CHAPTER

- Report profile
- Materiality





## Report profile

Our integrated report presents financial and non-financial information about Parque Arauco, related to the economic, social, environmental and corporate governance issues that are most relevant to our business. The content of this report includes relevant indicators that enable us to learn about, manage and improve our operations and stakeholder relations. This report also describes Parque Arauco's contributions to achieving the United Nation's Sustainable Development Goals (SDG) by 2030. We focused on four of these goals: SDG 8, Decent work and economic growth; SDG 11, Sustainable cities and communities; SDG 13, Climate action; and SDG 17 Partnerships for the goals.

This report was prepared in accordance with the Core Option of the GRI Standards. It includes the principles and elements of the International Integrated Reporting Council (IIRC).

Financial reporting is based on the guidelines in the Chilean Financial Market Commission's General Character Standard No. 30.

**Reporting period:**

January 1 to December 31, 2019

**Frequency:** Annual**Rules and standards considered:**

- Chile's Financial Market Commission General Character Standard No. 30
- GRI Standards, Core option
- International Integrated Reporting Framework from IIRC
- Sustainable Development Goals





# Scope of content

The information presented in this report includes Parque Arauco's corporate offices as well as its operations in Chile, Peru and Colombia. However, the natural capital chapter focuses on shopping centers with the largest gross leasable area (GLA) in each country (see table). The indicators in the natural capital chapter were calculated on the basis of 37 shopping centers, representing 95.6% of total GLA as of December 31, 2019 and 96.8% of our revenue to date.

| Chile                 | GLA (m²) |
|-----------------------|----------|
| Parque Arauco Kennedy | 111,000  |
| Arauco Maipú          | 75,000   |
| Arauco Estación       | 67,000   |
| Arauco Premium Outlet | 48,500   |
| Arauco Chillán        | 35,500   |
| Arauco Quilicura      | 32,000   |
| Arauco Coronel        | 30,000   |
| Arauco El Bosque      | 30,000   |
| Arauco San Antonio    | 28,500   |
| Parque Angamos        | 10,500   |

| Colombia                     | GLA (m²) |
|------------------------------|----------|
| Parque La Colina             | 62,000   |
| Parque Arboleda              | 41,000   |
| Parque Caracolí              | 39,000   |
| Arauco Premium Outlet Bogotá | 13,000   |

| Peru   | GLA (m²) |
|--|----------|
| MegaPlaza Norte                                      | 112,000  |
| El Quinde Ica  | 36,500   |
| El Quinde Cajamarca                                  | 33,000   |
| Parque Lambramani                                    | 30,000   |
| MegaPlaza Chimbote                                   | 28,000   |
| Larcomar   | 27,000   |
| InOutlet (Premium Outlet) and Viamix (Strip Centers) | 26,000   |
| MegaPlaza Cañete                                     | 16,500   |
| MegaPlaza Villa El Salvador II                       | 15,500   |
| MegaPlaza Pisco                                      | 15,000   |
| MegaPlaza Express Jaén                               | 14,500   |
| MegaPlaza Huaral                                     | 14,000   |
| MegaPlaza Express Chincha                            | 10,500   |
| MegaPlaza Express Barranca                           | 10,000   |
| MegaPlaza Express Villa El Salvador                  | 9,000    |
| MegaPlaza Express Villa                              | 8,000    |





# Materiality

**1**

## Identification of material aspects

To prioritize topics for inclusion in this report and the company's sustainability management, we conducted an organization-wide survey. Analysis included identification of the most relevant themes for the different stakeholders in economic, environmental and social realms; real estate industry trends related to sustainable management; best international practices; the assessment criteria for different sustainability indexes and interaction with stakeholders.

### Sources of information

#### Sustainability indexes

- We accounted for the topics that are most important for the Dow Jones Sustainability Index, FTSE4Good and GRESB in the real estate industry.
- Meetings and direct communication with investors

- Our Investor Relations Area addressed sustainability issues in meetings, conference calls and emails with different capitals market representatives.

### 2019 Materiality Survey

- A survey gathered general information to complement analyses from other information sources. Of the 127 survey respondents, 82% were employees and the remaining 18% were suppliers, NGOs and financial market representatives.

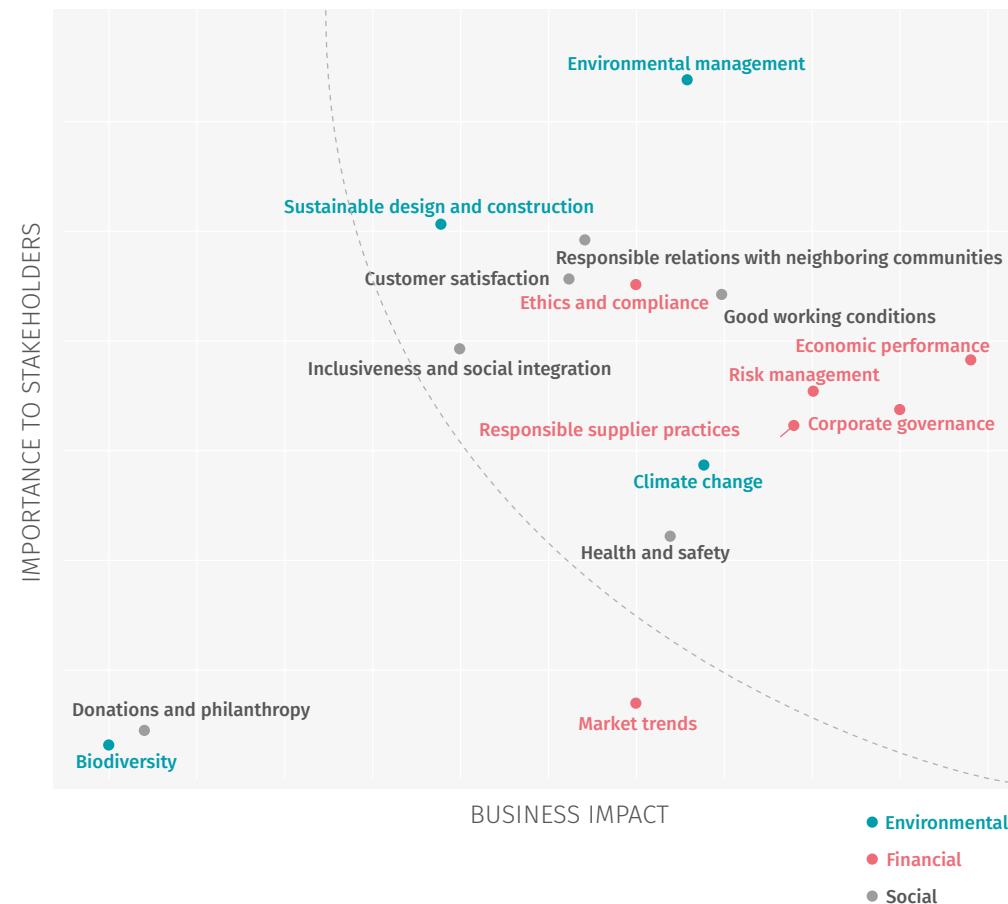
### The press

- Press coverage of Parque Arauco in Chile, Peru and Colombia between January 1 and November 11, 2019, was analyzed with the support of CORPO communications agency.

### Industry leaders

- The main issues reported by the real estate companies with the best sustainable management evaluations were considered.

## 2019 MATERIALITY MATRIX





# Materiality

## 2 Analysis and identification of material topics

These sources were reviewed in order to identify the topics that are of greatest interest and are repeatedly cited as key areas of value creation for companies in our industry. Issues were prioritized by frequency of mention or relevance for the sources consulted as well as the issue’s ties or impact on our line of business. We identified the most important topics in order to define the content of our report, then created a materiality matrix that illustrates the results of the entire process.

The following table shows the topics, grouped by management area, that we prioritized using the materiality matrix. Each material topic’s potential impact and ties to our line of business is included in this synthesis.

| Scope                                 | Financial   | Environmental   | Social  |
|---------------------------------------|---|---|---|
| Material topic                        | Corporate governance  | Energy  | Inclusiveness and social integration  |
|                                       | Ethics and compliance   | Water   | Responsible relations with communities  |
|                                       | Risk management   | Waste management  | Health and safety   |
|                                       | Responsible supplier practices  | Climate change  | Good working conditions   |
|                                       | Market trends   | Sustainable design and construction   | Customer satisfaction   |
| Relation to or impact on the business | These issues influence the capacity to anticipate and respond to potential risks as well as their impact on economic performance. | These issues are related to opportunities for efficiency, cost reduction and anticipation of potential risks. | These issues influence the business’s reputation, customer experience and the organization’s internal conditions. |

## 3 Validation and verification

The content of this report is based on direct information sources and was reviewed and validated by executives from different areas of the company.





# Alignment with Sustainable Development Goals

We used SDG Compass methodology to identify four of the 17 UN 2030 Sustainable Development Goals (SDG) that are closely related to our corporate purpose and that

represent areas where we can have greater impact. Our Sustainability Agenda includes initiatives directly related to these SDGs.



## Related initiatives at Parque Arauco

- Programs to support emerging entrepreneurs in Chile, Peru and Colombia.
- Training and assessment of sustainability practices of our strategic suppliers.
- Implementation of labor practices that attract the best talent.

- Engagement with surrounding communities.
- Implementation of sustainable design and construction standards.
- Practices related to accessibility and promoting inclusiveness at our shopping centers.

- Efficient management of energy, water, waste and emissions.
- Awareness activities that promote good environmental practices related to our operations.

- Collaborative work with more than 80 civic organizations, trade unions and entities in Chile, Peru and Colombia to carry out programs related to the aforementioned SDGs.





# Global Compact Principles

As a company, we have made progress on aligning our strategic priorities, internal culture and sustainability actions with 10 UN principles on human rights, labor standards, the environment and integrity.

By joining the Global Compact Network Chile in 2015, Parque Arauco committed to aligning with international principles. Our corporate values, Business Code of Conduct and Supplier Code of Conduct express our commitment to the rights of people throughout our organization and in relationships with suppliers, customers, communities and organizations.

In recent years, we have made progress on establishing mechanisms that identify and manage potential impacts in accordance with international standards on human rights and business. In 2018, the Sustainability Area applied the Danish Institute for Human Rights' Quick Check self-assessment in order to identify areas with greater potential exposure to risks on this issue at our operations and in relation to key third parties. This analysis reviewed aspects in three areas:

- 1 Labor practices (which includes regulations and child labor)
- 2 Community impact
- 3 Value chain management (emphasis on strategic suppliers)

Based on this analysis, our sustainability agenda includes four areas where we have focused our monitoring and management.

| Priority areas  | Work priority  | Management mechanisms  |
|---|--|--|
| Relationships with strategic suppliers                            | The operation's main suppliers are familiar with Parque Arauco's sustainability practices and periodically participate in the assessment of their own ESG standards and practices.   | Sistema B Measure What Matters Program to assess the practices of strategic suppliers in Chile, Peru and Colombia. Frequency: Once every three months for strategic suppliers that begin the cycle at the company  |
| Responsible relations with communities surrounding our operations | Parque Arauco identifies and manages issues that could impact harmony and good relations with the neighbors closest to its main shopping centers, especially larger ones.  | The initiative is a self-assessment of community impact and concern for neighboring communities at our main shopping centers in Chile, Peru and Colombia. Frequency: The self-assessment tool is designed to be applied at least every three years at each shopping center.  |
| Social integration and accessibility at our shopping centers      | We work to make our spaces increasingly accessible for people, regardless of disability or age. Additionally, we promote a culture of inclusiveness and partnership to make our shopping centers a setting for social integration opportunities. | Process for assessing infrastructure accessibility at our main shopping centers. Develop partnerships and joint initiatives with organizations from civil society that promote inclusiveness and opportunities for people with disabilities. Frequency: partnerships with this type of organization are reviewed and renewed annually. |
| Labor conditions of our employees                                 | We periodically monitor our labor standards and employee satisfaction throughout the organization.   | We participate in assessments and studies that monitor the working environment and reputation of our employment practices in relation to the market. Frequency: annual   |

Read more →

Read more →

Read more →

Read more →



# Statement of Responsibility

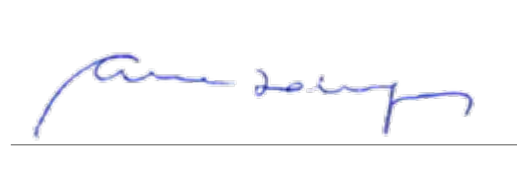
In accordance with Financial Market Commission General Character Standard No. 30, the undersigned declare themselves responsible for the veracity of the information contained herein as of December 31, 2019.



**JOSÉ SAID SAFFIE**  
CHAIRMAN



**SALVADOR SAID SOMAVÍA**  
DIRECTOR



**ANA BEATRIZ HOLUIGUE BARROS**  
INDEPENDENT DIRECTOR



**ORLANDO SÁENZ ROJAS**  
DIRECTOR



**FERNANDO MASSÚ TARÉ**  
INDEPENDENT DIRECTOR



**RODRIGO MUÑOZ MUÑOZ**  
DIRECTOR



**LUIS HERNÁN PAUL FRESNO**  
INDEPENDENT DIRECTOR



**JOSÉ DOMINGO ELUCHANS URENDA**  
DIRECTOR



**GUILLERMO SAID YARUR**  
DIRECTOR



**JUAN ANTONIO ÁLVAREZ AVENDAÑO**  
EXECUTIVE VICE PRESIDENT



## 5.3 Index of GRI content

### IN THIS CHAPTER

- Universal standards
- Topic-specific standards
- External assurance for the report







# GRI Content Index

## Universal standards

| Code                   | Content  | Section                  | Page    | External assurance | SDG   |
|------------------------|--|--------------------------|---------|--------------------|-------|
| 2019 General content   |  |                          |         |                    |       |
| Organizational profile |  |                          |         |                    |       |
| 102-1                  | Name of the organization                                     | Introduction             | 1       | Yes                |       |
| 102-2                  | Activities, brands, products and/or services                 | How we create value      | 13      | Yes                |       |
| 102-3                  | Location of headquarters                                     | Our company              | 25      | Yes                |       |
| 102-4                  | Location of operations                                       | Our company              | 29-32   | Yes                |       |
| 102-5                  | Ownership and legal form                                     | Additional information   | 155     | Yes                |       |
| 102-6                  | Markets served   | How we create value      | 15      | Yes                |       |
| 102-7                  | Scale of the organization                                    | Our company              | 25      | Yes                |       |
| 102-8                  | Information on employees and other workers                   | Our team                 | 107     | Yes                | 8; 10 |
| 102-9                  | Supply chain   | Supplier relationships   | 118     | Yes                |       |
| 102-10                 | Significant changes to the organization and its supply chain | Additional information   | 136     | Yes                |       |
| 102-11                 | Precautionary principle or approach                          | Environmental management | 91      | Yes                |       |
| 102-12                 | External initiatives   | Additional information   | 184     | Yes                | 17    |
| 102-13                 | Membership in associations                                   | Additional information   | 144     | Yes                | 17    |
| Strategy               |  |                          |         |                    |       |
| 102-14                 | Statement from senior decision-maker                         | Introduction             | 5 - 9   | Yes                |       |
| 102-15                 | Key impacts, risks and opportunities                         | How we create value      | 18 - 19 | Yes                |       |
| Ethics and integrity   |  |                          |         |                    |       |
| 102-16                 | Values, principles, standards, and norms of behavior         | Introduction             | 10      | Yes                | 16    |
| 102-17                 | Mechanisms for advice and concerns about ethics              | Our company              | 42      | Yes                | 16    |



## GRI Content Index

### Universal standards

| Code                        | Content   | Section                | Page  | External assurance | SDG   |
|-----------------------------|---|------------------------|-------|--------------------|-------|
| <b>Corporate governance</b> |   |                        |       |                    |       |
| 102-18                      | Governance structure  | Our company            | 34    | Yes                |       |
| 102-19                      | Delegation of responsibility  | Our company            | 34    | Yes                |       |
| 102-20                      | Executive-level positions with responsibility for economic, environmental and social topics | Our company            | 41    | Yes                |       |
| 102-21                      | Processes for consultation with stakeholders on economic, environmental and social topics   | Additional information | 181   | Yes                | 16    |
| 102-22                      | Composition of highest governance body  | Our company            | 35    | Yes                | 5; 16 |
| 102-23                      | Chair of the highest governance body  | Our company            | 35    | Yes                | 16    |
| 102-24                      | Nominating and selecting the highest governance body  | Our company            | 33    | Yes                | 5; 16 |
| 102-25                      | Conflicts of interest   | Additional information | 151   | Yes                | 16    |
| 102-26                      | Role of highest governance body in setting purpose, values, and strategy                    | Our company            | 36    | Yes                |       |
| 102-29                      | Identification and management of economic, environmental and social impacts                 | Our company            | 41    | Yes                | 16    |
| 102-30                      | Effectiveness of risk management processes  | Our company            | 47    | Yes                |       |
| 102-31                      | Evaluation of economic, environmental and social topics                                     | Our company            | 41    | Yes                |       |
| 102-32                      | Highest governance body's role in sustainability reporting                                  | Additional information | 182   | Yes                |       |
| 102-33                      | Communicating critical concerns   | Our company            | 34-42 | Yes                |       |
| 102-35                      | Remuneration policies   | Our company            | 153   | Yes                |       |



# GRI Content Index

## Universal standards

| Code                   | Content  | Section                  | Page | External assurance | SDG |
|------------------------|--|--------------------------|------|--------------------|-----|
| Stakeholder engagement |  |                          |      |                    |     |
| 102-40                 | List of stakeholder groups                                 | How we create value      | 13   | Yes                | 17  |
| 102-41                 | Collective bargaining agreements                           | Our team                 | 116  | Yes                | 8   |
| 102-42                 | Identifying and selecting stakeholders                     | Our company              | 48   | Yes                |     |
| 102-43                 | Approach to stakeholder engagement                         | Our company              | 48   | Yes                |     |
| 102-44                 | Key topics and concerns raised                             | Additional information   | 181  | Yes                |     |
| 102-45                 | Entities included in the consolidated financial statements | Financial statements     | 251  | Yes                |     |
| 102-46                 | Defining report content and topic boundaries               | Additional information   | 180  | Yes                |     |
| 102-47                 | List of material topics                                    | Additional information   | 182  | Yes                |     |
| 102-48                 | Restatements of information                                | Environmental management | 90   | Yes                |     |
| 102-49                 | Changes in reporting                                       | No changes               |      | Yes                |     |
| 102-50                 | Reporting period   | Additional information   | 179  | Yes                |     |
| 102-51                 | Date of most recent report                                 | Additional information   | 179  | Yes                |     |
| 102-52                 | Reporting cycle  | Additional information   | 179  | Yes                |     |
| 102-53                 | Contact point for questions regarding the report           | Additional information   | 130  | Yes                |     |
| 102-54                 | Claims of reporting in accordance with the GRI Standards   | Additional information   | 179  | Yes                |     |
| 102-55                 | GRI content index  | GRI content index        | 186  | Yes                |     |
| 102-56                 | External assurance   | Additional information   | 196  |                    |     |





## GRI content index

### Topic-specific standards

#### ECONOMIC STANDARDS

| Code  | Content   | Section                | Page | External assurance | SDG  |
|-------|---|------------------------|------|--------------------|------|
| 201-1 | Direct economic value generated and distributed | Additional information | 143  | Yes                | 8; 9 |

#### ENVIRONMENTAL STANDARDS

| Code          | Content   | Section   | Page        | External assurance | SDG       |
|---------------|---|---|-------------|--------------------|-----------|
| <b>Energy</b> |   |   |             |                    |           |
| 302-1         | Energy consumption within the organization                | Additional information                            | 145         | Yes                | 7;8;12;13 |
| 302-2         | Energy consumption outside of the organization            | Additional information                            | 145         | Yes                | 7;8;12;13 |
| 302-3         | Energy intensity  | Environmental management                          | 100         | Yes                | 7;8;12;13 |
| 302-4         | Reduction of energy consumption                           | Environmental management                          | 100         | Yes                | 7;8;13    |
| 302-5         | Reduction in energy requirements of products and services | Environmental management                          | 100         | Yes                | 7;8;13    |
| <b>Water</b>  |   |   |             |                    |           |
| 303-1         | Interactions with water as a shared resource              | Environmental management                          | 101         | Yes                | 6         |
| 303-2         | Management of water discharge related impacts             | Environmental management                          | 101         | Yes                | 6         |
| 303-3         | Water withdrawal  | Environmental management / Additional information | 101 and 145 | Yes                | 6;8;12    |
| 303-5         | Water consumption   | Environmental management / Additional information | 101 and 145 | Yes                |           |



# GRI content index

## Topic-specific standards

### ENVIRONMENTAL STANDARDS

| Code                              | Content   | Section   | Page       | External assurance | SDG               |
|-----------------------------------|---|---|------------|--------------------|-------------------|
| Biodiversity                      |   |   |            |                    |                   |
| 304-1                             | Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | Environmental management                          | 103        | Yes                | 6;14;15           |
| 304-3                             | Habitats protected or restored  | Environmental management                          | 104        | Yes                |                   |
| Emissions                         |   |   |            |                    |                   |
| 305-1                             | Direct (Scope 1) GHG emissions  | Environmental management / Additional information | 93 and 145 | Yes                | 3; 12; 13; 14; 15 |
| 305-2                             | Energy indirect (Scope 2) GHG emissions   | Environmental management / Additional information | 93 and 145 | Yes                | 3; 12; 13; 14; 15 |
| 305-4                             | Intensity of GHG emissions  | Environmental management / Additional information | 93 and 145 | Yes                | 13;14;15          |
| 305-5                             | Reduction of GHG emissions  | Environmental management                          | 93         | Yes                | 13;14;15          |
| Waste                             |   |   |            |                    |                   |
| 306-2                             | Waste by type and disposal method   | Environmental management                          | 102        | Yes <sup>1</sup>   | 3;6;12            |
| Supplier environmental assessment |   |   |            |                    |                   |
| 308-1                             | New suppliers that were screened using environmental criteria   | Supplier relationships                            | 123        | Yes                |                   |

1. Excluded from the scope of this audit is the waste from El Quinde Cajamarca, Viamix Colonial and Viamix Las Malvinas in Peru; Puerto Nuevo Antofagasta, Arauco Premium Outlet Curauma, Arauco Premium Outlet San Pedro and Arauco Premium Outlet Coquimbo in Chile; waste similar to household waste from Parque Caracolí, Parque La Colina and Premium Outlet Arauco (Sopó) in Colombia and waste from MegaPlaza Express Barranca, MegaPlaza Express Jaen, MegaPlaza Huaral, MegaPlaza Cañete and MegaPlaza Chimbote in Peru.

\*Note: Puerto Nuevo Antofagasta and Arauco Express strip centers in Chile are beyond the scope of this audit.



# GRI content index

## Topic-specific standards

### SOCIAL STANDARDS

| Code                           | Content  | Section                | Page | External assurance | SDG         |
|--------------------------------|--|------------------------|------|--------------------|-------------|
| Employment                     |  |                        |      |                    |             |
| 401-1                          | New employee hires and employee turnover   | Additional information | 148  | Yes                | 5;8;10      |
| 401-2                          | Benefits provided to full-time employees that are not provided to temporary or part-time employees | Our team               | 115  | Yes                | 5;8;10      |
| Occupational health and safety |  |                        |      |                    |             |
| 403-1                          | Occupational health and safety management system   | Our team               | 114  | Yes                | 8           |
| 403-4                          | Worker participation, consultation, and communication on occupational health and safety            | Our team               | 114  | Yes                | 8           |
| 403-5                          | Worker training on occupational health and safety  | Our team               | 113  | Yes                |             |
| 403-6                          | Promotion of worker health   | Our team               | 115  | Yes                |             |
| 403-9                          | Work-related injuries  | Our team               | 114  | Yes                |             |
| Training and education         |  |                        |      |                    |             |
| 404-1                          | Average hours of training per year per employee  | Our team               | 110  | Yes                | 4; 5; 8; 10 |
| 404-2                          | Programs for upgrading employee skills and transition assistance programs                          | Our team               | 111  | Yes                | 8           |



# GRI content index

## Topic-specific standards

### SOCIAL STANDARDS

| Code                            | Content  | Section                              | Page           | External assurance | SDG    |
|---------------------------------|--|--------------------------------------|----------------|--------------------|--------|
| Diversity and equal opportunity |  |                                      |                |                    |        |
| 405-1                           | Diversity of governance bodies and employees   | Our company / additional information | 36, 39 and 147 | Yes                | 5; 8   |
| 405-2                           | Ratio of basic salary and remuneration of women to men                                   | Additional information               | 149            | Yes                | 5;8;10 |
| Human rights                    |  |                                      |                |                    |        |
| 412-1                           | Operations that have been subject to human rights reviews or impact assessments          | Additional information               | 184            | Yes                |        |
| Local communities               |  |                                      |                |                    |        |
| 413-1                           | Operations with local community engagement, impact assessments, and development programs | Social standards                     | 82             | Yes                |        |
| Supplier social assessment      |  |                                      |                |                    |        |
| 414-1                           | New suppliers that were screened using social criteria                                   | Supplier relationships               | 123            | Yes                | 5;8;16 |





# Regulatory content index

## CHILE'S FINANCIAL MARKET COMMISSION GENERAL CHARACTER STANDARD NO. 30

| Content                                   | Chapter                | Page        |
|---|------------------------|-------------|
| Index                                     | Introduction           | 3           |
| Company information                       | Additional information | 130         |
| Articles of incorporation                 | Additional information | 130         |
| Contact information                       | Additional information | 130         |
| <b>Business description</b>               |                        |             |
| History                                   | Our company            | 27          |
| Industrial sector                         | Market conditions      | 15          |
| Activities and businesses                 | How we create value    | 13          |
| Property and facilities                   | Additional information | 132 and 133 |
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| Land bank                                 | Real estate assets     | 76          |
| <b>Shareholders and stock performance</b> |                        |             |
| I) Controlling group                      | Additional information | 156         |
| II) Majority shareholders                 | Additional information | 155         |
| III) Twelve largest shareholders          | Additional information | 155         |
| Dividend policy                           | Additional information | 158         |
| Dividends paid                            | Additional information | 158         |
| Summary of transactions                   | Additional information | 159         |



# Regulatory content index

## CHILE'S FINANCIAL MARKET COMMISSION GENERAL CHARACTER STANDARD NO. 30

| Content  | Chapter                       | Page       |
|--|-------------------------------|------------|
| <b>Corporate social responsibility and sustainable development</b> |                               |            |
| Board diversity  | Our company                   | 36         |
| Management diversity   | Our company                   | 39         |
| Organizational diversity   | Additional information        | 147        |
| Salary gap by gender   | Additional information        | 149        |
| <b>Management and personnel</b>                                    |                               |            |
| Organizational chart   | Our company                   | 34         |
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| Board compensation   | Additional information        | 152        |
| Advisory services hired by the Board                               | Additional information        | 152        |
| Directors' Committee   | Our company                   | 40         |
| Directors' Committee's report                                      | Additional information        | 160        |
| Senior executives  | Our company                   | 37         |
| Executive compensation   | Additional information        | 153        |
| Compensation plans   | Additional information        | 154        |
| Directors and executives with ownership interest                   | Our company                   | 36         |
| Number of employees  | Our team                      | 107        |
| Executives with ownership interests                                | Additional information        | 154        |
| <b>Subsidiary and associate information</b>                        | <b>Additional information</b> | <b>169</b> |
| <b>Information on material events</b>                              | <b>Additional information</b> | <b>163</b> |
| <b>Financial reporting</b>   | <b>Financial reporting</b>    | <b>197</b> |
| <b>Statement of responsibility</b>                                 | <b>Additional information</b> | <b>185</b> |



# External assurance for the report



(A free translation from the original in Spanish)

Santiago, April 7, 2020

Messrs. Shareholders and Directors  
Parque Arauco S. A.

## Report of Independent Professionals

We have reviewed the sustainability information of Parque Arauco S.A. for the year ended on December 31, 2019 included in their 2019 Integrated Report. Parque Arauco's management is responsible for the presentation of sustainability information in accordance with the "core" option of the sustainability reporting standards of the Global Reporting Initiative (GRI standards). Our responsibility is to express a conclusion on the sustainability information based on our review.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA) AT-C section 105, Concepts Common to All Attestation Engagements, and AT-C section 210, Review Engagements. Those standards require that we plan and perform the review to obtain limited assurance about whether any material modifications should be made to the sustainability information in order for it to be in accordance with the "core" option of the GRI standards. A review is substantially less in scope than an examination, the objective of which is to obtain reasonable assurance about whether the sustainability information is in accordance with the "core" option of the GRI standards, in all material respects, in order to express an opinion. Accordingly, we do not express such an opinion. We believe that our review provides a reasonable basis for our conclusion.

### We performed the following procedures:

- Work planning according to relevance and volume of the sustainability information presented in the 2019 Integrated Report draft;
- Understanding of the materiality process conducted by Parque Arauco S.A., the material aspects identified, management approaches and selected indicators, in accordance with the "core" option under the GRI standards;
- Interviews with different executives responsible for the sustainability information in the 2019 Integrated Report;
- Review, based on testing, that the sustainability data included in the 2019 Integrated Report is consistent with the documentary evidence reviewed and/or comes from verifiable supporting information sources;
- Review that the financial information included in the sustainability information is derived from accounting records or from financial statements as of December 31, 2019 audited by an independent firm of auditors.

In performing our review, we have also complied with the independence and other ethical requirements set forth in the Code of Professional Conduct and applied the Statements on Quality Control Standards.

The information reviewed is detailed in pages 186 to 193 of Parque Arauco S.A.'s 2019 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, 2019, included in their 2019 Integrated Report, in order for it to be in accordance with the "core" option of the sustainability reporting standards of the Global Reporting Initiative.

Colin Becker

PricewaterhouseCoopers, As. Andres Bello 2711 - piso 5, Los Cueros - Santiago, Chile | Teléfono: (56 2) 2400 0000 | [info@pwc.cl](mailto:info@pwc.cl)





# 6

## Financial report

- Earnings release
- Consolidated financial statements
- Summarized financial statements of subsidiaries



ParqueArauco®





# 6.1 Earnings release



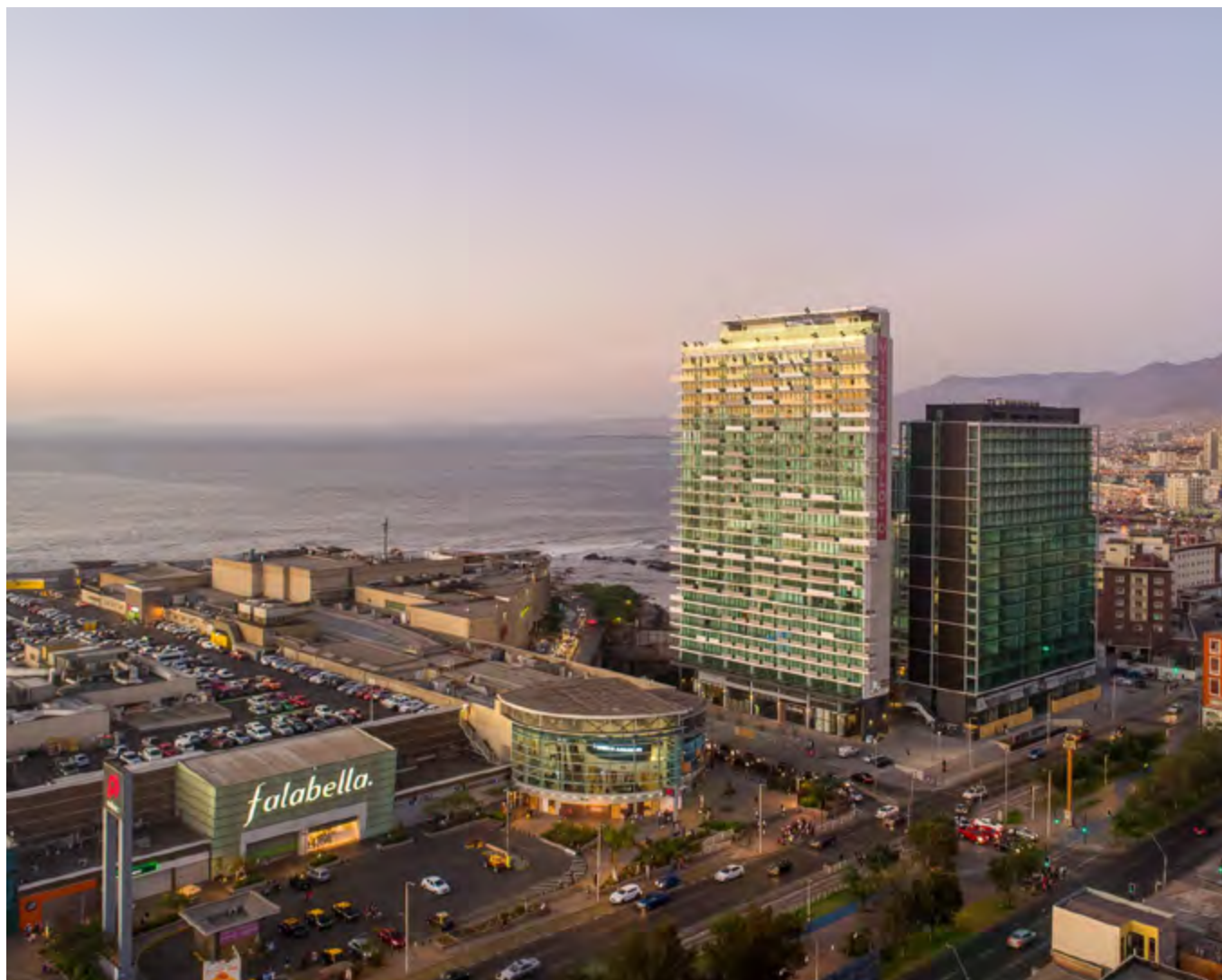


## Nota importante

Este documento ha sido preparado por Parque Arauco con el propósito de entregar información general de la compañía. La Compañía no asume ninguna responsabilidad, ni efectúa ninguna representación o garantía, expresa o tácita, con respecto a la exactitud, adecuación y/o integridad de la información contenida en este documento. La Compañía se exime de cualquier responsabilidad basada en la información y/o errores u omisiones de la misma.

Esta presentación incluye ciertas declaraciones, estimaciones y proyecciones proporcionadas por la Compañía con respecto a su rendimiento futuro y contiene importantes elementos de juicio subjetivo y análisis que pueden o no pueden llegar a ser exactos o correctos. No hay ninguna garantía de que estas declaraciones, estimaciones y proyecciones sean los resultados alcanzados, pudiendo éstos diferir materialmente de lo que se estima en este documento.

La información contenida en este documento ha sido preparada para apoyar a las partes interesadas en hacer su propia evaluación de la Compañía y no pretende ser exhaustiva o contener toda la información que una contraparte potencial pueda desear. En todos los casos, las partes interesadas deberán llevar a cabo su propia investigación y análisis independientes de la Compañía. Las partes interesadas sólo podrán confiar en el resultado de su propia investigación y en las declaraciones y garantías realizadas en cualquier acuerdo definitivo que pueda ser otorgado.





## Resumen ejecutivo

→ Durante el año, las ventas de los locatarios aumentaron 3,7%, alcanzando Ch\$ 2.120.494 millones.

→ La tasa de ocupación consolidada subió a 95,4% en el 2019, en comparación al 94,7% del año anterior, gracias a crecimientos en Perú y Colombia.

→ Durante el 2019, los ingresos de la Compañía aumentaron un 8,4%, alcanzando los Ch\$ 205.613 millones.

→ El EBITDA durante el año aumentó 9,3%, llegando a Ch\$150.562 millones debido principalmente al crecimiento orgánico de la operación e incorporación de nuevos activos. Adicionalmente, los efectos positivos de NIIF 16 y apreciación de las monedas en Perú y Colombia se compensan por descuentos a locatarios realizados en Chile.

→ En términos anuales, el margen EBITDA creció desde 72,6% a 73,2%.

→ Junto con el EBITDA, el Net Operating Income (NOI) del año aumenta 9,8%, llegando a Ch\$ 167.490 millones.

→ El Área Bruta Locataria (ABL) total consolidada aumentó 2,1%, alcanzando 1.075.500 m<sup>2</sup>, explicado por la incorporación de Arauco Express El Peñón, parte del proyecto de Puerto Nuevo Antofagasta y la ampliación de Premium Outlet Arauco Buenaventura.

→ Durante el 2019 la utilidad atribuible a la controladora, disminuyó un 20,8%, principalmente debido a la mayor utilidad en 2018 por la venta de un terreno en Perú.

→ Como parte de un activo manejo de nuestro portafolio este año realizamos varias transacciones. Ejecutamos compras y ventas de participaciones relevantes en activos en Chile y Perú. Ejemplo de esto fue la adquisición del 50% de los activos de MegaPlaza al Grupo Wiese en Perú y la venta de participación de 49% de cinco centros comerciales regionales en Chile y los Arauco Express strip centers. Producto de estas transacciones, el Área Bruta Locataria propia (ABL) aumentó 9,5%, alcanzando 1.026.540 m<sup>2</sup>, en comparación con 2018.

→ Durante la primera mitad de 2019, Parque Arauco adquirió el 52,5% del proyecto Parque Alegre en Barranquilla. Con fecha de apertura en 2021 y ABL total de 50.000 m<sup>2</sup>, se espera que sea el centro comercial líder del sector sur de la ciudad.

→ Como consecuencia de nuestra flexibilidad financiera y la disminución de la presión en ratios financieros, Feller Rate e ICR (clasificadores de riesgo) mejoraron la clasificación de riesgo de Parque Arauco a AA..

→ Por segundo año consecutivo, fuimos la única empresa latinoamericana de Real Estate incluida tanto en el FTSE4Good (Emerging Markets y Latin America), como en el Dow Jones Sustainability Index (Chile, MILA, EM), índices compuestos por empresas globales que son líderes en materias de ESG. Adicionalmente, el equipo de Parque Arauco fue premiado por Institutional Investor en las categorías Mejor CFO, Mejor Programa de Relación con Inversionistas, Mejor programa ESG y Mejor Sitio Web.

→ Por primera vez, Parque Arauco fue incluido en el 2020 Sustainability Yearbook de S&P Global y reconocido como una de las empresas en el 15% más alto de desempeño ESG en la industria.







# Análisis de resultados

## Indicadores de desempeño

|  | 4T19      | 4T18      | Var. %  | 2019      | 2018      | Var. %  |
|--|-----------|-----------|---------|-----------|-----------|---------|
| Margen EBITDA (%)  | 73,0%     | 75,4%     | (243)   | 73,2%     | 72,6%     | 60      |
| Margen Ganancias (%)   | 91,8%     | 105,3%    | (1.356) | 50,9%     | 65,1%     | (1.418) |
| Margen FFO Ajustado (%)  | 58,8%     | 61,8%     | (295)   | 57,6%     | 55,4%     | 221     |
| NOI Propio de Activos <sup>1</sup>                                     | 50.656    | 49.449    | 2,4%    | 181.277   | 167.058   | 8,5%    |
| ABL Propio (m²) <sup>2</sup>   | 1.026.540 | 937.092   | 9,5%    | 1.026.540 | 937.092   | 9,5%    |
| FFO Propio (Ch\$ millones) <sup>3</sup>                                | 54.498    | 58.646    | (7,1%)  | 103.241   | 100.639   | 2,6%    |
| FFO Ajustado atribuible a la controladora (Ch\$ millones) <sup>4</sup> | 34.270    | 30.661    | 11,8%   | 112.720   | 94.264    | 19,6%   |
| NOI Consolidado (Ch\$ millones) <sup>5</sup>                           | 47.053    | 45.934    | 2,4%    | 167.490   | 152.499   | 9,8%    |
| ABL Consolidado (m²) <sup>6</sup>                                      | 1.075.500 | 1.053.000 | 2,1%    | 1.075.500 | 1.053.000 | 2,1%    |
| Ventas Locatarios Consolidados (Ch\$ millones) <sup>7</sup>            | 607.066   | 602.094   | 0,8%    | 2.104.638 | 2.044.777 | 2,9%    |
| Número promedio de acciones básicas (millones)                         | 904,2     | 900,0     | 0,5%    | 904,2     | 900,0     | 0,5%    |
| Utilidad por acción básica (Ch\$) <sup>8</sup>                         | 54        | 64        | (15,7%) | 103       | 131       | (21,1%) |
| Retorno de dividendo   | 2,05%     | 2,27%     | (21)    | 1,92%     | 2,00%     | (8)     |
| Precio Acción (Ch\$)   | 1.850     | 1.545     | 19,7%   | 1.850     | 1.545     | 19,7%   |
| Capitalización Bursátil (Ch\$ millones)                                | 1.673     | 1.390     | 20,3%   | 1.673     | 1.390     | 20,3%   |
| Monto transado diario promedio (Ch\$ millones)                         | 2.684     | 1.215     | 121,0%  | 1.689     | 1.437     | 17,6%   |

1. Suma del NOI propio de los activos de Parque Arauco más el NOI de la participación de Grupo Marina.

2. ABL propio incluye Grupo Marina.

3. FFO = Total utilidad (pérdida) - Depreciación y Amortización - Participación + FFO Empresas relacionadas.

4. FFO Ajustado = Total utilidad (pérdida) - Depreciación y Amortización - Participación - Otras ganancias (pérdidas) - Diferencias de Cambio - Unidades de Reajuste - Valor justo propiedades de inversión + FFO Ajustado empresas relacionadas.

5. NOI = Ingresos ordinarios + Costo de ventas + Gastos de Administración - Depreciación y Amortización + NOI Empresas relacionadas.

6. ABL consolidado no incluye Grupo Marina.

7. Ventas locatarios = ventas de los locatarios de los activos consolidados.

8. Utilidad por acción = utilidad participación controladora/número de acciones promedio ponderado últimos doce meses.





## Análisis de resultados

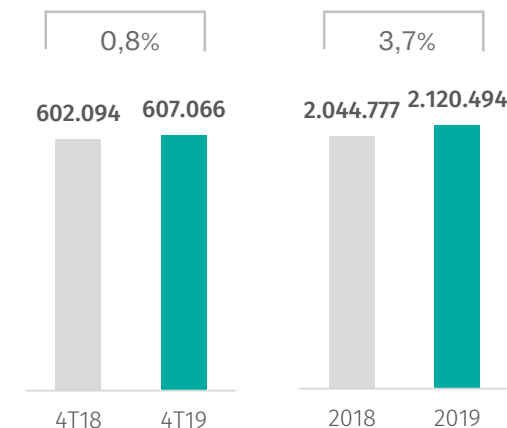
### Ventas de locatarios

Las ventas totales de locatarios durante el último trimestre aumentaron 0,8% en comparación al mismo periodo del año anterior, alcanzando los Ch\$ 607.066 millones. En el periodo, destaca el buen resultado de Colombia, donde las ventas de locatarios aumentaron 16,5% durante el periodo en moneda local, en su mayoría impulsadas por el crecimiento de 17,0% en Parque La Colina, lo que se vio compensado por las menores ventas percibidas en Chile. Perú, por su parte, presenta ventas estables, creciendo un 1,4% en moneda local.

En línea con el desempeño en las ventas de locatarios, los Same Store Sales (SSS) del cuarto trimestre 2019 mostraron un desempeño sobresaliente en Colombia, con un aumento de 12,4%, mientras Perú aumentó en 0,1%. En Chile, los SSS disminuyeron un 6,1%, acorde con la baja en el nivel de consumo general en el país.

Finalmente, los Same Store Rent (SSR) fueron positivos en Perú y Colombia, donde aumentaron un 5,3% y 10,2% respectivamente, mientras que en Chile disminuyen un 3,4%, reflejando igualmente el efecto de los descuentos ofrecidos a locatarios.

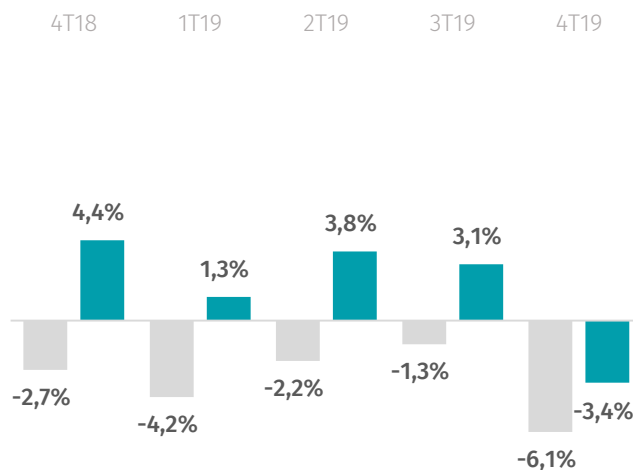
### VENTAS LOCATARIOS (Ch\$ Millones)



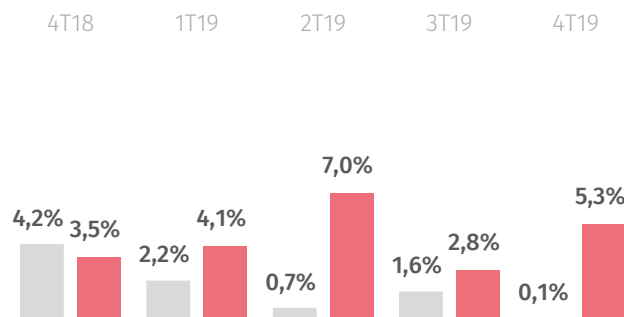
\*Ventas locatarios de Perú y Colombia expresadas en CLP utilizando los siguientes tipos de cambio: US\$ 1 = CLP 767,22; US\$ 1 = PEN 3,35; US\$ 1 = COP 3.371,26.

### Same Store Sales & Same Store Rent

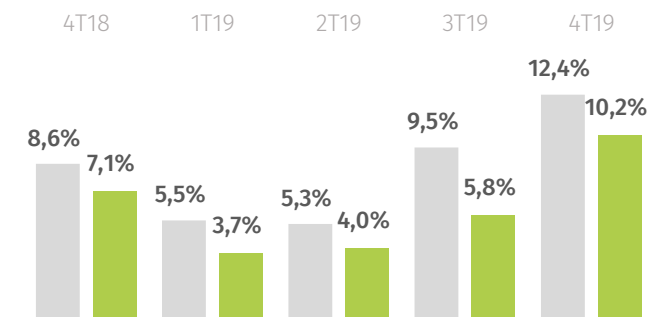
#### CHILE<sup>1</sup>



#### PERÚ



#### COLOMBIA



■ Same Store Sales Nominal (Var%) ■ Same Store Rent Nominal (Var%)

1. Same Store Sales y Same Store Rent del cuarto trimestre de 2019 no incluyen a Arauco Quilicura debido a que se encuentra mayoritariamente cerrado producto de las contingencias ocurridas en Chile.



# Análisis de resultados

## Costo locatario

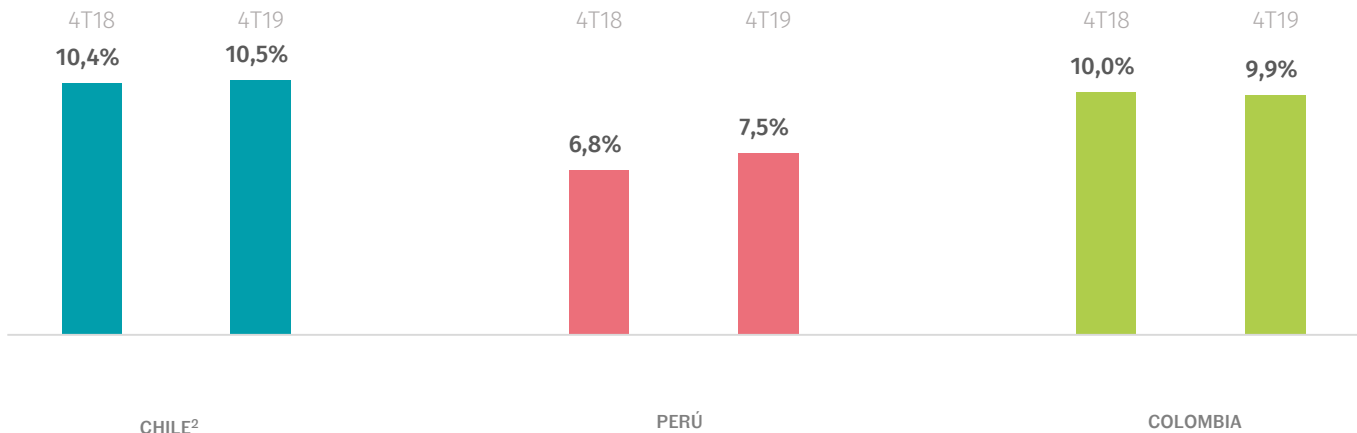
El costo locatario es una medida de desempeño relevante en el sector de rentas inmobiliarias porque permite medir la salud financiera de los contratos de arriendo que ofrece Parque Arauco a sus locatarios.

Este indicador mide el costo en que incurren los locatarios para tener disponible el espacio inmobiliario que arriendan, en relación a sus ventas. Específicamente, se calcula como la suma de arriendo mínimo, arriendo variable, gasto común y fondo de promoción que pagan los locatarios a Parque Arauco, dividido por sus ventas.

En la comparación de este indicador respecto del cuarto trimestre de 2018, el costo locatario se mantuvo estable en Chile y Colombia, con indicadores de 10,5% y 9,9%, aumentando levemente en Perú, donde alcanza un 7,5%. Cabe destacar, que en este trimestre las menores ventas del periodo en Chile se vieron compensadas en parte por descuentos puntuales realizados a los locatarios.

En consecuencia, los tres países se encuentran en niveles razonables para este indicador, siendo las diferencias explicadas principalmente por el peso relativo que tienen las tiendas anclas en los centros comerciales de cada país. En los países en que una mayor parte de la superficie se arrienda a tiendas anclas, como Perú, el costo locatario es menor debido al menor arriendo pagado respecto a sus ventas totales.

## COSTO LOCATARIO<sup>1</sup> (%)





## Análisis de resultados

### Ingresos

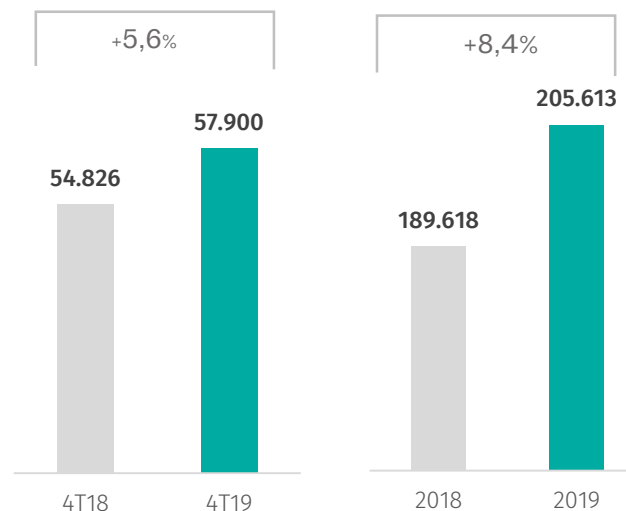
Durante el cuarto trimestre del año 2019, los ingresos aumentaron un 5,6%, alcanzando Ch\$57.900 millones. Una razón relevante para este aumento es la apreciación percibida por las monedas de Perú y Colombia con respecto al año anterior, aumentando en un 3,2% para el caso del peso colombiano y un 11,0% para el sol peruano, ambos con respecto al peso chileno.

En el trimestre, Perú y Colombia presentan crecimientos en moneda local de 6,0% y 10,1% respectivamente mientras que Chile decrece 2,4%.

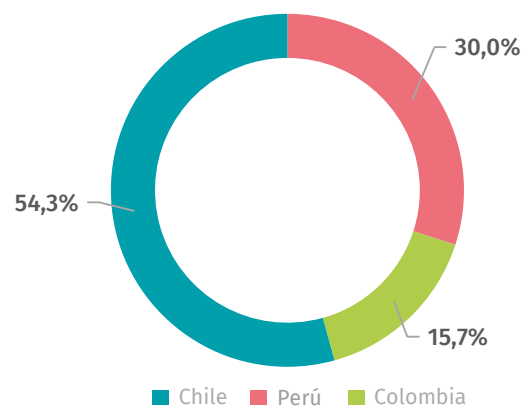
El ABL creció 2,1% a 1.075.500 m<sup>2</sup>, producto de expansiones y la incorporación de Arauco Express El Peñón y más recientemente el proyecto Puerto Nuevo Antofagasta.

En línea con su estrategia de expansión regional, Parque Arauco ha aumentado la diversificación de su ABL e ingresos, de la mano del crecimiento de sus operaciones en Perú y Colombia. De hecho, al último trimestre de 2019 el ABL de estos países representó 52,1% del ABL total. Por su parte, durante el cuarto trimestre los ingresos en Chile fueron Ch\$ 31.425 millones, en Perú Ch\$ 17.356 millones y en Colombia Ch\$ 9.119 millones, resultando en que los ingresos provenientes de Perú y Colombia representen un 45,7% del total, lo que implica un aumento en comparación al 41,3% del mismo trimestre de 2018.

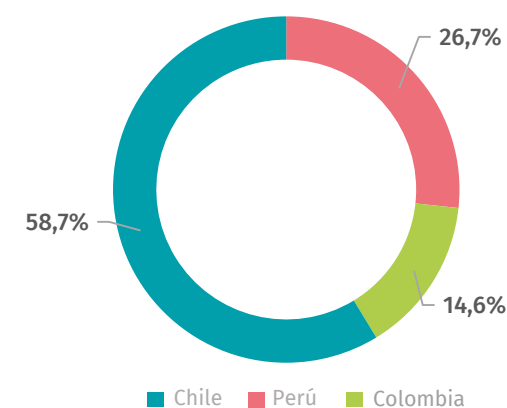
### INGRESOS (Ch\$ Millones)



### DIVERSIFICACIÓN DE LOS INGRESOS INGRESOS POR PAÍS 4T19



### INGRESOS POR PAÍS 4T18









# Análisis de resultados

## Resultado no operacional

El rubro ingresos financieros disminuyó 62,6% en comparación al mismo periodo del año anterior, alcanzando Ch\$ 1.024 millones, explicado principalmente por el menor rendimiento obtenido por las carteras de inversión financieras en las que se invierten los fondos de acuerdo a la política corporativa.

Los costos financieros, por su parte, disminuyeron 3,7% durante el periodo, alcanzando Ch\$ 9.753 millones, debido a la implementación de refinanciamientos a menores costos promedio.

El resultado de la participación en empresas relacionadas, donde principalmente se encuentra la inversión en Inmobiliaria Mall Viña del Mar S.A., disminuyó 87,5%, llegando a Ch\$ 530 millones durante el periodo. Esta disminución se debe principalmente a los mayores niveles de deuda que presenta la Compañía.

Las diferencias de cambio afectaron positivamente el resultado llegando a Ch\$ 936 millones, principalmente por aumento del tipo de cambio del dólar estadounidense que impactó al alza el valor de los activos en dólares que posee la Compañía.

Las unidades de reajuste aumentan 26,5% en comparación al mismo periodo del año anterior, llegando a un monto negativo de Ch\$ 7.461 millones, producto a un aumento en la inflación del periodo y mayores niveles de deuda en UF.

Los impuestos corrientes disminuyeron 30,3% comparado con el año anterior, en línea con la menor utilidad del periodo. Los impuestos diferidos disminuyeron 10,7%, llegando a un monto negativo de Ch\$ 14.507 millones, por efecto del Fair Value, el cual en el agregado fue menor que en el año 2018.

En suma, la utilidad atribuible a la participación controladora disminuyó en 15,3%, alcanzando los Ch\$ 48.691 millones.

| Resultados Consolidados (MMCh\$)          | 4T19     | 4T18     | Var. %  |
|---|----------|----------|---------|
| Resultado directo de la operación         | 84.352   | 85.896   | (1,8%)  |
| (+) Ingresos financieros                  | 1.024    | 2.738    | (62,6%) |
| (+) Costos financieros                    | (9.753)  | (10.125) | (3,7%)  |
| (+) Participación empresas relacionadas   | 530      | 4.237    | (87,5%) |
| (+) Diferencias de cambio                 | 936      | (15)     | N/A     |
| (+) Unidades de reajuste                  | (7.461)  | (5.898)  | 26,5%   |
| Ganancia (pérdida) antes de impuestos     | 69.628   | 76.834   | (9,4%)  |
| (+) Gasto por impuestos corrientes        | (1.982)  | (2.843)  | (30,3%) |
| (+) Gasto por impuestos diferidos         | (14.507) | (16.239) | (10,7%) |
| Total utilidad (pérdida)                  | 53.139   | 57.752   | (8,0%)  |
| Utilidad (pérdida) integral atribuible a: |          |          |         |
| Participación controladora                | 48.691   | 57.463   | (15,3%) |
| Participación minoritaria                 | 4.448    | 289      | 1.441%  |





# Análisis de resultados

## Empresas bajo el método de participación

La cuenta “Participación en empresas relacionadas” refleja principalmente la evolución de nuestra inversión en la sociedad Inmobiliaria Mall Viña del Mar S.A (“Grupo Marina”) en Chile, junto con la inversión en Desarrollos Panamericana S.A.C. en Perú. De acuerdo a la Norma Internacional de Información Financiera N°11 (NIIF 11) y a la Norma Internacional de Contabilidad N°28 (NIC 28), la inversión en Inmobiliaria Mall Viña del Mar S.A. y Desarrollos Panamericana S.A.C no se consolidan en los estados financieros de Parque Arauco S.A. Éstos son contabilizadas por el método de la participación y presentadas en el Estado de Resultados de Parque Arauco S.A. en la cuenta “Participación en empresas relacionadas” y en el Balance en la cuenta “Inversiones en asociadas”.

La sociedad chilena, controlada en partes iguales por Parque Arauco S.A. y Ripley Corp S.A., es propietaria de los centros comerciales Mall Marina (72.000 m² de ABL), Boulevard Marina (10.500 m² de ABL), Mall Curicó (53.500 m² de ABL) y Mall del Centro Concepción (36.500 m² de ABL), este último adquirido en el tercer trimestre de 2019. Durante el cuarto trimestre de 2019, los ingresos proporcionales de Mall Viña del Mar S.A. aumentaron un 52,3% en relación al mismo periodo del año anterior, llegando a Ch\$ 8.033 millones. Este crecimiento se debe a la incorporación de Mall del Centro Concepción y la maduración de la ampliación del Mall Marina. El EBITDA proporcional del trimestre alcanzó los Ch\$ 6.275 millones, aumentando un 37,1% en comparación al mismo periodo del año anterior. Finalmente, la utilidad proporcional del trimestre disminuyó un 75,6%, a Ch\$ 1.036 millones, debido a los mayores niveles de deuda que presenta la Compañía.

Respecto a la sociedad peruana, ésta es controlada en partes iguales por Parque Arauco S.A. y Grupo Wiese, siendo propietaria de varios terrenos en Perú, que no han sido desarrollados.

(1) Se considera Desarrollos Panamericana S.A.C. junto a cinco otras sociedades relacionadas con terrenos en Peru controladas en conjunto con Grupo Wiese.

| Participación en empresas relacionadas (MMCh\$) |       |       |         |       |        |         |
|---|-------|-------|---------|-------|--------|---------|
|   | 4T19  | 4T18  | Var. %  | 2019  | 2018   | Var. %  |
| Inm. Viña del Mar S.A.                          | 1.036 | 4.237 | (75,6%) | 7.792 | 10.330 | (24,6%) |
| Desarrollos Panamericana S.A.C.1                | (506) | 0     | N/A     | (605) | 0      | N/A     |
| Total   | 530   | 4.237 | (87,5%) | 7.187 | 10.330 | (30,4%) |

| Inm. Viña del Mar (MMCh\$)         | 4T19    | 4T18   | Var. %  | 2019    | 2018   | Var. %  |
|------------------------------------|---------|--------|---------|---------|--------|---------|
| Ingresos proporcionales            | 8.033   | 5.274  | 52,3%   | 22.807  | 16.987 | 34,3%   |
| EBITDA proporcional                | 6.275   | 4.576  | 37,1%   | 18.633  | 14.763 | 26,2%   |
| Utilidad proporcional              | 1.036   | 4.237  | (75,6%) | 7.792   | 10.330 | (24,6%) |
| Deuda Financiera Neta proporcional | 151.932 | 74.864 | 102,9%  | 151.932 | 74.864 | 102,9%  |





## Análisis de resultados

### Resultados consolidados

| Resultados Consolidados (MMCh\$)          | 4T19     | 4T18     | Var. %  | 2019     | 2018     | Var. %  |
|---|----------|----------|---------|----------|----------|---------|
| Ingresos ordinarios                       | 57.900   | 54.826   | 5,6%    | 205.613  | 189.618  | 8,4%    |
| (+) Costo de ventas                       | (10.441) | (9.915)  | 5,3%    | (39.963) | (39.437) | 1,3%    |
| Margen bruto                              | 47.459   | 44.910   | 5,7%    | 165.650  | 150.181  | 10,3%   |
| (+) Gastos de administración              | (6.451)  | (4.845)  | 33,2%   | (19.847) | (15.808) | 25,6%   |
| (+) Otros ingresos por función            | 48.776   | 50.962   | (4,3%)  | 49.131   | 82.972   | (40,8%) |
| (+) Otros egresos por función             | (5.432)  | (5.132)  | 5,9%    | (10.993) | (10.021) | 9,7%    |
| Resultado directo de la operación         | 84.352   | 85.896   | (1,8%)  | 183.941  | 207.324  | (11,3%) |
| (+) Ingresos financieros                  | 1.024    | 2.738    | (62,6%) | 11.444   | 7.976    | 43,5%   |
| (+) Costos financieros                    | (9.753)  | (10.125) | (3,7%)  | (40.046) | (36.627) | 9,3%    |
| (+) Participación empresas relacionadas   | 530      | 4.237    | (87,5%) | 7.187    | 10.330   | (30,4%) |
| (+) Diferencias de cambio                 | 936      | (15)     | N/A     | 810      | (6)      | N/A     |
| (+) Unidades de reajuste                  | (7.461)  | (5.898)  | 26,5%   | (21.873) | (18.149) | 20,5%   |
| Ganancia (pérdida) antes de impuestos     | 69.628   | 76.834   | (9,4%)  | 141.462  | 170.849  | (17,2%) |
| (+) Gasto por impuestos corrientes        | (1.982)  | (2.843)  | (30,3%) | (14.452) | (24.112) | (40,1%) |
| (+) Gasto por impuestos diferidos         | (14.507) | (16.239) | (10,7%) | (22.368) | (23.347) | (4,2%)  |
| Total utilidad (pérdida)                  | 53.139   | 57.752   | (8,0%)  | 104.643  | 123.389  | (15,2%) |
| Utilidad (pérdida) integral atribuible a: |          |          |         |          |          |         |
| Participación controladora                | 48.691   | 57.463   | (15,3%) | 93.394   | 117.863  | (20,8%) |
| Participación minoritaria                 | 4.448    | 289      | 1.441%  | 11.249   | 5.526    | 103,6%  |
| EBITDA                                    | 4T19     | 4T18     | Var. %  | 2019     | 2018     | Var. %  |
| Ingresos ordinarios                       | 57.900   | 54.826   | 5,6%    | 205.613  | 189.618  | 8,4%    |
| (+) Costo de ventas                       | (10.441) | (9.915)  | 5,3%    | (39.963) | (39.437) | 1,3%    |
| (+) Gastos de administración              | (6.451)  | (4.845)  | 33,2%   | (19.847) | (15.808) | 25,6%   |
| (-) Amortización y depreciación           | (1.262)  | (1.292)  | (2,4%)  | (4.759)  | (3.344)  | 42,3%   |
| EBITDA                                    | 42.270   | 41.358   | 2,2%    | 150.562  | 137.717  | 9,3%    |





## Análisis de resultados

### Conciliación de NOI y FFO

El NOI de Parque Arauco aumentó un 2,4% en el trimestre, debido principalmente a un aumento en los ingresos provenientes de Colombia y Perú. Por otra parte, el NOI de empresas relacionados, el cual refleja principalmente nuestra posición en Inmobiliaria Viña del Mar S.A., mejoró un 4,5% comparado con el año anterior explicado mayoritariamente por la adquisición de Mall del Centro Concepción durante el tercer trimestre de este año.

El AFFO propio de la compañía aumenta un 11,8% en el periodo, llegando a Ch\$ 34.270 millones. Este mayor flujo de caja de las operaciones se produce principalmente por el aumento en el EBITDA y una disminución en el monto de los impuestos corrientes. Además, es importante mencionar que, durante la primera mitad del año, Parque Arauco realizó varias transacciones que cambiaron la distribución de sus participaciones, tales como ventas del 49% de participación en algunos centros comerciales en Chile y la compra de la participación en MegaPlaza en Perú.

| NOI (MMCh\$)                    | 4T19     | 4T18    | Var. % | 2019     | 2018     | Var. % |
|---------------------------------|----------|---------|--------|----------|----------|--------|
| Ingresos ordinarios             | 57.900   | 54.826  | 5,6%   | 205.613  | 189.618  | 8,4%   |
| (+) Costo de ventas             | (10.441) | (9.915) | 5,3%   | (39.963) | (39.437) | 1,3%   |
| (+) Gasto de administración     | (6.451)  | (4.845) | 33,2%  | (19.847) | (15.808) | 25,6%  |
| (-) Depreciación y amortización | (1.262)  | (1.292) | (2,4%) | (4.759)  | (3.344)  | 42,3%  |
| (+) NOI Empresas relacionadas   | 4.783    | 4.576   | 4,5%   | 16.929   | 14.782   | 14,5%  |
| NOI                             | 47.053   | 45.934  | 2,4%   | 167.490  | 152.499  | 9,8%   |

| FFO (MMCh\$)                            | 4T19    | 4T18    | Var. %  | 2019    | 2018    | Var. %  |
|---|---------|---------|---------|---------|---------|---------|
| Total ganancia (pérdida) <sup>1</sup>   | 53.139  | 57.752  | (8,0%)  | 104.643 | 103.213 | 1,4%    |
| (-) Depreciación y amortización         | (1.262) | (1.292) | (2,4%)  | (4.759) | (3.344) | 42,3%   |
| (-) Participación empresas relacionadas | 530     | 4.237   | (87,5%) | 7.187   | 10.330  | (30,4%) |
| (+) FFO Empresas relacionadas           | 1.095   | 4.284   | (74,4%) | 7.965   | 10.503  | (24,2%) |
| FFO                                     | 54.966  | 59.091  | (7,0%)  | 110.179 | 106.730 | 3,2%    |
| FFO Atribuible a:                       |         |         |         |         |         |         |
| FFO Participación minoritaria           | 467     | 444     | 5,1%    | 6.938   | 6.091   | 13,9%   |
| FFO Participación controladora          | 54.498  | 58.646  | (7,1%)  | 103.241 | 100.639 | 2,6%    |

| AFFO (MMCh\$)                           | 4T19    | 4T18     | Var. %  | 2019     | 2018     | Var. %  |
|---|---------|----------|---------|----------|----------|---------|
| EBITDA                                  | 42.270  | 41.358   | 2,2%    | 150.562  | 137.717  | 9,3%    |
| (+) Ingresos Financieros                | 1.024   | 2.738    | (62,6%) | 11.444   | 7.976    | 43,5%   |
| (+) Costos Financieros                  | (9.753) | (10.125) | (3,7%)  | (40.046) | (36.627) | 9,3%    |
| (+) Impuestos Corrientes <sup>2</sup>   | (1.982) | (2.843)  | (30,3%) | (14.452) | (14.361) | 0,6%    |
| (+) FFO Ajustado Empresas Relacionadas  | 2.487   | 2.727    | (8,8%)  | 11.017   | 10.409   | 5,8%    |
| AFFO                                    | 34.046  | 33.855   | 0,6%    | 118.525  | 105.114  | 12,8%   |
| AFFO Atribuible a:                      |         |          |         |          |          |         |
| FFO Ajustado participación minoritaria  | (224)   | 3.195    | N/A     | 5.805    | 10.847   | (46,5%) |
| FFO Ajustado participación controladora | 34.270  | 30.661   | 11,8%   | 112.720  | 94.267   | 19,6%   |

(1) No incluye utilidad relacionada con la venta del terreno en Perú en el primer trimestre de 2018.

(2) No incluye impuestos corrientes relacionados con la venta del terreno en Perú en el primer trimestre de 2018.





# Análisis de resultados

## Flujo de efectivo resumido

El flujo de efectivo procedente de actividades de operación aumentó en un 13,4% durante el trimestre, alcanzando los Ch\$ 38.425 millones. Si bien los Pagos a y por cuenta de empleados aumentaron (debido a costos asociados con la restructuración del equipo con la operación de MegaPlaza), se vio compensado este efecto por una importante disminución de 32,7% de Otras salidas de efectivo respecto al año 2018 en el cual se pagó impuestos por las transacciones del periodo.

Las actividades de inversión durante el cuarto trimestre de 2019 llegan a un monto negativo de Ch\$ 33.696 millones. Incluyen principalmente la inversión continua al desarrollo del proyecto de expansión de Parque Arauco Kennedy y la construcción del proyecto Parque Alegra en Colombia, ambas reflejadas en la cuenta de compras de otros activos a largo plazo.

Finalmente, las actividades de financiamiento fueron positivas, aumentando durante el último trimestre del año a Ch\$ 16.498 millones debido a Importes procedentes de préstamos a largo plazo que ascendió a Ch\$ 129.261 millones, correspondientes a la toma de tres créditos en Colombia, uno en Perú y otro en Chile. Estos flujos fueron compensados por la salida de efectivo asociada al prepagó de dos bonos y el vencimiento de dos créditos en Colombia.

| Flujo de Efectivo Resumido (MMCh\$)              | 4T19     | 4T18     | Var. %  | 2019     | 2018     | Var. %  |
|--|----------|----------|---------|----------|----------|---------|
| De la operación                                  | 38.425   | 33.886   | 13,4%   | 147.583  | 135.748  | 8,7%    |
| De la inversión                                  | (33.696) | (66.181) | (49,1%) | (92.269) | (23.178) | 298,1%  |
| Del financiamiento                               | 16.498   | 626      | 2.535%  | (31.557) | 19.184   | N/A     |
| Variación tasa de cambio efectivo y equivalentes | 7.294    | 277      | 2.531%  | 10.455   | 2.870    | 264,3%  |
| Flujo del periodo                                | 28.521   | (31.392) | N/A     | 34.211   | 134.625  | (74,6%) |
| Efectivo y equivalentes al principio del periodo | 286.914  | 312.615  | (8,2%)  | 281.224  | 146.599  | 91,8%   |
| Efectivo y equivalentes al final del periodo     | 315.435  | 281.224  | 12,2%   | 315.435  | 281.224  | 12,2%   |





## Análisis de resultados

### Balance - Activos

Los activos corrientes aumentaron un 12,6% de Ch\$ 364.168 millones al 31 de diciembre 2018 a Ch\$ 409.922 millones al fin del 2019. Hubo mayores movimientos en la cuenta de efectivo y equivalentes durante el periodo, el cuál aumentó Ch\$ 34.211 millones principalmente por la recepción de los fondos relacionados a la venta de participaciones no controladoras de varios centros comerciales en Chile (49% de Arauco El Bosque, Arauco Quilicura, Arauco Coronel, Arauco San Antonio, Arauco Chillán) y también a la toma de créditos bancarios. Otros Activos no Financieros Corrientes aumentó Ch\$ 10.453 millones, producto de la cuenta por cobrar del siniestro de Quilicura.

Los activos no corrientes aumentaron de Ch\$ 2.013.932 millones al 31 de diciembre 2018, llegando a Ch\$ 2.282.436 millones al término de 2019. Este aumento se explica principalmente por la cuenta de propiedades de inversión, que aumentó Ch\$ 242.846 millones durante el periodo debido a la inclusión de los Activos por Derecho de Uso relacionados al arriendo de terrenos (según lo expuesto en la NIIF 16), inversiones realizadas por la compañía durante el periodo en los tres países, y la revalorización de los activos existentes.

| Activos  | 31.12.2019<br>(MMCh\$)     | 31.12.2018<br>(MMCh\$)     |
|--|----------------------------|----------------------------|
| <strong>Activos Corrientes</strong>                        |                            |                            |
| Efectivo y equivalentes al efectivo                        | 315.435                    | 281.224                    |
| Otros activos financieros, corrientes                      | 3                          | 6.607                      |
| Otros activos no financieros, corrientes                   | 49.988                     | 39.535                     |
| Deudores com. y otras cuentas por cobrar, neto, corrientes | 35.041                     | 30.216                     |
| Cuentas por cobrar a entidades relacionadas, corrientes    | 234                        | 3                          |
| Activos por impuestos corrientes                           | 9.222                      | 6.583                      |
| <strong>Total Activos Corrientes</strong>                  | <strong>409.922</strong>   | <strong>364.168</strong>   |
| <strong>Activos No Corrientes</strong>                     |                            |                            |
| Otros activos financieros, no corrientes                   | 5.978                      | 4.580                      |
| Otros activos no financieros, no corrientes                | 21.316                     | 36.973                     |
| Derechos por cobrar, no corrientes                         | 52                         | 55                         |
| Cuentas por cobrar a entidades relacionadas, no corrientes | 2.027                      | 6.615                      |
| Inversiones en asociadas                                   | 117.210                    | 89.928                     |
| Activos intangibles distintos de la plusvalía              | 18.105                     | 16.171                     |
| Plusvalía  | 3.258                      | 8.940                      |
| Propiedades, planta y equipo, neto                         | 40.682                     | 13.371                     |
| Propiedades de inversión                                   | 2.029.498                  | 1.794.030                  |
| Activos por impuestos diferidos                            | 44.309                     | 43.269                     |
| <strong>Total Activos No Corrientes</strong>               | <strong>2.282.436</strong> | <strong>2.013.932</strong> |
| <strong>Total Activos</strong>                             | <strong>2.692.358</strong> | <strong>2.378.100</strong> |







## Análisis de resultados

### Balance - Pasivos y patrimonio

Los pasivos corrientes aumentaron de Ch\$ 190.332 millones al 31 de diciembre 2018 a Ch\$ 321.246 millones al término del 2019. Este aumento se explica principalmente por el aumento de la cuenta otros pasivos financieros corrientes, la cual aumentó Ch\$ 115.147 millones durante el periodo debido a la reclasificación de deuda de largo plazo a corto plazo.

Los pasivos no corrientes aumentaron de Ch\$ 1.109.740 millones al 31 de diciembre 2018 a Ch\$ 1.195.855 millones al 31 de diciembre 2019. Este aumento se debe principalmente a la inclusión de la cuenta pasivos por arrendamiento, no corrientes (por la aplicación de NIIF 16), la cual corresponde a Ch\$ 46.503 millones.

El patrimonio total aumentó de Ch\$ 1.078.028 millones al 31 de diciembre 2018 a Ch\$ 1.175.257 millones al 31 de diciembre 2019. Este aumento de 9,0% se explica mayormente por el resultado.

| Pasivos y patrimonio                       | 31.12.2019<br>(MMCh\$) | 31.12.2018<br>(MMCh\$) |
|--|------------------------|------------------------|
| <b>Pasivos Corrientes</b>                  |                        |                        |
| Otros pasivos financieros corrientes       | 235.023                | 119.876                |
| Cntas. por pagar comerciales y otras cu    | 49.464                 | 51.317                 |
| Cuentas por Pagar a Entidades Relacio      | 0                      | 0                      |
| Otras provisiones                          | 1.225                  | 2.261                  |
| Pasivos por Impuestos corrientes           | 17.078                 | 4.908                  |
| Provisiones por beneficios a los emplea    | 5.021                  | 4.534                  |
| Otros pasivos no financieros corrientes    | 12.448                 | 7.436                  |
| Pasivos por arrendamiento, corrientes      | 988                    | 0                      |
| <b>Total Pasivos Corrientes</b>            | <b>321.246</b>         | <b>190.332</b>         |
| <b>Pasivos No Corrientes</b>               |                        |                        |
| Otros pasivos financieros, no corrientes   | 879.837                | 876.257                |
| Cuentas por pagar a entidades rel., no c   | 0                      | 3.168                  |
| Pasivos por Impuestos Diferidos            | 247.849                | 214.750                |
| Otros pasivos no financieros, no corrient  | 21.665                 | 15.565                 |
| Pasivos por arrendamiento, no corriente    | 46.503                 | 0                      |
| <b>Total Pasivos No corrientes</b>         | <b>1.195.855</b>       | <b>1.109.740</b>       |
| <b>Total Pasivos</b>                       | <b>1.517.101</b>       | <b>1.300.072</b>       |
| <b>Patrimonio</b>                          |                        |                        |
| Capital Emitido                            | 423.575                | 420.017                |
| Resultados Retenidos (Pérdidas Acumu       | 590.004                | 497.558                |
| Primas de Emisión                          | 289                    | 289                    |
| Otras Reservas                             | 50.580                 | 1.963                  |
| Patrimonio atrib. a los propietarios de cc | 1.064.448              | 919.826                |
| Participaciones no controladoras           | 110.808                | 158.201                |
| <b>Patrimonio Total</b>                    | <b>1.175.257</b>       | <b>1.078.028</b>       |
| <b>Patrimonio Neto Y Pasivos, Total</b>    | <b>2.692.358</b>       | <b>2.378.100</b>       |





# Análisis de resultados

## Principales indicadores financieros

La compañía continúa cumpliendo con holgura su covenant financiero, con un indicador de Deuda Financiera Neta/Patrimonio de 0,68 veces, inferior al límite de 1,5 veces.

Al 31 de diciembre 2019, la deuda financiera neta alcanzó los Ch\$ 799.425 millones. El indicador de Deuda Financiera Neta/EBITDA alcanzó 5,31 veces, aumento que está

relacionado al impacto del estallido social en Chile sobre el EBITDA de la Compañía aunque compensado por el aumento de la caja después de la venta participaciones minoritarias en varios centros comerciales. El indicador Pasivos/Patrimonio es de 1,29 veces y el indicador de EBITDA/Gastos Financieros es 3,76 veces.



| Indicadores Financieros  | Unidad        | 31.12.2019 | 31.12.2018 | Covenant Límite |
|--|---------------|------------|------------|-----------------|
| Deuda Financiera Bruta   | Ch\$ millones | 1.114.860  | 996.133    |                 |
| Deuda Financiera Neta  | Ch\$ millones | 799.425    | 714.910    |                 |
| Deuda Financiera Neta/EBITDA (12 meses)  | veces         | 5,31       | 5,19       |                 |
| EBITDA/Gastos Financieros (12 meses)   | veces         | 3,76       | 3,76       |                 |
| Pasivos/Patrimonio   | veces         | 1,29       | 1,21       |                 |
| Deuda Financiera Neta / Patrimonio   | veces         | 0,68       | 0,66       | <1,5            |
| Pasivos Corrientes/Pasivos Totales   | %             | 21,2%      | 14,6%      |                 |
| Pasivos No Corrientes/Pasivos Totales  | %             | 78,8%      | 85,4%      |                 |
| Liquidez corriente (Activos corrientes / pasivos corrientes)   | veces         | 1,28       | 1,92       |                 |
| Rentabilidad del patrimonio (Ganancia (pérdida) propietarios controladora / Patrimonio controladora promedio <sup>1)</sup> ) | %             | 9,5%       | 13,8%      |                 |
| Rentabilidad del activo (Ganancia (pérdida) / total activos promedio <sup>1)</sup> )   | %             | 4,2%       | 5,7%       |                 |
| Rendimiento activos operacionales (Ganancia (pérdida) / activos operacionales promedio (PI+PPE) <sup>2)</sup> )              | %             | 5,6%       | 7,5%       |                 |

1) Los indicadores operacionales y financieros presentados se calculan de acuerdo a las normas impuestas por la Comisión de Mercados Financieros en Chile, y no necesariamente coinciden con las fórmulas de cálculos utilizadas para calcular los covenants de deuda de la compañía.  
2) Considera resultados de los últimos 12 meses





# Resultados por activo





# Portafolio



| Nombre   | ABL (m <sup>2</sup> ) | % Propiedad | ABL Propio (m <sup>2</sup> ) | % Ocupación |
|--|-----------------------|-------------|------------------------------|-------------|
| Parque Arauco Kennedy  | 111.000               | 100,0%      | 111.000                      | 98,7%       |
| Arauco Maipú   | 75.000                | 100,0%      | 75.000                       | 99,9%       |
| Arauco Chillán   | 35.500                | 51,0%       | 18.105                       | 94,0%       |
| Arauco Estación  | 67.000                | 83,0%       | 55.610                       | 95,4%       |
| Arauco San Antonio   | 28.500                | 36,0%       | 10.175                       | 95,4%       |
| Arauco Express (Stripcenters Chile) <sup>1</sup>                   | 40.500                | 51,0%       | 20.655                       | 90,3%       |
| Arauco Premium Outlets <sup>2</sup>                                | 48.500                | 100,0%      | 48.500                       | 94,7%       |
| Arauco Quilicura <sup>3</sup>                                      | 32.000                | 51,0%       | 16.320                       | -           |
| Arauco Coronel   | 30.000                | 51,0%       | 15.300                       | 97,9%       |
| Parque Angamos   | 10.500                | 55,0%       | 5.775                        | 82,2%       |
| Arauco El Bosque   | 30.000                | 51,0%       | 15.300                       | 99,6%       |
| Puerto Nuevo Antofagasta   | 6.500                 | 100,0%      | 6.500                        | 75,4%       |
| Total Chile  | 515.000               | 77,0%       | 398.240                      | 96,1%       |
| MegaPlaza Norte  | 112.000               | 100,0%      | 112.000                      | 98,1%       |
| MegaPlaza Express Villa  | 8.000                 | 100,0%      | 8.000                        | 96,7%       |
| Larcomar   | 27.000                | 100,0%      | 27.000                       | 85,3%       |
| Parque Lambramani  | 30.000                | 100,0%      | 30.000                       | 92,6%       |
| MegaPlaza Chimbote   | 28.000                | 100,0%      | 28.000                       | 95,8%       |
| MegaPlaza Express Villa El Salvador                                | 9.000                 | 100,0%      | 9.000                        | 97,3%       |
| MegaPlaza Express Chinchá  | 10.500                | 100,0%      | 10.500                       | 95,5%       |
| InOutlet (Premium Outlets) and Viamix (Strip Centers) <sup>4</sup> | 26.000                | 100,0%      | 26.000                       | 93,0%       |
| MegaPlaza Cañete   | 16.500                | 100,0%      | 16.500                       | 99,4%       |
| MegaPlaza Express Barranca   | 10.000                | 100,0%      | 10.000                       | 90,2%       |
| MegaPlaza Pisco  | 15.000                | 100,0%      | 15.000                       | 92,5%       |
| El Quinde Cajamarca  | 33.000                | 100,0%      | 33.000                       | 96,9%       |
| El Quinde Ica  | 36.500                | 100,0%      | 36.500                       | 98,7%       |
| MegaPlaza Express Jaén   | 14.500                | 100,0%      | 14.500                       | 97,4%       |
| MegaPlaza Huaral   | 14.000                | 100,0%      | 14.000                       | 95,9%       |
| MegaPlaza Villa El Salvador II                                     | 15.500                | 100,0%      | 15.500                       | 93,4%       |
| Total Perú   | 405.500               | 100,0%      | 405.500                      | 95,6%       |
| Parque Arboleda  | 41.000                | 55,0%       | 22.550                       | 98,3%       |
| Parque Caracolí  | 39.000                | 100,0%      | 39.000                       | 89,5%       |
| Parque La Colina   | 62.000                | 100,0%      | 62.000                       | 96,4%       |
| Premium Outlet Arauco (Sopó)                                       | 13.000                | 100,0%      | 13.000                       | 64,7%       |
| Total Colombia   | 155.000               | 88,0%       | 136.550                      | 92,5%       |
| Grupo Marina <sup>5</sup>  |                       |             | 86.250                       |             |
| Total  | 1.075.500             | 87,0%       | 1.026.540                    | 95,4%       |

(1) Incluye 16 strip centers: ubicados en: Santiago (12), Viña del Mar(1), Calama (1), Coquimbo (1) y Antofagasta(1) /

(2) Incluye cuatro Premium Outlets ubicados en: Santiago, Concepción, Coquimbo y Curauma. /

(3) Actualmente Arauco Quilicura se encuentra mayoritariamente cerrado, y sin fecha de apertura definida, producto de las contingencias ocurridas en Chile. /

(4) Incluye InOutlet Premium Faucett, InOutlet Premium Lurín, Viamix Chorillos, Viamix Las Malvinas y Viamix Colonial. /

(5) ABL propio corresponde al 50% del Grupo Marina.





## Resultados trimestrales por propiedad

| Chile en MMCLP / Perú en MPEN / Colombia en MMCOP     | ABL (m <sup>2</sup> ) |                |               | Ventas         |                |               | Ingresos      |               |               | NOI           |               |               |
|---|-----------------------|----------------|---------------|----------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|   | 31.12.19              | 31.12.18       | Var. %        | 4T19           | 4T18           | Var. %        | 4T19          | 4T18          | Var. %        | 4T19          | 4T18          | Var. %        |
| Parque Arauco Kennedy                                 | 111.000               | 112.000        | (0,9%)        | 102.700        | 111.118        | (7,6%)        | 12.192        | 13.612        | (10,4%)       | 11.273        | 14.010        | (19,5%)       |
| Arauco Maipu  | 75.000                | 72.500         | 3,4%          | 60.176         | 60.357         | (0,3%)        | 4.367         | 4.515         | (3,3%)        | 4.358         | 4.500         | (3,2%)        |
| Arauco Chillan  | 35.500                | 35.000         | 1,4%          | 22.830         | 23.939         | (4,6%)        | 1.861         | 1.811         | 2,8%          | 1.603         | 1.534         | 4,5%          |
| Arauco Estación                                       | 67.000                | 67.000         | 0,0%          | 29.234         | 33.603         | (13,0%)       | 3.852         | 4.346         | (11,4%)       | 3.234         | 3.804         | (15,0%)       |
| Arauco San Antonio                                    | 28.500                | 28.500         | 0,0%          | 10.900         | 12.478         | (12,6%)       | 1.226         | 1.196         | 2,5%          | 844           | 745           | 13,2%         |
| Arauco Express (Strip Centers Chile)                  | 40.500                | 37.000         | 9,5%          | 15.045         | 13.369         | 12,5%         | 1.651         | 1.486         | 11,1%         | 1.071         | 909           | 17,8%         |
| Arauco Premium Outlets                                | 48.500                | 46.000         | 5,4%          | 30.323         | 29.377         | 3,2%          | 2.777         | 2.641         | 5,1%          | 2.304         | 1.933         | 19,2%         |
| Arauco Quilicura                                      | 32.000                | 32.000         | 0,0%          | 4.872          | 15.439         | (68,4%)       | 1.217         | 1.220         | (0,3%)        | 1.287         | 1.081         | 19,1%         |
| Arauco Coronel  | 30.000                | 30.000         | 0,0%          | 14.257         | 13.639         | 4,5%          | 977           | 992           | (1,5%)        | 812           | 796           | 1,9%          |
| Parque Angamos  | 10.500                | 10.500         | 0,0%          | 5.089          | 2.926          | 73,9%         | 369           | 235           | 57,3%         | 268           | 105           | 155,1%        |
| Arauco El Bosque                                      | 30.000                | 30.000         | 0,0%          | 9.782          | -              | N/A           | 813           | -             | N/A           | 688           | -             | N/A           |
| Puerto Nuevo Antofagasta                              | 6.500                 | -              | N/A           | 36             | -              | N/A           | 122           | -             | N/A           | 97            | -             | N/A           |
| <b>Total Chile</b>                                    | <b>515.000</b>        | <b>500.500</b> | <b>2,9%</b>   | <b>305.243</b> | <b>316.245</b> | <b>(3,5%)</b> | <b>31.425</b> | <b>32.054</b> | <b>(2,0%)</b> | <b>27.840</b> | <b>29.417</b> | <b>(5,4%)</b> |
| MegaPlaza Norte                                       | 112.000               | 112.000        | 0,0%          | 374.189        | 376.851        | (0,7%)        | 28.273        | 25.426        | 11,2%         | 26.147        | 24.749        | 5,6%          |
| MegaPlaza Express Villa                               | 8.000                 | 8.000          | 0,0%          | 23.911         | 23.408         | 2,2%          | 1.571         | 1.672         | (6,0%)        | 1.244         | 1.608         | (22,6%)       |
| Larcomar  | 27.000                | 27.000         | 0,0%          | 72.687         | 70.478         | 3,1%          | 13.519        | 12.830        | 5,4%          | 11.494        | 11.792        | (2,5%)        |
| Parque Lambramani                                     | 30.000                | 30.000         | 0,0%          | 34.223         | 36.718         | (6,8%)        | 2.580         | 3.513         | (26,6%)       | 1.561         | 2.416         | (35,4%)       |
| MegaPlaza Chimbote                                    | 28.000                | 28.000         | 0,0%          | 74.849         | 72.772         | 2,9%          | 3.789         | 3.560         | 6,4%          | 3.138         | 3.124         | 0,4%          |
| MegaPlaza Express Villa El Salvador                   | 9.000                 | 9.000          | 0,0%          | 16.106         | 15.985         | 0,8%          | 1.382         | 1.284         | 7,6%          | 880           | 942           | (6,6%)        |
| MegaPlaza Express Chinchá                             | 10.500                | 10.500         | 0,0%          | 11.392         | 10.379         | 9,8%          | 1.110         | 1.199         | (7,4%)        | 681           | 990           | (31,2%)       |
| InOutlet (Premium Outlets) and Viamix (Strip Centers) | 26.000                | 25.000         | 4,0%          | 60.582         | 58.780         | 3,1%          | 6.074         | 5.276         | 15,1%         | 5.222         | 4.131         | 26,4%         |
| MegaPlaza Cañete                                      | 16.500                | 16.500         | 0,0%          | 35.347         | 34.778         | 1,6%          | 1.730         | 1.707         | 1,4%          | 1.461         | 1.485         | (1,7%)        |
| MegaPlaza Express Barranca                            | 10.000                | 10.000         | 0,0%          | 14.772         | 13.693         | 7,9%          | 1.109         | 1.193         | (7,0%)        | 803           | 871           | (7,9%)        |
| MegaPlaza Pisco                                       | 15.000                | 14.500         | 3,4%          | 27.890         | 26.975         | 3,4%          | 1.587         | 1.882         | (15,7%)       | 1.280         | 1.729         | (26,0%)       |
| El Quinde Cajamarca                                   | 33.000                | 32.500         | 1,5%          | 42.876         | 42.612         | 0,6%          | 4.464         | 4.331         | 3,1%          | 3.654         | 4.163         | (12,2%)       |
| El Quinde Ica   | 36.500                | 36.500         | 0,0%          | 71.473         | 70.862         | 0,9%          | 6.369         | 6.077         | 4,8%          | 6.245         | 5.891         | 6,0%          |
| Plaza Jesus María                                     | -                     | -              | N/A           | -              | -              | N/A           | -             | -             | N/A           | -             | -             | N/A           |
| MegaPlaza Express Jaen                                | 14.500                | 14.500         | 0,0%          | 29.751         | 28.798         | 3,3%          | 1.469         | 1.321         | 11,2%         | 969           | 714           | 35,8%         |
| MegaPlaza Huaral                                      | 14.000                | 14.000         | 0,0%          | 10.693         | 8.516          | 25,6%         | 678           | 155           | 339,1%        | 519           | (268)         | NA            |
| MegaPlaza Villa El Salvador II                        | 15.500                | 9.000          | 72,2%         | 12.451         | 9.168          | 35,8%         | 795           | 511           | 55,5%         | 381           | (171)         | N/A           |
| <b>Total Perú</b>                                     | <b>405.500</b>        | <b>397.000</b> | <b>2,1%</b>   | <b>913.190</b> | <b>900.773</b> | <b>1,4%</b>   | <b>76.500</b> | <b>71.938</b> | <b>6,3%</b>   | <b>65.680</b> | <b>64.168</b> | <b>2,4%</b>   |
| Parque Arboleda                                       | 41.000                | 41.000         | 0,0%          | 99.625         | 89.933         | 10,8%         | 9.758         | 8.753         | 11,5%         | 7.744         | 7.770         | (0,3%)        |
| Parque Caracolí                                       | 39.000                | 38.500         | 1,3%          | 67.868         | 57.021         | 19,0%         | 7.940         | 7.012         | 13,2%         | 4.322         | 3.498         | 23,6%         |
| Parque La Colina                                      | 62.000                | 62.500         | (0,8%)        | 225.398        | 192.667        | 17,0%         | 21.949        | 20.544        | 6,8%          | 20.309        | 19.485        | 4,2%          |
| Premium Outlet Arauco (Sopó)                          | 13.000                | 13.500         | (3,7%)        | 15.429         | 10.996         | 40,3%         | 1.164         | 798           | 45,9%         | 381           | 34            | 1.015%        |
| <b>Total Colombia</b>                                 | <b>155.000</b>        | <b>155.500</b> | <b>(0,3%)</b> | <b>408.320</b> | <b>350.617</b> | <b>16,5%</b>  | <b>40.811</b> | <b>37.107</b> | <b>10,0%</b>  | <b>32.756</b> | <b>30.787</b> | <b>6,4%</b>   |



## Resultados trimestrales por propiedad

| Chile en MMCLP / Perú en MPEN / Colombia en MMCOP     | Ocupación |          |           | Margen NOI |         |           | Ventas mensuales por m <sup>2</sup> <sup>1</sup> |           |         | Ingresos mensuales por m <sup>2</sup> |         |         |
|---|-----------|----------|-----------|------------|---------|-----------|--|-----------|---------|---------------------------------------|---------|---------|
|   | 31.12.19  | 31.12.18 | Var. p.b. | 4T19       | 4T18    | Var. p.b. | 4T19   | 4T18      | Var. %  | 4T19                                  | 4T18    | Var. %  |
| Parque Arauco Kennedy                                 | 98.7%     | 98.5%    | 18        | 92.5%      | 102.9%  | (1046)    | 327,434  | 351,979   | (7.0%)  | 37,124                                | 41,057  | (9.6%)  |
| Arauco Maipú  | 99.9%     | 98.3%    | 154       | 99.8%      | 99.7%   | 14        | 270,963  | 285,563   | (5.1%)  | 19,539                                | 21,110  | (7.4%)  |
| Arauco Chillán  | 94.0%     | 92.8%    | 117       | 86.2%      | 84.7%   | 143       | 235,122  | 247,597   | (5.0%)  | 18,668                                | 18,969  | (1.6%)  |
| Arauco Estación                                       | 95.4%     | 96.6%    | (119)     | 83.9%      | 87.5%   | (358)     | 167,739  | 190,487   | (11.9%) | 20,046                                | 22,430  | (10.6%) |
| Arauco San Antonio                                    | 95.4%     | 95.5%    | (9)       | 68.8%      | 62.3%   | 653       | 135,191  | 154,325   | (12.4%) | 14,918                                | 14,549  | 2.5%    |
| Arauco Express (Stripcenters Chile)                   | 90.3%     | 90.3%    | 1         | 64.9%      | 61.2%   | 367       | 182,084  | 173,334   | 5.0%    | 14,857                                | 14,885  | (0.2%)  |
| Arauco Premium Outlets                                | 94.7%     | 98.6%    | (387)     | 83.0%      | 73.2%   | 977       | 223,925  | 212,932   | 5.2%    | 20,451                                | 19,706  | 3.8%    |
| Arauco Quilicura                                      | -         | 99.7%    | N/A       | 105.8%     | 88.6%   | 1,721     | 89,402   | 167,075   | (46.5%) | 13,681                                | 13,594  | 0.6%    |
| Arauco Coronel  | 97.9%     | 97.4%    | 47        | 83.1%      | 80.3%   | 279       | 169,921  | 163,821   | 3.7%    | 11,180                                | 11,402  | (1.9%)  |
| Parque Angamos  | 82.2%     | 65.0%    | 1,717     | 72.7%      | 44.7%   | 2,790     | 224,999  | 182,911   | 23.0%   | 14,474                                | 11,235  | 28.8%   |
| Arauco El Bosque                                      | 99.6%     | 100.0%   | (44)      | 84.6%      | -       | N/A       | 157,637  | -         | N/A     | 9,087                                 | -       | N/A     |
| Puerto Nuevo Antofagasta                              | 75.4%     | -        | N/A       | 79.7%      | -       | N/A       | 76,051   | -         | N/A     | 8,883                                 | -       | N/A     |
| Promedio Chile  | 96.1%     | 96.4%    | (35)      | 88.6%      | 91.8%   | (318)     | 229,619  | 245,579   | (6.5%)  | 21,262                                | 23,772  | (10.6%) |
| MegaPlaza Norte                                       | 98.1%     | 98.2%    | (9)       | 92.5%      | 97.3%   | (485)     | 1,166  | 1,198     | (2.7%)  | 86                                    | 78      | 10.9%   |
| MegaPlaza Express Villa                               | 96.7%     | 98.1%    | (135)     | 79.2%      | 96.2%   | (1698)    | 1,213  | 1,123     | 8.0%    | 70                                    | 73      | (4.4%)  |
| Larcomar  | 85.3%     | 80.7%    | 463       | 85.0%      | 91.9%   | (689)     | 1,578  | 1,374     | 14.9%   | 199                                   | 198     | 0.3%    |
| Parque Lambramani                                     | 92.6%     | 93.6%    | (106)     | 60.5%      | 68.8%   | (825)     | 429  | 475       | (9.6%)  | 33                                    | 42      | (20.5%) |
| MegaPlaza Chimbote                                    | 95.8%     | 94.7%    | 107       | 82.8%      | 87.8%   | (494)     | 950  | 899       | 5.7%    | 47                                    | 45      | 3.8%    |
| MegaPlaza Express Villa El Salvador                   | 97.3%     | 93.8%    | 357       | 63.6%      | 73.4%   | (968)     | 666  | 662       | 0.5%    | 52                                    | 51      | 2.5%    |
| MegaPlaza Express Chinchá                             | 95.5%     | 94.1%    | 138       | 61.4%      | 82.6%   | (2123)    | 400  | 308       | 30.0%   | 37                                    | 41      | (8.6%)  |
| InOutlet (Premium Outlets) and Viamix (Strip Centers) | 93.0%     | 86.8%    | 624       | 86.0%      | 78.3%   | 767       | 951  | 1,019     | (6.6%)  | 84                                    | 83      | 1.7%    |
| MegaPlaza Cañete                                      | 99.4%     | 99.4%    | 6         | 84.4%      | 87.0%   | (259)     | 743  | 732       | 1.5%    | 35                                    | 35      | 1.7%    |
| MegaPlaza Express Barranca                            | 90.2%     | 82.9%    | 730       | 72.4%      | 73.0%   | (68)      | 604  | 595       | 1.5%    | 42                                    | 50      | (16.0%) |
| MegaPlaza Pisco                                       | 92.5%     | 95.4%    | (288)     | 80.7%      | 91.9%   | (1122)    | 678  | 667       | 1.6%    | 38                                    | 45      | (15.1%) |
| El Quinde Cajamarca                                   | 96.9%     | 96.1%    | 82        | 81.8%      | 96.1%   | (1429)    | 481  | 489       | (1.8%)  | 47                                    | 47      | 0.0%    |
| El Quinde Ica   | 98.7%     | 98.3%    | 40        | 98.1%      | 96.9%   | 111       | 702  | 676       | 3.9%    | 59                                    | 57      | 4.1%    |
| Plaza Jesus Maria                                     | -         | -        | N/A       | -          | -       | N/A       | -  | -         | N/A     | -                                     | -       | N/A     |
| MegaPlaza Express Jaén                                | 97.4%     | 96.5%    | 86        | 66.0%      | 54.0%   | 1,197     | 708  | 694       | 2.0%    | 35                                    | 32      | 8.9%    |
| MegaPlaza Huaral                                      | 95.9%     | 80.5%    | 1,538     | 76.5%      | -173.5% | 25,000    | 261  | 293       | (10.9%) | 17                                    | 5       | 267.7%  |
| MegaPlaza Villa El Salvador II                        | 93.4%     | 84.3%    | 915       | 47.9%      | -33.5%  | 8,140     | 275  | 420       | (34.4%) | 18                                    | 23      | (22.1%) |
| Promedio Perú   | 95.6%     | 94.0%    | 171       | 85.9%      | 89.2%   | (334)     | 835  | 853       | (2.1%)  | 66                                    | 65      | 2.1%    |
| Parque Arboleda                                       | 98.3%     | 97.9%    | 38        | 79.4%      | 88.8%   | (940)     | 998,375  | 880,285   | 13.4%   | 81,910                                | 73,438  | 11.5%   |
| Parque Caracolí                                       | 89.5%     | 87.1%    | 240       | 54.4%      | 49.9%   | 455       | 831,552  | 695,622   | 19.5%   | 77,572                                | 70,183  | 10.5%   |
| Parque La Colina                                      | 96.4%     | 97.2%    | (79)      | 92.5%      | 94.8%   | (232)     | 1,278,727  | 1,057,868 | 20.9%   | 122,719                               | 114,837 | 6.9%    |
| Premium Outlet Arauco (Sopó)                          | 64.7%     | 51.4%    | 1,336     | 32.7%      | 4.3%    | 2,842     | 621,333  | 341,559   | 81.9%   | 47,753                                | 40,645  | 17.5%   |
| Promedio Colombia                                     | 92.5%     | 90.9%    | 160       | 80.3%      | 83.0%   | (271)     | 1,067,499  | 879,941   | 21.3%   | 96,090                                | 88,852  | 8.1%    |

(1) Mejoramos nuestro cálculo de ventas por m2, actualizando tanto los números para el trimestre actual como los de trimestres anteriores. Se calcula tomando las ventas totales del centro comercial dividido por los metros cuadrados que generan ventas durante el periodo.





# Resultados últimos doce meses por propiedad

| Chile en MMCLP / Perú en MPEN / Colombia en MMCOP     | ABL (m <sup>2</sup> ) |                |               | Ventas           |                  |              | Ingresos       |                |              | NOI            |                |             |
|---|-----------------------|----------------|---------------|------------------|------------------|--------------|----------------|----------------|--------------|----------------|----------------|-------------|
|   | 31.12.19              | 31.12.18       | Var. %        | 4T19             | 4T18             | Var. %       | 4T19           | 4T18           | Var. %       | 4T19           | 4T18           | Var. %      |
| Parque Arauco Kennedy                                 | 111,000               | 112,000        | (0.9%)        | 364,144          | 381,488          | (4.5%)       | 46,076         | 46,252         | (0.4%)       | 45,125         | 46,647         | (3.3%)      |
| Arauco Maipu  | 75,000                | 72,500         | 3.4%          | 195,783          | 198,087          | (1.2%)       | 15,332         | 15,241         | 0.6%         | 15,336         | 15,063         | 1.8%        |
| Arauco Chillan  | 35,500                | 35,000         | 1.4%          | 84,369           | 86,414           | (2.4%)       | 6,899          | 6,613          | 4.3%         | 6,051          | 5,499          | 10.0%       |
| Arauco Estacion                                       | 67,000                | 67,000         | 0.0%          | 112,905          | 121,086          | (6.8%)       | 15,846         | 15,974         | (0.8%)       | 14,146         | 13,948         | 1.4%        |
| Arauco San Antonio                                    | 28,500                | 28,500         | 0.0%          | 43,643           | 46,003           | (5.1%)       | 4,824          | 4,696          | 2.7%         | 3,577          | 3,234          | 10.6%       |
| Arauco Express (Strip Centers Chile)                  | 40,500                | 37,000         | 9.5%          | 55,088           | 49,366           | 11.6%        | 6,467          | 5,431          | 19.1%        | 4,504          | 3,356          | 34.2%       |
| Arauco Premium Outlets                                | 48,500                | 46,000         | 5.4%          | 107,041          | 104,571          | 2.4%         | 9,985          | 9,584          | 4.2%         | 8,401          | 7,438          | 13.0%       |
| Arauco Quilicura                                      | 32,000                | 32,000         | 0.0%          | 44,420           | 55,290           | (19.7%)      | 4,531          | 4,416          | 2.6%         | 4,161          | 3,785          | 9.9%        |
| Arauco Coronel  | 30,000                | 30,000         | 0.0%          | 54,092           | 50,859           | 6.4%         | 3,825          | 3,589          | 6.6%         | 3,248          | 2,858          | 13.6%       |
| Parque Angamos <sup>1</sup>                           | 10,500                | 10,500         | 0.0%          | 15,719           | 3,860            | 307.2%       | 1,367          | 362            | 277.8%       | 807            | 191            | 321.4%      |
| Arauco El Bosque <sup>1</sup>                         | 30,000                | 30,000         | 0.0%          | 34,874           | -                | N/A          | 3,223          | -              | N/A          | 2,720          | -              | N/A         |
| Puerto Nuevo Antofagasta                              | 6,500                 | -              | N/A           | 36               | -                | N/A          | 122            | -              | N/A          | 97             | -              | N/A         |
| <b>Total Chile</b>                                    | <b>515,000</b>        | <b>500,500</b> | <b>2.9%</b>   | <b>1,112,114</b> | <b>1,097,024</b> | <b>1.4%</b>  | <b>118,497</b> | <b>112,158</b> | <b>5.7%</b>  | <b>108,175</b> | <b>102,019</b> | <b>6.0%</b> |
| MegaPlaza Norte                                       | 112,000               | 112,000        | 0.0%          | 1,348,250        | 1,326,017        | 1.7%         | 99,643         | 95,457         | 4.4%         | 91,685         | 87,664         | 4.6%        |
| MegaPlaza Express Villa                               | 8,000                 | 8,000          | 0.0%          | 91,832           | 87,677           | 4.7%         | 6,554          | 6,087          | 7.7%         | 5,571          | 5,310          | 4.9%        |
| Larcomar  | 27,000                | 27,000         | 0.0%          | 267,366          | 259,757          | 2.9%         | 41,395         | 39,019         | 6.1%         | 34,515         | 33,327         | 3.6%        |
| Parque Lambramani                                     | 30,000                | 30,000         | 0.0%          | 126,208          | 136,988          | (7.9%)       | 10,792         | 11,522         | (6.3%)       | 6,191          | 7,482          | (17.3%)     |
| MegaPlaza Chimbote                                    | 28,000                | 28,000         | 0.0%          | 274,085          | 261,862          | 4.7%         | 13,782         | 12,861         | 7.2%         | 11,300         | 10,619         | 6.4%        |
| MegaPlaza Express Villa El Salvador                   | 9,000                 | 9,000          | 0.0%          | 60,968           | 58,101           | 4.9%         | 5,408          | 5,361          | 0.9%         | 3,904          | 3,844          | 1.6%        |
| MegaPlaza Express Chincha                             | 10,500                | 10,500         | 0.0%          | 40,674           | 34,939           | 16.4%        | 4,553          | 4,283          | 6.3%         | 3,238          | 3,156          | 2.6%        |
| InOutlet (Premium Outlets) and Viamix (Strip Centers) | 26,000                | 25,000         | 4.0%          | 197,951          | 169,803          | 16.6%        | 20,794         | 18,386         | 13.1%        | 17,950         | 14,490         | 23.9%       |
| MegaPlaza Cañete                                      | 16,500                | 16,500         | 0.0%          | 128,947          | 125,118          | 3.1%         | 6,818          | 6,510          | 4.7%         | 5,430          | 5,328          | 1.9%        |
| MegaPlaza Express Barranca                            | 10,000                | 10,000         | 0.0%          | 54,372           | 48,151           | 12.9%        | 4,598          | 4,847          | (5.1%)       | 2,633          | 3,539          | (25.6%)     |
| MegaPlaza Pisco                                       | 15,000                | 14,500         | 3.4%          | 101,892          | 98,235           | 3.7%         | 6,240          | 6,664          | (6.4%)       | 4,985          | 5,591          | (10.8%)     |
| El Quinde Cajamarca                                   | 33,000                | 32,500         | 1.5%          | 153,739          | 148,663          | 3.4%         | 16,485         | 15,357         | 7.3%         | 14,208         | 12,307         | 15.4%       |
| El Quinde Ica   | 36,500                | 36,500         | 0.0%          | 255,317          | 248,944          | 2.6%         | 23,040         | 22,068         | 4.4%         | 22,557         | 21,343         | 5.7%        |
| Plaza Jesus María                                     | -                     | -              | N/A           | -                | -                | N/A          | -              | 1,145          | N/A          | -              | (223)          | N/A         |
| MegaPlaza Express Jaen                                | 14,500                | 14,500         | 0.0%          | 109,646          | 99,154           | 10.6%        | 5,553          | 4,812          | 15.4%        | 3,500          | 2,799          | 25.0%       |
| MegaPlaza Huaral                                      | 14,000                | 14,000         | 0.0%          | 36,156           | 29,868           | 21.1%        | 2,673          | 2,001          | 33.6%        | 1,396          | 822            | 69.9%       |
| MegaPlaza Villa El Salvador II                        | 15,500                | 9,000          | 72.2%         | 40,705           | 29,532           | 37.8%        | 2,682          | 1,878          | 42.8%        | 1,114          | (902)          | N/A         |
| <b>Total Perú</b>                                     | <b>405,500</b>        | <b>397,000</b> | <b>2.1%</b>   | <b>3,288,110</b> | <b>3,162,809</b> | <b>4.0%</b>  | <b>271,011</b> | <b>258,257</b> | <b>4.9%</b>  | <b>230,177</b> | <b>216,494</b> | <b>6.3%</b> |
| Parque Arboleda                                       | 41,000                | 41,000         | 0.0%          | 268,076          | 251,371          | 6.6%         | 29,644         | 27,442         | 8.0%         | 22,849         | 22,557         | 1.3%        |
| Parque Caracolí                                       | 39,000                | 38,500         | 1.3%          | 185,708          | 166,234          | 11.7%        | 26,545         | 23,492         | 13.0%        | 13,431         | 11,793         | 13.9%       |
| Parque La Colina                                      | 62,000                | 62,500         | (0.8%)        | 634,704          | 541,268          | 17.3%        | 77,072         | 69,729         | 10.5%        | 70,471         | 64,899         | 8.6%        |
| Premium Outlet Arauco (Sopó)                          | 13,000                | 13,500         | (3.7%)        | 37,296           | 26,458           | 41.0%        | 3,109          | 1,931          | 61.0%        | 810            | 287            | 181.8%      |
| <b>Total Colombia</b>                                 | <b>155,000</b>        | <b>155,500</b> | <b>(0.3%)</b> | <b>1,125,783</b> | <b>985,331</b>   | <b>14.3%</b> | <b>136,369</b> | <b>122,594</b> | <b>11.2%</b> | <b>107,561</b> | <b>99,536</b>  | <b>8.1%</b> |

(1) Nota: Parque Angamos y Arauco El Bosque tienen cifras desde sus aperturas, las cuales fueron hace menos de doce meses.



## Resultados últimos doce meses por propiedad

| Chile en MMCLP / Perú en MPEN / Colombia en MMCOP     | Ocupación |          |           | Margen NOI |        |           | Ventas mensuales por m <sup>2</sup> |         |         | Ingresos mensuales por m <sup>2</sup> |        |         |
|---|-----------|----------|-----------|------------|--------|-----------|-------------------------------------|---------|---------|---------------------------------------|--------|---------|
|   | 31.12.19  | 31.12.18 | Var. p.b. | 4T19       | 4T18   | Var. p.b. | 4T19                                | 4T18    | Var. %  | 4T19                                  | 4T18   | Var. %  |
| Parque Arauco Kennedy                                 | 98.7%     | 98.5%    | 18        | 97.9%      | 100.9% | (292)     | 290,317                             | 302,607 | (4.1%)  | 35,131                                | 34,935 | 0.6%    |
| Arauco Maipu  | 99.9%     | 98.3%    | 154       | 100.0%     | 98.8%  | 119       | 228,978                             | 234,818 | (2.5%)  | 17,709                                | 17,837 | (0.7%)  |
| Arauco Chillan  | 94.0%     | 92.8%    | 117       | 87.7%      | 83.2%  | 455       | 217,946                             | 223,602 | (2.5%)  | 17,384                                | 17,294 | 0.5%    |
| Arauco Estacion                                       | 95.4%     | 96.6%    | (119)     | 89.3%      | 87.3%  | 196       | 160,847                             | 171,667 | (6.3%)  | 20,566                                | 20,535 | 0.2%    |
| Arauco San Antonio                                    | 95.4%     | 95.5%    | (9)       | 74.2%      | 68.9%  | 528       | 135,117                             | 142,327 | (5.1%)  | 14,656                                | 14,286 | 2.6%    |
| Arauco Express (Strip Centers Chile)                  | 90.3%     | 90.3%    | 1         | 69.6%      | 61.8%  | 786       | 172,533                             | 175,553 | (1.7%)  | 15,178                                | 15,147 | 0.2%    |
| Arauco Premium Outlets                                | 94.7%     | 98.6%    | (387)     | 84.1%      | 77.6%  | 653       | 196,945                             | 190,124 | 3.6%    | 18,501                                | 17,781 | 4.1%    |
| Arauco Quilicura                                      | -         | 99.7%    | N/A       | 91.8%      | 85.7%  | 612       | 135,265                             | 149,740 | (9.7%)  | 12,161                                | 11,901 | 2.2%    |
| Arauco Coronel  | 97.9%     | 97.4%    | 47        | 84.9%      | 79.6%  | 528       | 161,117                             | 153,329 | 5.1%    | 10,964                                | 10,384 | 5.6%    |
| Parque Angamos <sup>1</sup>                           | 82.2%     | 65.0%    | 1,717     | 59.0%      | 52.9%  | 611       | 188,998                             | 188,569 | 0.2%    | 14,740                                | 13,023 | 13.2%   |
| Arauco El Bosque <sup>1</sup>                         | 99.6%     | 100.0%   | (44)      | 84.4%      | -      | N/A       | 139,555                             | -       | N/A     | 9,009                                 | -      | NA      |
| Puerto Nuevo Antofagasta                              | 75.4%     | -        | N/A       | 79.7%      | -      | N/A       | 76,051                              | -       | N/A     | 8,883                                 | -      | NA      |
| Promedio Chile  | 96.1%     | 96.4%    | (35)      | 91.3%      | 91.0%  | 33        | 206,642                             | 216,294 | (4.5%)  | 20,342                                | 21,124 | (3.7%)  |
| MegaPlaza Norte                                       | 98.1%     | 98.2%    | (9)       | 92.0%      | 91.8%  | 18        | 1,044                               | 1,077   | (3.0%)  | 76                                    | 75     | 1.4%    |
| MegaPlaza Express Villa                               | 96.7%     | 98.1%    | (135)     | 85.0%      | 87.2%  | (222)     | 1,163                               | 1,054   | 10.4%   | 73                                    | 67     | 8.9%    |
| Larcomar  | 85.3%     | 80.7%    | 463       | 83.4%      | 85.4%  | (203)     | 1,443                               | 1,380   | 4.6%    | 158                                   | 150    | 5.1%    |
| Parque Lambramani                                     | 92.6%     | 93.6%    | (106)     | 57.4%      | 64.9%  | (756)     | 399                                 | 448     | (11.0%) | 34                                    | 36     | (4.7%)  |
| MegaPlaza Chimbote                                    | 95.8%     | 94.7%    | 107       | 82.0%      | 82.6%  | (58)      | 875                                 | 851     | 2.9%    | 43                                    | 41     | 3.5%    |
| MegaPlaza Express Villa El Salvador                   | 97.3%     | 93.8%    | 357       | 72.2%      | 71.7%  | 49        | 622                                 | 609     | 2.1%    | 52                                    | 53     | (0.9%)  |
| MegaPlaza Express Chinchá                             | 95.5%     | 94.1%    | 138       | 71.1%      | 73.7%  | (256)     | 358                                 | 375     | (4.5%)  | 38                                    | 46     | (16.0%) |
| InOutlet (Premium Outlets) and Viamix (Strip Centers) | 93.0%     | 86.8%    | 624       | 86.3%      | 78.8%  | 751       | 785                                 | 765     | 2.5%    | 77                                    | 76     | 1.0%    |
| MegaPlaza Cañete                                      | 99.4%     | 99.4%    | 6         | 79.6%      | 81.8%  | (220)     | 675                                 | 663     | 1.8%    | 35                                    | 33     | 4.5%    |
| MegaPlaza Express Barranca                            | 90.2%     | 82.9%    | 730       | 57.3%      | 73.0%  | (1,577)   | 554                                 | 524     | 5.7%    | 44                                    | 49     | (10.0%) |
| MegaPlaza Pisco                                       | 92.5%     | 95.4%    | (288)     | 79.9%      | 83.9%  | (401)     | 625                                 | 607     | 2.9%    | 38                                    | 40     | (5.2%)  |
| El Quinde Cajamarca                                   | 96.9%     | 96.1%    | 82        | 86.2%      | 80.1%  | 605       | 438                                 | 437     | 0.2%    | 44                                    | 43     | 2.3%    |
| El Quinde Ica   | 98.7%     | 98.3%    | 40        | 97.9%      | 96.7%  | 119       | 628                                 | 602     | 4.3%    | 53                                    | 52     | 3.2%    |
| Plaza Jesus María                                     | -         | -        | N/A       | -          | -19.5% | N/A       | -                                   | -       | N/A     | -                                     | 23     | NA      |
| MegaPlaza Express Jaen                                | 97.4%     | 96.5%    | 86        | 63.0%      | 58.2%  | 485       | 651                                 | 608     | 6.9%    | 33                                    | 30     | 12.0%   |
| MegaPlaza Huaral                                      | 95.9%     | 80.5%    | 1,538     | 52.2%      | 41.1%  | 1,117     | 230                                 | 339     | (32.0%) | 17                                    | 21     | (19.8%) |
| MegaPlaza Villa El Salvador II                        | 93.4%     | 84.3%    | 915       | 41.5%      | -48.0% | 8,959     | 250                                 | 390     | (35.9%) | 17                                    | 22     | (20.0%) |
| Promedio Perú   | 95.6%     | 94.0%    | 171       | 84.9%      | 83.8%  | 110       | 750                                 | 781     | (4.0%)  | 59                                    | 60     | (0.3%)  |
| Parque Arboleda                                       | 98.3%     | 97.9%    | 38        | 77.1%      | 82.2%  | (512)     | 674,894                             | 626,095 | 7.8%    | 62,214                                | 58,083 | 7.1%    |
| Parque Caracolí                                       | 89.5%     | 87.1%    | 240       | 50.6%      | 50.2%  | 40        | 568,140                             | 511,871 | 11.0%   | 64,986                                | 59,440 | 9.3%    |
| Parque La Colina                                      | 96.4%     | 97.2%    | (79)      | 91.4%      | 93.1%  | (164)     | 886,686                             | 770,213 | 15.1%   | 107,063                               | 99,434 | 7.7%    |
| Premium Outlet Arauco (Sopó)                          | 64.7%     | 51.4%    | 1,336     | 26.0%      | 14.9%  | 1,116     | 360,869                             | 250,143 | 44.3%   | 33,751                                | 27,509 | 22.7%   |
| Promedio Colombia                                     | 92.5%     | 90.9%    | 160       | 78.9%      | 81.2%  | (232)     | 729,490                             | 642,006 | 13.6%   | 80,362                                | 74,792 | 7.4%    |

(1) Nota: Parque Angamos y Arauco El Bosque tienen cifras desde sus aperturas, las cuales fueron hace menos de doce meses.



# Desarrollos futuros

2020 en adelante

| Proyectos nuevos | Tipo       | País     | Formato  | Fecha apertura | ABL total (m <sup>2</sup> ) | % propiedad | ABL propio (m <sup>2</sup> ) | Inversión total moneda local <sup>1</sup> | Inversión total US\$MM <sup>2</sup> |
|------------------|------------|----------|----------|----------------|-----------------------------|-------------|------------------------------|---|-------------------------------------|
| Parque Alegre    | Desarrollo | Colombia | Regional | 2S21           | 50.000                      | 52,5%       | 26.250                       | 433.000                                   | 132                                 |
| La Molina        | Desarrollo | Perú     | Vecinal  | Por definir    | 19.500                      | 100%        | 19.500                       | 180.000                                   | 54                                  |
| Subtotal         |            |          |          |                | 69.500                      |             | 45.750                       |   | 186                                 |

| Expansiones                                   | Tipo      | País  | Formato          | Fecha apertura | ABL total (m <sup>2</sup> ) | % propiedad | ABL propio (m <sup>2</sup> ) | Inversión total moneda local <sup>1</sup> | Inversión total US\$MM <sup>2</sup> |
|---|-----------|-------|------------------|----------------|-----------------------------|-------------|------------------------------|---|-------------------------------------|
| Parque Arauco Kennedy - Fase 1 <sup>3</sup>   | Expansión | Chile | Regional / Hotel | 2S21           | 11.000                      | 100%        | 11.000                       | 5.355.000                                 | 202                                 |
| Parque Arauco Kennedy - Fase 2 <sup>4</sup>   | Expansión | Chile | Regional / Torre | 2S24           | 10.000                      | 100%        | 10.000                       | 2.200.000                                 | 82                                  |
| Arauco Premium Outlet Buenaventura (Restante) | Expansión | Chile | Outlet           | 1T20           | 1.000                       | 100%        | 1.000                        | -   | -                                   |
| Subtotal                                      |           |       |                  |                | 22.000                      |             | 22.000                       |   | 284                                 |

| Adquisiciones   | Tipo       | País  | Formato      | Fecha estimada                | ABL total (m <sup>2</sup> ) | % propiedad | ABL propio (m <sup>2</sup> ) | Inversión total moneda local <sup>1</sup> | Inversión total US\$MM <sup>2</sup> |
|---|------------|-------|--------------|-------------------------------|-----------------------------|-------------|------------------------------|---|-------------------------------------|
| Puerto Nuevo Antofagasta (Torre Balmaceda, Torre Hotel) | Desarrollo | Chile | Strip center | 1S20 (Torre),<br>2S21 (Hotel) | 3.000                       | 100%        | 3.000                        | 250.000                                   | 9                                   |
| Subtotal  |            |       |              |                               | 3.000                       |             | 3.000                        |   | 9                                   |

| Proyectos incorporados en 2019                       | Tipo                | País  | Formato      | Fecha Incorporación | ABL total (m <sup>2</sup> ) | % propiedad | ABL propio (m <sup>2</sup> ) | Inversión total moneda local <sup>1</sup> | Inversión total US\$MM <sup>2</sup> |
|--|---------------------|-------|--------------|---------------------|-----------------------------|-------------|------------------------------|---|-------------------------------------|
| Arauco Premium Outlet Buenaventura                   | Expansión           | Chile | Outlet       | 4T19                | 2.500                       | 100%        | 2.500                        | 140.000                                   | 5                                   |
| Puerto Nuevo Antofagasta - (Torres Singular y Maipú) | Desarrollo          | Chile | Strip center | 3T19                | 6.500                       | 100%        | 6.500                        | 460.000                                   | 17                                  |
| Arauco Express El Peñón                              | Adquisición         | Chile | Strip center | 3T19                | 2.100                       | 51%         | 1.070                        | 146.201                                   | 6                                   |
| MegaPlaza  | Interés Minoritario | Perú  | Varios       | 3T19                | -                           | 50%         | 123.000                      | 583.450                                   | 174                                 |
| Subtotal   |                     |       |              |                     | 11.100                      |             | 133.070                      |   | 202                                 |
| Total  |                     |       |              |                     | 105.600                     |             | 203.820                      |   | 675                                 |
| Restante por invertir                                |                     |       |              |                     |                             |             |                              |   | 335                                 |

1) Proyectos en Chile en UF, en Perú en MPEN, en Colombia en MMCOP /

2) Utilizando tipo de cambio al 31 de diciembre 2019: 28.309,94 CLP/UF, 748,74 CLP/US\$, 3.271,55 COP/US\$, 3,31 PEN/US\$. /

3) Además de los 11.000 m2 de ABL, esta expansión incluye un hotel Hilton by Hilton de 401 habitaciones y el principal centro de convenciones en un hotel en Santiago. /

4) Este proyecto también incluye un torre de 15.000 m2



# Desarrollos futuros

## Expansión de Parque Arauco Kennedy



### Fase 1

**FORMATO**

Uso mixto

**INVERSIÓN TOTAL**

US\$ 202 millones

**ABL COMERCIAL**

11.000 m<sup>2</sup>

**FECHA DE INICIO CONSTRUCCIÓN**

2017

**% DE PROPIEDAD**

100%

**FECHA DE APERTURA**

2021

Esta expansión agregará 11.000 m<sup>2</sup> de ABL comercial a Parque Arauco Kennedy, junto con la incorporación de un hotel de 5 estrellas, Hilton by Hilton, de 401 habitaciones y el mayor centro de convenciones en un hotel de Santiago (capacidad para más de 2.800 personas en una superficie de 3.000 m<sup>2</sup>). Se sumarán dos restaurantes, tres bares, dos piscinas, un gimnasio y un executive lounge y otros 700 estacionamientos. Como parte de este proyecto, se construirá también, la mayor tienda de la cadena de retail Falabella, en una superficie de 25.000 m<sup>2</sup>.



### Fase 2

**FORMATO**

Uso mixto

**INVERSIÓN TOTAL**

US\$ 82 millones

**ABL COMERCIAL**

10.000 m<sup>2</sup>

**FECHA DE INICIO CONSTRUCCIÓN**

2021

**% DE PROPIEDAD**

100%

**FECHA DE APERTURA**

2024

La segunda fase de la expansión de Parque Arauco Kennedy fue anunciada en 2018. Incluye una torre de 14 pisos y de 15.000 m<sup>2</sup> junto a 10.000 m<sup>2</sup> de ABL comercial adicional que se ubicará en la base de la torre.





# Desarrollos futuros

## Parque Alegra



**FORMATO**  
Regional

**INVERSIÓN TOTAL**  
US\$ 132 millones

**UBICACIÓN**  
Barranquilla,  
Colombia

**FECHA DE INICIO  
CONSTRUCCIÓN**  
2019

**ABL ADICIONAL**  
50.000 m<sup>2</sup>

**FECHA DE  
APERTURA**  
2021

**% DE PROPIEDAD**  
52,5%

Este proyecto está en una etapa inicial de construcción y está ubicado en el sector sur de Barranquilla en la avenida Boyacá, una de las calles principales que conecta el sector norte y el sector sur de la ciudad y también el aeropuerto de Barranquilla. Las tiendas anclas del proyecto serán una tienda por departamento (Falabella), un supermercado (Olímpica), un cine (CineColombia) y un centro de entretenimiento infantil (Playland). El centro comercial tendrá más de 300 tiendas, un patio de comida, espacio de restaurantes, amplias áreas comunes y estacionamiento subterráneo. Se espera que sea el centro comercial líder del sector sur de Barranquilla.



# Banco de terrenos

| Nombre                            | m <sup>2</sup> | % propiedad | Costo total<br>(moneda local) <sup>1</sup> | Costo total<br>(US\$MM) <sup>2</sup> |
|-----------------------------------|----------------|-------------|--|--------------------------------------|
| Quilicura                         | 25.486         | 100%        | 78.000                                     | 3                                    |
| Buenaventura                      | 115.864        | 100%        | 455.000                                    | 17                                   |
| Chicureo                          | 47.614         | 100%        | 206.000                                    | 8                                    |
| Los Andes                         | 39.254         | 100%        | 117.000                                    | 4                                    |
| San Pedro de la Paz               | 17.002         | 100%        | 51.000                                     | 2                                    |
| Total Chile                       | 245.220        | 100%        | 907.000                                    | 34                                   |
| Chimbote                          | 42.657         | 100%        | 18.000                                     | 5                                    |
| Talara                            | 30.675         | 100%        | 9.400                                      | 3                                    |
| Ica                               | 12.643         | 100%        | 13.500                                     | 4                                    |
| Chiclayo                          | 6.609          | 100%        | 6.300                                      | 2                                    |
| Pomalca Chiclayo                  | 45.042         | 100%        | 6.565                                      | 2                                    |
| Lambayeque- MegaPlaza             | 25.260         | 50%         | 18.900                                     | 6                                    |
| San Juan de Lurigancho- MegaPlaza | 80.000         | 50%         | 10.415                                     | 3                                    |
| Otros MegaPlaza                   | 106.157        | 50%         | 85.685                                     | 24                                   |
| Total Perú                        | 349.043        | 70%         | 168.765                                    | 49                                   |
| Neiva                             | 49.537         | 100%        | 18.000                                     | 6                                    |
| Valledupar                        | 46.000         | 100%        | 30.000                                     | 9                                    |
| Barranquilla                      | 56.166         | 100%        | 76.000                                     | 23                                   |
| Total Colombia                    | 151.703        | 100%        | 124.000                                    | 38                                   |
| Total                             | 745.966        | 86%         |  | 121                                  |







## Noticias del trimestre

### Chile, Perú y Colombia



#### LANZAMIENTO DE SOCIAL EN PARQUE CARACOLÍ

En el último tiempo hemos hecho cambios relevantes en Parque Caracolí, entre ellos la incorporación de una torre para el Hotel Sonesta y oficinas de arriendo. Este año terminaremos con la mayor ocupación de cierre desde su inauguración en 2013.

En octubre se realizó el lanzamiento del nuevo "SOCIAL" de Parque Caracolí, una renovada zona gastronómica con vista espectacular de la ciudad. Cuenta actualmente con nueve restaurantes, en adición al Bar SOCIAL, para que visitantes puedan disfrutar del espacio de día y de noche. Las fotos a la izquierda son de la celebración del relanzamiento donde hubo varios shows musicales en vivo.



#### FUNDACIÓN LUZ EN CHILE

Desde el año 2006 en Parque Arauco hemos apoyado a la Fundación Luz, que brinda apoyo y educación a personas con discapacidad visual, potenciando al máximo sus habilidades. Mediante programas de formación y un colegio completamente gratuito, la fundación ha avanzado en su misión, fomentando la inclusión y el desarrollo de personas ciegas o de baja visión. Esto incluye un programa de formación musical, donde los alumnos se unen al mundo de la música a través del coro y orquesta.

Desde ahí nace la Orquesta Sonidos de Luz, formada por alumnos y ex-alumnos del colegio, que ha sido parte de la programación regular de nuestros centros comerciales en los últimos 2 años, presentándose en Parque Arauco Kennedy y Arauco Maipú. Estas presentaciones visibilizan el talento de estos músicos y sirven como un espacio de inclusión laboral que nos permiten difundir la misión de la fundación a nuestros clientes.





## Noticias del trimestre

### Chile, Perú y Colombia



#### ESTRENO HAMLET: TEATRO INCLUSIVO EN LARCOMAR

Más de 12 actores con Síndrome de Down y la reconocida dramaturga peruana Chela de Ferrari hacen parte de la temporada de Hamlet, una versión libre centrada en la inclusión, que se estrenó en noviembre en el Teatro La Plaza de Larcomar. El proyecto se inspiró en Jaime Cruz, uno de los actores principales de la obra. Jaime trabajó durante tres años en el Teatro vendiendo programas y guiando a los asistentes al inicio y final de las temporadas; durante todo este tiempo se acercó al mundo teatral y quiso buscar una oportunidad como actor. El montaje de la obra requirió trabajar con actores profesionales y coaches que ensayaron con el elenco desde inicios del 2019.

La obra tuvo 6 presentaciones durante noviembre y diciembre en Larcomar mientras que durante el 2020 Parque Arauco la llevará a otros centros comerciales en Lima donde se espera que cientos de personas vean esta propuesta para educar y sensibilizar a una sociedad más inclusiva.



#### FUNDACIÓN CPUED

Por tercer año consecutivo trabajamos junto a Fundación Cpued, que busca alcanzar el máximo de autonomía para una vida independiente en jóvenes y adultos con diversidad funcional. Es por esto, que nosotros como Parque Arauco hemos entregado trabajo a más de 30 jóvenes y adultos en nuestras actividades como Navidad o Día de la Madre. Generalmente su labor es la misma que un promotor, entregando regalos a los clientes, recibiendo a las personas o incluso ayudando en trabajos internos de la activación.

#### FORMACIÓN CORAL EN PARQUE LA COLINA

Junto a Fundación Batuta, una institución que lleva más de 25 años promoviendo la música como instrumento de integración social en Colombia, iniciamos un programa llamado "El poder transformador de la música". Buscamos que a través de la formación coral gratuita, se abra un espacio para que más personas interactúen y desarrollen sus capacidades para seguir transformando los centros comerciales en espacios de encuentro e integración para la comunidad. Esta iniciativa se lanzó hace unas semanas con un recital del Coro profesional de los niños de la Fundación Batuta en nuestro centro comercial. Los puntos de atención al cliente de Parque La Colina están disponibles para que cualquier persona, independientemente de su edad, pueda inscribirse y participar de las clases cada sábado hasta consolidar la propuesta musical que se presentará al público a mediados del próximo año.





# Iniciativas implementadas en este trimestre

## Caso de estudio

### RELACIÓN CON NUESTROS GRUPOS DE INTERÉS

Desde el 2016 Parque Arauco definió formalmente una estrategia de sostenibilidad que entiende la relación con los grupos de interés como un elemento clave para el desarrollo de nuestro negocio. En este sentido abordamos un plan transversal en los ámbitos social, ambiental y de gobernanza para establecer acciones concretas que permitan integrarnos cada vez más y de mejor forma con la realidad y el entorno local en donde operamos.

En el contexto de los últimos tres meses, la Compañía ha mantenido un especial énfasis en la relación con nuestros grupos de interés y la seguridad de nuestros empleados, arrendatarios, proveedores, vecinos y clientes. Somos conscientes del rol que tienen los centros comerciales en los entornos donde se ubican al ofrecer a la comunidad bienes y servicios de forma segura y confiable lo que facilita la dinámica cotidiana de miles de familias.



### Con nuestros arrendatarios

→ Descuentos en arriendo – Debido a los efectos de la crisis, nuestros malls debieron permanecer cerrados en un rango entre dos y diez días. Posteriormente, luego de ser reabiertos, los malls operaron por varias semanas con horario reducido producto del déficit en el transporte público. Lo anterior tuvo un impacto sobre el normal desempeño de los operadores por lo que descontamos proporcionalmente del cobro del arriendo el tiempo en el que los locales fueron cerrados. Hoy, nuestros malls han vuelto a su funcionamiento habitual, con el tráfico natural de gente que visita nuestros activos y tiendas.

→ Pronta reapertura – Desde el inicio consideramos que una de las mejores formas de ayudar a nuestros locatarios era trabajar para facilitar la pronta reapertura de sus negocios al público, con el objetivo de que pudieran reanudar su actividad y menguar los efectos negativos para sus negocios. Es por ello que gestionamos todas las medidas y coordinaciones necesarias para lograr las reaperturas en un contexto de prudencia y seguridad para las personas.

→ Buses de acercamiento – Desde octubre y durante todo el trimestre, hemos mantenido buses de acercamiento gratuitos disponibles para contratistas y empleados de tiendas que facilitaron el transporte diario entre Parque Arauco Kennedy y seis sectores de la capital. Esta medida también se puso en marcha para conectar a Arauco Maipú y al Outlet de Buenaventura con puntos estratégicos de acceso al transporte público.

→ Flexibilidad en horario de operación – Considerando las distintas realidades de los entornos y del funcionamiento del transporte público, flexibilizamos los horarios de operación de las tiendas para que cada arrendatario pudiese adaptar el funcionamiento de su local a las condiciones y requerimientos de sus propios empleados y a la reactivación del transporte público en los distintos lugares de operación.

→ Comunicación constante – Coordinamos espacios de retroalimentación constante, generando comunicaciones diarias entre nuestro equipo comercial y los locatarios, lo que nos permitió adaptar las medidas a las prioridades y condiciones de cada entorno.

→ Reubicación de arrendatarios – En el caso de Arauco Quilicura, que ha estado cerrado desde mediados de Noviembre producto de un incendio, ofrecimos el apoyo en la habilitación de algunos pequeños emprendedores afectados y la reubicación de módulos en otros centros comerciales, como Arauco Premium Outlet Buenaventura, Arauco Maipú y Arauco El Bosque, permitiendo a estos locatarios continuar con su negocio.

### Con nuestros empleados

→ Flexibilidad – Durante estos tres meses, la Compañía hizo un énfasis en el criterio de flexibilidad horaria otorgada a sus empleados, según las condiciones particulares de cada miembro del equipo.

→ Apoyo en transporte – Se ha puesto a disposición de nuestros empleados el uso de aplicaciones de transporte y servicios de transporte para facilitar el traslado de las personas que tuvieron mayores dificultades para desplazarse al trabajo.

→ Acompañamiento y comunicación – Se desarrollaron reuniones con los equipos para entender de primera mano la manera como estaban viviendo la situación y los puntos de apoyo que eran esperados por ellos para hacer frente al periodo de mayor complicación para sus vidas cotidianas.



## Iniciativas implementadas en este trimestre

### Caso de estudio

#### Con la comunidad, los proveedores y emprendedores

→ Apoyo y coordinación local - Redoblamos los esfuerzos en los equipos de cada uno de los activos para asegurar la interacción y acercamiento con comunidades vecinas durante el periodo de mayor intensidad en la crisis.

→ Pagos anticipados - Anticipamos pagos a proveedores por más de Ch\$ 2.200 millones, de forma de disminuirles el costo en capital de trabajo y alivianar su carga en costos fijos.

→ Apoyo organizaciones - Coordinamos el apoyo a organizaciones sociales que tienen un rol relevante para las comunidades y zonas de influencia de nuestros activos como es el caso de Bomberos de Chile.

→ Apoyo a emprendedores - Intensificamos las coordinaciones para entregar espacios de comercialización a pequeños emprendedores locales a través de nuestros centros comerciales como una herramienta para ayudar a reactivar sus negocios y conseguir oportunidades que disminuyan el impacto negativo de la crisis sobre sus emprendimientos. Esto es parte del plan de trabajo que desde Sostenibilidad se implementa en Chile, Perú y Colombia para potenciar el emprendimiento en nuestros centros comerciales a través de capacitación, mentoring y espacios de comercialización.

**7**

Centros comerciales y outlets abrieron sus espacios para recibir emprendedores

**387**

Emprendedores recibieron apoyo en los últimos tres meses del año

**7**

Alianzas con instituciones de emprendimiento

**20**

Ferias en total se realizaron en nuestros activos en el último trimestre



# NIIF 16 - Arrendamientos

## Impacto en nuestros Estados Financieros

La nueva normativa contable NIIF 16 – Arrendamientos – entró en vigencia el 01 de enero de 2019. Su principal impacto corresponde a un cambio en la contabilización de contratos de arriendos operativos, asemejándolos a arriendos financieros, los cuales se contabilizan en el pasivo como una obligación futura y en el activo como un derecho de uso.

Para Parque Arauco, esto tiene un efecto menor en sus Estados Financieros, relacionado a los contratos en los que participa como arrendatario, que corresponden a arriendos de oficinas y terrenos, los cuales no son comunes en nuestra operación. No existe un impacto en los contratos firmados con nuestros locatarios, dado que en estos casos participamos como arrendador y no como arrendatario.

En línea con lo anterior, el impacto a nivel de Estado de Resultados es bajo (y favorable en términos de EBITDA), pues los desembolsos que antes eran arriendos operativos y clasificados como Costo de Venta, ahora son tratados como arriendos financieros, trasladando su gasto a la línea de Costos Financieros.

A nivel de Balance, Parque Arauco S.A. reconoce el efecto de esta implementación según el método retrospectivo modificado.

Parque Arauco S.A. ha optado por presentar los activos de derecho de uso como parte de propiedad planta y equipo y propiedades de inversión, y su contrapartida en pasivos por arrendamiento.

### IMPACTO DE NIIF 16 EN PARQUE ARAUCO

El impacto de esta adopción en balance al 01 de enero de 2019, neto de impuestos, es el siguiente:

| Item                         | 31.12.18<br>(MCH\$) | Ajustes NIIF 16 al 01.01.19<br>(MCH\$) | Impacto primera adopción NIIF 16 al 01.01.19<br>(MCH\$) |
|------------------------------|---------------------|--|---|
| <b>Activos</b>               |                     |  |   |
| Propiedad, planta y equipo   | 13.370.957          | 2.627.679                              | 15.998.636  |
| Propiedades de inversión     | 1.794.029.825       | 49.994.090                             | 1.844.023.915   |
| Otros activos no financieros | 36.972.947          | (11.247.694)                           | 25.725.253  |
| <b>Pasivos</b>               |                     |  |   |
| Pasivos por arrendamientos   | -                   | 41.374.075                             | 41.374.075  |





## Análisis de riesgo de mercado

A continuación se presentan una serie de riesgos a los que eventualmente se podría ver enfrentada la Compañía:

→ Existe el riesgo de que las condiciones de la economía y del mercado tengan un impacto adverso sobre nuestras operaciones, haciendo caer las ventas. Sin embargo, este efecto perjudicial se ve aminorado por el hecho de que un 88% de nuestros ingresos por arriendo corresponde al componente fijo de estos, mientras que el variable es solo un 12%. Además, la Compañía se ha esforzado en diversificar los formatos de sus centros comerciales y tipos de propiedad inmobiliaria con que trabaja.

→ Existe el riesgo de alza en las tasas de interés en los países en que operamos. Esto podría provocar una caída en el valor de nuestro activos y el encarecimiento de nuestras obligaciones financieras. Es por este motivo que planificamos nuestros contratos de manera de que la duración promedio de estos coincida con la duración promedio de nuestras obligaciones financieras, las que son en su mayoría - 90%- a tasa fija.

→ Cambios en las condiciones regulatorias, de seguridad y/o sociopolíticas en los países donde opera la compañía podrían afectar los resultados financieros de ésta, así como el valor de sus activos inmobiliarios y su capacidad para enviar o recibir fondos hacia o desde el extranjero. Lo anterior, debido a que los Estados y las entidades regulatorias pueden influir mediante cambios a normas tributarias, laborales, medioambientales, urbanísticas, así como también a través de ajustes a políticas monetarias, gasto público, entre otros aspectos que pueden afectar la estabilidad macroeconómica. Al efecto, tanto las condiciones sociales y de seguridad como las referidas modificaciones pueden impactar la operación, la rentabilidad de proyectos actuales y futuros, afectar sus ahorros y flujos destinados a pagar inversiones, y extender los tiempos de desarrollo de proyectos, entre otros.

→ Operamos nuestros centros comerciales en un ambiente competitivo que podría derivar en una sobreoferta de estos y, como consecuencia, generar una disminución en nuestras rentas. Sin embargo, nuestros contratos son de largo plazo, con una duración promedio de 5,7 años y, como se mencionó anteriormente, la mayoría de nuestros ingresos por arriendo es fijo, lo que nos permite proyectar flujos estables en este horizonte de tiempo. El hecho de que la Compañía ha diversificado el uso que da a sus activos es también un factor que ayuda a la disminución del riesgo de una sobreoferta de centros comerciales.

→ Financiamos todos nuestros proyectos con 50% patrimonio y 50% deuda. Existe un riesgo de que nuestros gastos financieros aumenten, provocando una caída en nuestros resultados. Tenemos una estrategia de financiamiento responsable y hemos levantado capital cuando ha sido necesario para mantenernos fieles a las políticas de financiamiento de la compañía. Además, nuestro financiamiento es en moneda local en cada uno de los tres países, en su mayor parte a tasas fijas.

→ El proceso de compra de los consumidores ha demostrado ser omnicanal. Vemos como efecto de eso que, mientras la venta física sigue cumpliendo un rol central, la venta online toma un papel cada vez más importante. Existe el riesgo de que las ventas presenciales disminuyan por el e-commerce, y es por ello que hemos decidido diversificar nuestro negocio a varios tipos de activos, incluyendo outlets y también proyectos ajenos al retail. Además, en su mayoría, hemos posicionado a nuestros centros comerciales como activos dominantes en los barrios en que se ubican. Finalmente, estamos trabajando para mejorar la experiencia de compra de los usuarios, aprovechando la tecnología en mejoras como smart parking, wifi, aplicaciones, entre otros.



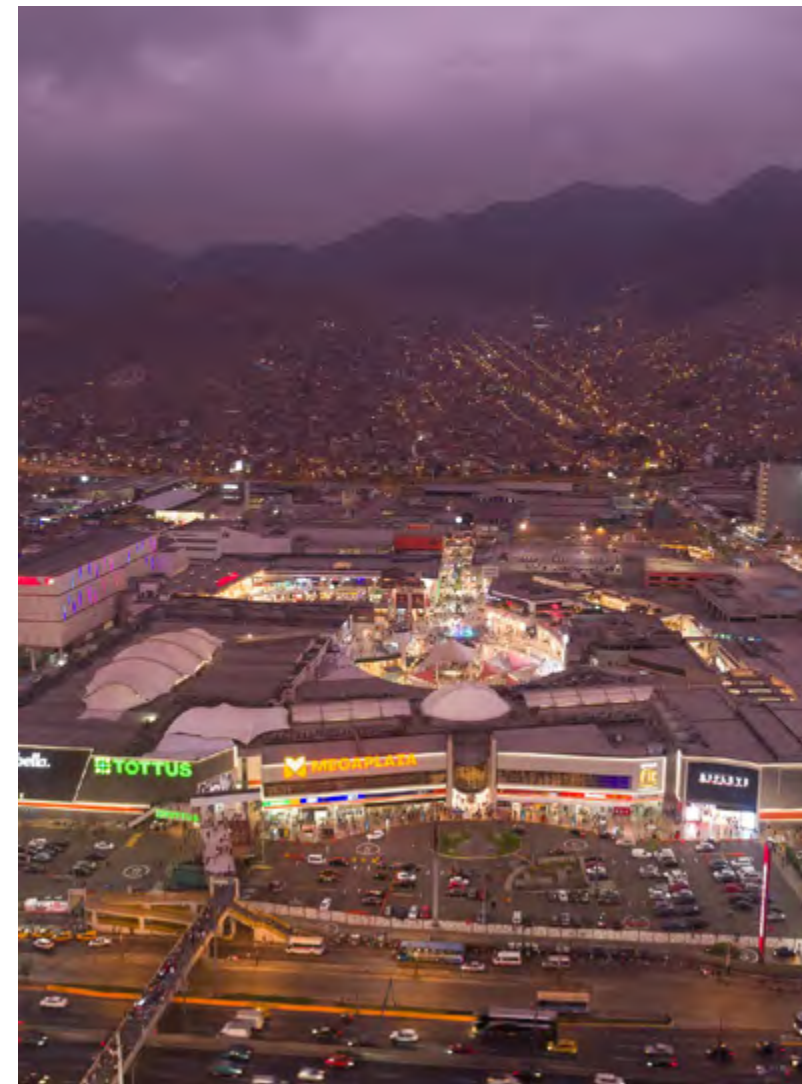




# Estados financieros consolidados

## Estado de resultado

| Resultados Consolidados (MMCh\$)          | 4T19     | 4T18     | Var. %   | 2019     | 2018     | Var. %  |
|---|----------|----------|----------|----------|----------|---------|
| Ingresos ordinarios                       | 57.900   | 54.826   | 5,6%     | 205.613  | 189.618  | 8,4%    |
| (+) Costo de ventas                       | (10.441) | (9.915)  | 5,3%     | (39.963) | (39.437) | 1,3%    |
| Margen bruto                              | 47.459   | 44.910   | 5,7%     | 165.650  | 150.181  | 10,3%   |
| (+) Gastos de administración              | (6.451)  | (4.845)  | 33,2%    | (19.847) | (15.808) | 25,6%   |
| (+) Otros ingresos por función            | 48.776   | 50.962   | (4,3%)   | 49.131   | 82.972   | (40,8%) |
| (+) Otros egresos por función             | (5.432)  | (5.132)  | 5,9%     | (10.993) | (10.021) | 9,7%    |
| Resultado directo de la operación         | 84.352   | 85.896   | (1,8%)   | 183.941  | 207.324  | (11,3%) |
| (+) Ingresos financieros                  | 1.024    | 2.738    | (62,6%)  | 11.444   | 7.976    | 43,5%   |
| (+) Costos financieros                    | (9.753)  | (10.125) | (3,7%)   | (40.046) | (36.627) | 9,3%    |
| (+) Participación empresas relacionadas   | 530      | 4.237    | (87,5%)  | 7.187    | 10.330   | (30,4%) |
| (+) Diferencias de cambio                 | 936      | (15)     | N/A      | 810      | (6)      | N/A     |
| (+) Unidades de reajuste                  | (7.461)  | (5.898)  | 26,5%    | (21.873) | (18.149) | 20,5%   |
| Ganancia (pérdida) antes de impuestos     | 69.628   | 76.834   | (9,4%)   | 141.462  | 170.849  | (17,2%) |
| (+) Gasto por impuestos corrientes        | (1.982)  | (2.843)  | (30,3%)  | (14.452) | (24.112) | (40,1%) |
| (+) Gasto por impuestos diferidos         | (14.507) | (16.239) | (10,7%)  | (22.368) | (23.347) | (4,2%)  |
| Total utilidad (pérdida)                  | 53.139   | 57.752   | (8,0%)   | 104.643  | 123.389  | (15,2%) |
| Utilidad (pérdida) integral atribuible a: |          |          |          |          |          |         |
| Participación controladora                | 48.691   | 57.463   | (15,3%)  | 93.394   | 117.863  | (20,8%) |
| Participación minoritaria                 | 4.448    | 289      | 1.440,7% | 11.249   | 5.526    | 103,6%  |
|   |          |          |          |          |          |         |
| EBITDA                                    | 4T19     | 4T18     | Var. %   | 2019     | 2018     | Var. %  |
| Ingresos ordinarios                       | 57.900   | 54.826   | 5,6%     | 205.613  | 189.618  | 8,4%    |
| (+) Costo de ventas                       | (10.441) | (9.915)  | 5,3%     | (39.963) | (39.437) | 1,3%    |
| (+) Gastos de administración              | (6.451)  | (4.845)  | 33,2%    | (19.847) | (15.808) | 25,6%   |
| (-) Amortización y depreciación           | (1.262)  | (1.292)  | (2,4%)   | (4.759)  | (3.344)  | 42,3%   |
| EBITDA                                    | 42.270   | 41.358   | 2,2%     | 150.562  | 137.717  | 9,3%    |





## Estados financieros consolidados

### Balance

|  | 31.12.2019       | 31.12.2018       |
|--|------------------|------------------|
| Activos  | (MMCh\$)         | (MMCh\$)         |
| <b>Activos Corrientes</b>                                  |                  |                  |
| Efectivo y equivalentes al efectivo                        | 315.435          | 281.224          |
| Otros activos financieros, corrientes                      | 3                | 6.607            |
| Otros activos no financieros, corrientes                   | 49.988           | 39.535           |
| Deudores com. y otras cuentas por cobrar, neto, corrientes | 35.041           | 30.216           |
| cuentas por cobrar a entidades relacionadas, corrientes    | 234              | 3                |
| Activos por impuestos corrientes                           | 9.222            | 6.583            |
| <b>Total activos corrientes</b>                            | <b>409.922</b>   | <b>364.168</b>   |
| <b>Activos no corrientes</b>                               |                  |                  |
| Otros activos financieros, no corrientes                   | 5.978            | 4.580            |
| Otros activos no financieros, no corrientes                | 21.316           | 36.973           |
| Derechos por cobrar, no corrientes                         | 52               | 55               |
| Cuentas por cobrar a entidades relacionadas, no corrientes | 2.027            | 6.615            |
| Inversiones en asociadas                                   | 117.210          | 89.928           |
| Activos intangibles distintos de la plusvalía              | 18.105           | 16.171           |
| Plusvalía  | 3.258            | 8.940            |
| Propiedades, planta y equipo, neto                         | 40.682           | 13.371           |
| Propiedades de inversión                                   | 2.029.498        | 1.794.030        |
| Activos por impuestos diferidos                            | 44.309           | 43.269           |
| <b>Total Activos No corrientes</b>                         | <b>2.282.436</b> | <b>2.013.932</b> |
| <b>Total Activos</b>                                       | <b>2.692.358</b> | <b>2.378.100</b> |

|  | 31.12.2019       | 31.12.2018       |
|--|------------------|------------------|
| Pasivos y patrimonio                                   | (MMCh\$)         | (MMCh\$)         |
| <b>Pasivos Corrientes</b>                              |                  |                  |
| Otros pasivos financieros corrientes                   | 235.023          | 119.876          |
| Cntas. por pagar comerciales y otras cuentas por pagar | 49.464           | 51.317           |
| Cuentas por Pagar a Entidades Relacionadas, corrientes | 0                | 0                |
| Otras provisiones                                      | 1.225            | 2.261            |
| Pasivos por Impuestos corrientes                       | 17.078           | 4.908            |
| Provisiones por beneficios a los empleados, corrientes | 5.021            | 4.534            |
| Otros pasivos no financieros corrientes                | 12.448           | 7.436            |
| Pasivos por arrendamiento, corrientes                  | 988              | 0                |
| <b>Total Pasivos Corrientes</b>                        | <b>321.246</b>   | <b>190.332</b>   |
| <b>Pasivos No Corrientes</b>                           |                  |                  |
| Otros pasivos financieros, no corrientes               | 879.837          | 876.257          |
| Cuentas por pagar a entidades rel., no corrientes      | 0                | 3.168            |
| Pasivos por Impuestos Diferidos                        | 247.849          | 214.750          |
| Otros pasivos no financieros, no corrientes            | 21.665           | 15.565           |
| Pasivos por arrendamiento, no corrientes               | 46.503           | 0                |
| <b>Total Pasivos No corrientes</b>                     | <b>1.195.855</b> | <b>1.109.740</b> |
| <b>Total Pasivos</b>                                   | <b>1.517.101</b> | <b>1.300.072</b> |
| <b>Patrimonio</b>                                      |                  |                  |
| Capital Emitido  | 423.575          | 420.017          |
| Resultados Retenidos (Pérdidas Acumuladas)             | 590.004          | 497.558          |
| Primas de Emisión                                      | 289              | 289              |
| Otras Reservas   | 50.580           | 1.963            |
| Patrimonio atrib. a los propietarios de controladora   | 1.064.448        | 919.826          |
| Participaciones no controladoras                       | 110.808          | 158.201          |
| <b>Patrimonio Total</b>                                | <b>1.175.257</b> | <b>1.078.028</b> |
| <b>Patrimonio Neto Y Pasivos, Total</b>                | <b>2.692.358</b> | <b>2.378.100</b> |



## Estados financieros consolidados

### Estado de flujo de caja

| MMCh\$   | 4T19            | 4T18            | Var. %         | 2019            | 2018            | Var. %        |
|--|-----------------|-----------------|----------------|-----------------|-----------------|---------------|
| <b>Flujos de efectivo procedentes de (utilizados en) actividades de operación</b>            |                 |                 |                |                 |                 |               |
| Cobros procedentes de las ventas de bienes y prestación de servicios                         | 81.847          | 81.943          | (0,1%)         | 317.993         | 301.381         | 5,5%          |
| Pagos a proveedores por el suministro de bienes y servicios                                  | (24.944)        | (24.049)        | 3,7%           | (95.608)        | (90.350)        | 5,8%          |
| Pagos a y por cuenta de los empleados  | (5.821)         | (4.863)         | 19,7%          | (23.573)        | (20.708)        | 13,8%         |
| Impuesto a las ganancias reembolsados (pagados)  | (1.765)         | (2.968)         | (40,5%)        | (13.474)        | (12.880)        | 4,6%          |
| Otras entradas (salidas) de efectivo   | (10.891)        | (16.177)        | (32,7%)        | (37.755)        | (41.695)        | (9,5%)        |
| <b>Flujos de efectivo netos procedentes de (utilizados en) actividades de operación</b>      | <b>38.425</b>   | <b>33.886</b>   | <b>13,4%</b>   | <b>147.583</b>  | <b>135.748</b>  | <b>8,7%</b>   |
| <b>Flujos de efectivo netos procedentes de (utilizados en) actividades de inversión</b>      |                 |                 |                |                 |                 |               |
| Flujos de efectivo utilizados para obtener el control de subsidiarias u otros negocios       | 0               | 0               | N/A            | 0               | 0               | N/A           |
| Flujos de efectivo utilizados en la compra de participaciones no controladoras               | 0               | 0               | N/A            | 0               | 0               | N/A           |
| Otros pagos para adquirir participaciones en negocios conjuntos                              | 0               | 0               | N/A            | 0               | 0               | N/A           |
| Importes procedentes de activos a largo plazo, clasificados como actividades de inversión    | 0               | 1.544           | (100,0%)       | 0               | 52.053          | (100,0%)      |
| Préstamos a entidades relacionadas   | 0               | 0               | N/A            | 0               | 0               | N/A           |
| Intereses recibidos  | 992             | 2.616           | (62,1%)        | 11.189          | 7.479           | 49,6%         |
| Compras de propiedades, planta y equipo  | (415)           | (2.404)         | (82,7%)        | (1.057)         | (2.809)         | (62,4%)       |
| Compras de activos intangibles   | (1.016)         | (1.110)         | (8,5%)         | (2.652)         | (2.984)         | (11,1%)       |
| Dividendos recibidos   | 0               | 0               | N/A            | 4.850           | 33.858          | (85,7%)       |
| Compras de otros activos a largo plazo   | (33.284)        | (60.671)        | (45,1%)        | (104.886)       | (99.377)        | 5,5%          |
| Impuestos a las ganancias pagados (reembolsados), clasificados como actividades de inversión | 0               | (9.897)         | (100,0%)       | 0               | (10.519)        | (100,0%)      |
| Otras entradas (salidas) de efectivo, clasificados como actividades de inversión             | 27              | 3.741           | (99,3%)        | 288             | (878)           | N/A           |
| <b>Flujos de efectivo netos procedentes de (utilizados en) actividades de inversión</b>      | <b>(33.696)</b> | <b>(66.181)</b> | <b>(49,1%)</b> | <b>(92.269)</b> | <b>(23.178)</b> | <b>298,1%</b> |

CONTINÚA &gt;



## Estados financieros consolidados

### Estado de flujo de caja

< CONTINUACIÓN

| MMCh\$  | 4T19          | 4T18            | Var. %          | 2019            | 2018           | Var. %         |
|---|---------------|-----------------|-----------------|-----------------|----------------|----------------|
| <b>Flujos de efectivo procedentes de (utilizados en) actividades de financiación</b>                                |               |                 |                 |                 |                |                |
| Cobros por cambios en las participaciones en la propiedad de subsidiarias que no resultan en una pérdida de control | 0             | 0               | N/A             | 139.379         | 0              | N/A            |
| Pagos por cambios en las participaciones en la propiedad de subsidiarias que no resultan en una pérdida de control  | (8.347)       | 0               | N/A             | (165.010)       | 0              | N/A            |
| Importes procedentes de la emisión de acciones  | 0             | 0               | N/A             | 8.983           | 4.841          | 85,6%          |
| Total importes procedentes de préstamos   | 129.261       | 11.871          | 988,9%          | 315.144         | 77.644         | 305,9%         |
| Importes procedentes de préstamos de largo plazo  | 33.794        | 11.606          | 191,2%          | 219.678         | 11.606         | 1.792,7%       |
| Importes procedentes de préstamos de corto plazo  | 95.466        | 265             | 35.938,4%       | 95.466          | 66.038         | 44,6%          |
| Importes procedentes de la emisión de obligaciones al público (neto)  | (15.070)      | (3.710)         | 306,3%          | (34.537)        | 127.524        | N/A            |
| Reembolsos de préstamos   | (77.103)      | (602)           | 12.706,0%       | (202.969)       | (121.390)      | 67,2%          |
| Pagos de pasivos por arrendamiento financiero   | (1.532)       | (1.371)         | 11,8%           | (5.377)         | (3.488)        | 54,1%          |
| Dividendos pagados  | (1.520)       | 40              | N/A             | (40.135)        | (34.749)       | 16%            |
| Intereses pagados   | (7.689)       | (5.598)         | 37%             | (35.921)        | (30.726)       | 17%            |
| Otras entradas (salidas) de efectivo, clasificados como actividades de financiación                                 | (1.502)       | (5)             | 30.817,0%       | (11.115)        | (472)          | 2.257%         |
| <b>Flujo de Efectivo Neto procedentes de (utilizados en) actividades de financiación</b>                            | <b>16.498</b> | <b>626</b>      | <b>2.534,8%</b> | <b>(31.557)</b> | <b>19.184</b>  | <b>N/A</b>     |
| Incremento neto (disminución) en el efectivo y equivalentes al efectivo, antes de efecto en tasa de cambio          | 21.227        | (31.669)        | N/A             | 23.757          | 131.755        | (82,0%)        |
| Efectos de la variación en la tasa de cambio sobre el efectivo y equivalentes al efectivo                           | 7.294         | 277             | 2.531,3%        | 10.455          | 2.870          | 264,3%         |
| <b>Incremento (disminución) neto de efectivo y equivalentes al efectivo</b>   | <b>28.521</b> | <b>(31.392)</b> | <b>N/A</b>      | <b>34.211</b>   | <b>134.625</b> | <b>(74,6%)</b> |
| Efectivo y equivalentes al efectivo al principio del periodo  | 286.914       | 312.615         | (8,2%)          | 281.224         | 146.599        | 91,8%          |
| Efectivo y equivalentes al efectivo al final del periodo  | 315.435       | 281.224         | 12,2%           | 315.435         | 281.224        | 12,2%          |





# Glosario

**ABL - Área Bruta Locataria:** Equivalente a la suma de las áreas disponibles para arrendamiento

**ABL Propio:** El ABL total multiplicado por la participación de Parque Arauco en el centro comercial

**AFFO - Adjusted Funds From Operations:** Total utilidad (pérdida) - Depreciación y Amortización - Participación - Otras ganancias (pérdidas) - Diferencias de Cambio - Unidades de Reajuste - Valor justo propiedades de inversión + FFO Ajustado empresas relacionadas

**Banco de terrenos:** Terrenos mantenidos por la empresa para desarrollo futuro

**Centro comercial regional:** Centro comercial con un ABL mayor a 20.000 m2

**Centro comercial vecinal:** Centro comercial con un ABL entre 6.000 y 20.000 m2

**Controlling Adjusted FFO:** AFFO atribuible a los accionistas de la compañía

**Controlling FFO:** FFO atribuible a los accionistas de la compañía

**Costo locatario:** (El arriendo mínimo + el arriendo variable + gasto común + fondo de promoción que pagan los locatarios a Parque Arauco )/ ventas de los locatarios

**EBITDA - Earnings Before Income Tax Depreciation and**

**Amortization:** Ingresos Ordinarios + Costo de Ventas + Gastos de Administración - Depreciación y Amortización

**FFO - Funds From Operations:** Total utilidad (pérdida) - Depreciación y Amortización - Participación + FFO Empresas relacionadas

**Ingresos mensuales/m2:** Ingresos por mes dividido por ABL que genera ingresos durante el mes

**Margen EBITDA:** EBITDA dividido por ingresos ordinarios

**Margen ganancias:** Utilidad Neta / Ingresos Operacionales

**Margen FFO Ajustado:** AFFO / ingresos ordinarios

**NOI: Net Operating Income:** Ingresos ordinarios + Costo de ventas + Gastos de Administración - Depreciación y Amortización + NOI Empresas relacionadas

**Ocupación:** ABL pagando arriendo dividido por ABL total

**Pipeline:** Proyectos greenfield y expansiones en desarrollo

**Premium Outlet:** Centro comercial ubicado fuera de la ciudad ofreciendo ropa y bienes a precios descontados

**Proyectos Greenfield:** Desarrollo orgánico de nuevos centros comerciales

**SSR - Same Store Rent:** Cambio porcentual en el arriendo recaudado de los arrendatarios que pagaron arriendo en ambos periodos comparados

**SSS -Same Store Sales:** Cambio porcentual en las ventas informadas de los arrendatarios que informaron ventas en ambos periodos comparados

**Strip Center:** Un centro comercial con menos de 6.000 m2

**UDM - Últimos Doce Meses:** Se refiere a información de los últimos doce meses

**UF - Unidad de Fomento:** Unidad de cuenta utilizada en Chile, indexada según la inflación diaria

**Utilidad por acción:** Utilidad participación controladora/número de acciones promedio ponderado últimos doce meses

**Ventas locatarios:** Ventas de los arrendatarios de los activos consolidados.

**Ventas mensuales/m2:** Ventas locatarios por mes dividido por ABL que genera ventas durante el mes





## 6.2 Consolidated financial statements



*Consolidated Financial Statements*  
***PARQUE ARAUCO S.A. AND SUBSIDIARIES***  
*As of December 31, 2019 and 2018*  
*and for the years ended December 31, 2019 and 2018*  
*Santiago, Chile*

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Directors of  
Parque Arauco S.A.

We have audited the accompanying consolidated financial statements of Parque Arauco S.A. (the "Company") and its subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### Management's responsibility for the consolidated financial statements

The Company's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB"); this responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



**Opinion**

In our opinion, the consolidated financial statements referred to above, present fairly, in all material respects, the financial position of Parque Arauco S.A. and its subsidiaries as of December 31, 2019 and 2018, the results of their operations and their cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB").

**Other matter**

The accompanying consolidated financial statements have been translated into English solely for the convenience of readers outside of Chile

  
January 30, 2020  
Santiago, Chile

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**PARQUE ARAUCO S.A. AND SUBSIDIARIES**

**Securities Registration No. 403**

**Figures expressed in ThCLP\$**

## PARQUE ARAUCO S.A. AND SUBSIDIARIES

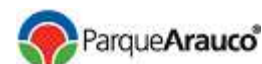
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**PARQUE ARAUCO S.A. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2019 AND 2018**

| ASSETS  | Note | 12.31.2019           | 12.31.2018           |
|---|------|----------------------|----------------------|
|   |      | ThCLP\$              | ThCLP\$              |
| <b>Current Assets</b>   |      |                      |                      |
| Cash and cash equivalents                                       | 5    | 315,434,937          | 281,223,537          |
| Other financial assets, current                                 | 6    | 2,501                | 6,606,614            |
| Other non-financial assets, current                             | 7    | 49,987,523           | 39,534,831           |
| Trade and other receivables, current (net)                      | 8    | 35,040,712           | 30,216,487           |
| Related party receivables, current                              | 9    | 234,289              | 2,860                |
| Current tax assets  | 10   | 9,222,077            | 6,583,255            |
| <b>Total current assets</b>                                     |      | <b>409,922,039</b>   | <b>364,167,584</b>   |
| <b>Non-Current Assets</b>                                       |      |                      |                      |
| Other financial assets, non-current                             | 6    | 5,978,477            | 4,580,422            |
| Other non-financial assets, non-current                         | 7    | 21,316,067           | 36,972,947           |
| Rights receivable, non-current                                  | 8    | 52,047               | 54,733               |
| Related party receivables, non-current                          | 9    | 2,027,164            | 6,614,830            |
| Investments in associates accounted for using the equity method | 36   | 117,209,789          | 89,928,275           |
| Intangible assets other than goodwill                           | 11   | 18,105,057           | 16,170,952           |
| Goodwill  | 12   | 3,258,204            | 8,940,174            |
| Property, plant and equipment, net                              | 13   | 40,682,406           | 13,370,957           |
| Investment properties   | 14   | 2,029,497,746        | 1,794,029,825        |
| Deferred tax assets   | 15   | 44,308,618           | 43,269,350           |
| <b>Total non-current assets</b>                                 |      | <b>2,282,435,575</b> | <b>2,013,932,465</b> |
| <b>Total assets</b>   |      | <b>2,692,357,614</b> | <b>2,378,100,049</b> |
|   |      |                      |                      |
| LIABILITIES AND EQUITY  | Note | 12.31.2019           | 12.31.2018           |
|   |      | ThCLP\$              | ThCLP\$              |
| <b>Current liabilities</b>                                      |      |                      |                      |
| Other financial liabilities, current                            | 16   | 235,023,021          | 119,876,399          |
| Trade and other payables, current                               | 19   | 49,463,827           | 51,316,871           |
| Related party payables, current                                 | 9    | -                    | -                    |
| Other provisions  | 17   | 1,224,669            | 2,260,853            |
| Current tax liabilities   | 10   | 17,077,511           | 4,907,656            |
| Employee benefit provisions, current                            | 18   | 5,020,749            | 4,534,317            |
| Other non-financial liabilities, current                        | 20   | 12,448,089           | 7,435,895            |
| Current lease liabilities                                       | 21   | 988,367              | -                    |
| <b>Total current liabilities</b>                                |      | <b>321,246,234</b>   | <b>190,331,991</b>   |
| <b>Non-Current Liabilities</b>                                  |      |                      |                      |
| Other financial liabilities, non-current                        | 16   | 879,837,313          | 876,256,944          |
| Related party payables, non-current                             | 9    | -                    | 3,167,917            |
| Deferred tax liabilities  | 15   | 247,849,234          | 214,750,008          |
| Other non-financial liabilities, non-current                    | 20   | 21,665,472           | 15,565,449           |
| Non-current lease liabilities                                   | 21   | 46,502,524           | -                    |
| <b>Total non-current liabilities</b>                            |      | <b>1,195,854,543</b> | <b>1,109,740,318</b> |
| <b>Total liabilities</b>  |      | <b>1,517,100,777</b> | <b>1,300,072,309</b> |
| <b>Equity</b>   | 22   |                      |                      |
| Issued capital  |      | 423,575,312          | 420,016,646          |
| Retained earnings   |      | 590,004,152          | 497,557,779          |
| Share premium   |      | 289,355              | 289,355              |
| Other reserves  |      | 50,579,660           | 1,962,545            |
| <b>Equity attributable to equity holders of the parent</b>      |      | <b>1,064,448,479</b> | <b>919,826,325</b>   |
| Non-controlling interest  | 22   | 110,808,359          | 158,201,415          |
| <b>Total equity</b>   |      | <b>1,175,256,838</b> | <b>1,078,027,740</b> |
| <b>Total liabilities and net equity</b>                         |      | <b>2,692,357,614</b> | <b>2,378,100,049</b> |

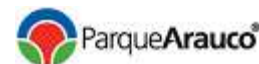


**PARQUE ARAUCO S.A. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**



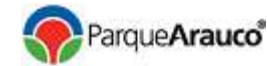
|   |           | Cumulative         |                    |
|---|-----------|--------------------|--------------------|
|   |           | 01.01.2019         | 01.01.2018         |
|   |           | 12.31.2019         | 12.31.2018         |
|   | Note      | ThCLP\$            | ThCLP\$            |
| Revenue   | 24        | 205,612,761        | 189,618,287        |
| Operating expenses  | 24        | (39,962,704)       | (39,437,276)       |
| <b>Gross profit</b>   |           | <b>165,650,057</b> | <b>150,181,011</b> |
| Administrative expenses   | 24        | (19,847,060)       | (15,807,825)       |
| Other income  | 30.1      | 49,131,361         | 82,972,207         |
| Other expenses  | 30.2      | (10,993,318)       | (10,021,080)       |
| <b>Operating income</b>   |           | <b>183,941,039</b> | <b>207,324,313</b> |
| Financial income  | 26        | 11,444,462         | 7,975,774          |
| Financial expenses  | 26        | (40,046,031)       | (36,627,127)       |
| Share of profit (loss) of equity method associates and joint ventures | 36        | 7,186,623          | 10,330,051         |
| Foreign exchange differences  | 27        | 809,663            | (5,862)            |
| Loss on indexed assets and liabilities                                | 29        | (21,873,481)       | (18,148,557)       |
| <b>Profit before income tax</b>                                       |           | <b>141,462,272</b> | <b>170,848,592</b> |
| Income tax expense  | 15        | (36,819,653)       | (47,459,179)       |
| <b>Profit for the year</b>  |           | <b>104,642,623</b> | <b>123,389,413</b> |
| <b>Profit attributable to</b>   |           |                    |                    |
| Profit attributable to equity holders of the parent                   |           | 93,393,722         | 117,863,488        |
| Profit attributable to non-controlling interest                       | 22        | 11,248,901         | 5,525,925          |
| <b>Profit for the year</b>  |           | <b>104,642,623</b> | <b>123,389,413</b> |
| <b>Earnings per share</b>   |           |                    |                    |
| <b>Basic earnings per share</b>                                       | <b>23</b> | <b>103.29</b>      | <b>130.97</b>      |
| <b>Diluted earnings per share</b>                                     | <b>23</b> | <b>102.64</b>      | <b>129.50</b>      |

**PARQUE ARAUCO S.A. AND SUBSIDIARIES**  
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018



|  | Cumulative         |                     |
|--|--------------------|---------------------|
|  | 01.01.2019         | 01.01.2018          |
|  | 12.31.2019         | 12.31.2018          |
|  | ThCLP\$            | ThCLP\$             |
| <b>Profit for the year</b>   | <b>104,642,623</b> | <b>123,389,413</b>  |
| <b>Other comprehensive income that will be reclassified to profit for the year, before tax</b>                   |                    |                     |
| <b>Foreign exchange differences on translation of foreign operations</b>   |                    |                     |
| Gain from foreign exchange differences on translation of foreign operations, before tax                          | 46,947,734         | 36,884,723          |
| <b>Other comprehensive income, before tax, foreign exchange differences on translation of foreign operations</b> | <b>46,947,734</b>  | <b>36,884,723</b>   |
| <b>Cash flow hedges</b>  |                    |                     |
| Gain from cash flow hedges, before taxes   | 433,484            | 1,436,422           |
| <b>Other comprehensive income, before tax, cash flow hedges</b>  | <b>433,384</b>     | <b>1,436,422</b>    |
|  |                    |                     |
| <b>Other components of other comprehensive income (loss), before tax</b>   | <b>47,381,218</b>  | <b>38,321,145</b>   |
|  |                    |                     |
| Income tax relating to cash flow hedges  | (117,041)          | (387,834)           |
| <b>Income tax relating to other comprehensive income that will be reclassified to profit for the year</b>        | <b>(117,041)</b>   | <b>(387,834)</b>    |
| <b>Other comprehensive income (loss)</b>   | <b>47,264,178</b>  | <b>(37,933,311)</b> |
| <b>Total comprehensive income</b>  | <b>151,906,801</b> | <b>161,322,724</b>  |
| <b>Total comprehensive income attributable to:</b>   |                    |                     |
| Equity holders of the parent   | 140,657,900        | 155,796,799         |
| Non-controlling interest   | 11,248,901         | 5,525,925           |
| <b>Total comprehensive income</b>  | <b>151,906,801</b> | <b>161,322,724</b>  |

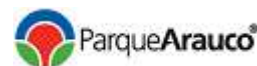
**PARQUE ARAUCO S.A. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**



| 12.31.2019   |      | Issued Capital | Share Premium | Translation Adjustment Reserve | Cash Flow Hedge Reserve | Other Miscellaneous Reserves | Other Reserves | Retained Earnings | Equity Attributable to Equity Holders of the Parent | Non-Controlling Interest | Total Equity  |
|--|------|----------------|---------------|--------------------------------|-------------------------|------------------------------|----------------|-------------------|---|--------------------------|---------------|
|  | Note | ThCLP\$        | ThCLP\$       | ThCLP\$                        | ThCLP\$                 | ThCLP\$                      | ThCLP\$        | ThCLP\$           | ThCLP\$   | ThCLP\$                  | ThCLP\$       |
| Opening balance as of 01.01.2019                       |      | 420,016,646    | 289,355       | (8,673,670)                    | 1,864,632               | 8,771,582                    | 1,962,545      | 497,557,779       | 919,826,325   | 158,201,415              | 1,078,027,740 |
| Total comprehensive income                             |      |                |               |                                |                         |                              |                |                   |   |                          |               |
| Profit for the year                                    |      | -              | -             | -                              | -                       | -                            | -              | 93,393,722        | 93,393,722  | 11,248,901               | 104,642,623   |
| Other comprehensive income                             |      | -              | -             | 46,947,734                     | 316,443                 | -                            | 47,264,178     | -                 | 47,264,178  | -                        | 47,264,178    |
| Total comprehensive income                             |      | -              | -             | -                              | -                       | -                            | -              | 93,393,722        | 140,657,900   | 11,248,901               | 151,906,801   |
| Equity issuance  |      | 3,558,666      | -             | -                              | -                       | -                            | -              | -                 | 3,558,666   | -                        | 3,558,666     |
| Dividends  |      | -              | -             | -                              | -                       | -                            | -              | (25,400,129)      | (25,400,129)  | -                        | (25,400,129)  |
| Increase (decrease) due to transfers and other changes | 22   | -              | -             | -                              | -                       | 1,352,937                    | 1,352,937      | 24,452,780        | 25,805,717  | (58,641,956)             | (32,836,239)  |
| Total changes in equity                                |      | 3,558,666      | -             | 46,947,734                     | 316,443                 | 1,352,937                    | 48,617,115     | 92,446,373        | 144,622,154   | (47,393,056)             | 97,229,098    |
| Closing balance as of 12.31.2019                       |      | 423,575,312    | 289,355       | 38,274,064                     | 2,181,075               | 10,124,519                   | 50,579,659     | 590,004,152       | 1,064,448,478                                       | 110,808,359              | 1,175,256,838 |

| 12.31.2018   |      | Issued Capital | Share Premium | Translation Adjustment Reserve | Cash Flow Hedge Reserve | Other Miscellaneous Reserves | Other Reserves | Retained Earnings | Equity Attributable to Equity Holders of the Parent | Non-Controlling Interest | Total Equity  |
|--|------|----------------|---------------|--------------------------------|-------------------------|------------------------------|----------------|-------------------|---|--------------------------|---------------|
|  | Note | ThCLP\$        | ThCLP\$       | ThCLP\$                        | ThCLP\$                 | ThCLP\$                      | ThCLP\$        | ThCLP\$           | ThCLP\$   | ThCLP\$                  | ThCLP\$       |
| Opening balance as of 01.01.2018                       |      | 416,047,240    | 289,355       | (45,558,393)                   | 816,044                 | 9,696,008                    | (35,046,341)   | 416,884,616       | 798,174,870   | 142,594,549              | 940,769,419   |
| Total comprehensive income                             |      |                |               |                                |                         |                              |                |                   |   |                          |               |
| Profit for the year                                    |      | -              | -             | -                              | -                       | -                            | -              | 117,863,488       | 117,863,488   | 5,525,925                | 123,389,413   |
| Other comprehensive income                             |      | -              | -             | 36,884,723                     | 1,048,588               | -                            | 37,933,312     | -                 | 37,933,312  | -                        | 37,933,312    |
| Total comprehensive income                             |      | -              | -             | -                              | -                       | -                            | -              | 117,863,488       | 155,796,800   | 5,525,925                | 161,322,725   |
| Equity issuance  |      | 3,969,406      | -             | -                              | -                       | -                            | -              | -                 | 3,969,406   | -                        | 3,969,406     |
| Dividends  |      | -              | -             | -                              | -                       | -                            | -              | (38,694,320)      | (38,694,320)  | -                        | (38,694,320)  |
| Increase (decrease) due to transfers and other changes | 22   | -              | -             | -                              | -                       | (924,426)                    | (924,426)      | 1,503,995         | 579,569   | 10,080,941               | 10,660,510    |
| Total changes in equity                                |      | 3,969,406      | -             | 36,884,723                     | 1,048,588               | (924,426)                    | 37,008,886     | 80,673,163        | 121,651,455   | 15,606,866               | 137,258,321   |
| Closing balance as of 12.31.2018                       |      | 420,016,646    | 289,355       | (8,673,670)                    | 1,864,632               | 8,771,582                    | 1,962,545      | 497,557,779       | 919,826,325   | 158,201,415              | 1,078,027,740 |

**PARQUE ARAUCO S.A. AND SUBSIDIARIES**  
CONSOLIDATED STATEMENT OF CASH FLOWS (DIRECT METHOD)  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018



|  | 12.31.2019<br>ThCLP\$ | 12.31.2018<br>ThCLP\$ |
|--|-----------------------|-----------------------|
| <b>Cash flows provided by (used in) operating activities</b>                             |                       |                       |
| <b>Classes of revenue from operating activities</b>                                      |                       |                       |
| Proceeds from sales of goods and services  | 317,993,005           | 301,381,066           |
| <b>Classes of payments</b>   |                       |                       |
| Payments to suppliers for goods and services   | (95,607,954)          | (90,349,983)          |
| Payments to and on behalf of employees   | (23,573,485)          | (20,707,831)          |
| Income taxes paid  | (13,474,061)          | (12,879,949)          |
| Other payments   | (37,754,835)          | (41,695,339)          |
| <b>Net cash flows provided by operating activities</b>                                   | <b>147,582,722</b>    | <b>135,747,964</b>    |
| <b>Cash flows provided by (used in) investing activities</b>                             |                       |                       |
| Proceeds from long-term assets, classified as investing activities                       | -                     | 52,052,796            |
| Interest received  | 11,188,610            | 7,478,844             |
| Purchases of property, plant and equipment   | (1,056,599)           | (2,809,385)           |
| Purchases of intangible assets   | (2,652,417)           | (2,983,935)           |
| Dividends received   | 4,850,003             | 33,857,834            |
| Acquisition of other long-term assets  | (104,886,150)         | (99,376,855)          |
| Income taxes refunded, classified as investing activities                                | -                     | (10,518,944)          |
| Other cash inflows (outflows), classified as investing activities                        | 287,728               | (878,133)             |
| <b>Net cash flows used in investing activities</b>                                       | <b>(92,268,825)</b>   | <b>(23,177,778)</b>   |
| <b>Cash flows provided by (used in) financing activities</b>                             |                       |                       |
| Proceeds from changes in ownership in a subsidiary that do not result in loss of control | 139,379,151           | -                     |
| Payments for changes in ownership in a subsidiary that do not result in loss of control  | (165,009,778)         | -                     |
| Proceeds from share issuance   | 8,982,966             | 4,840,883             |
| Proceeds from long-term loans  | 219,678,081           | 11,606,330            |
| Proceeds from short-term loans   | 95,466,404            | 66,037,671            |
| <b>Total proceeds from loans</b>   | <b>315,144,485</b>    | <b>77,644,001</b>     |
| Proceeds from issuance of bonds (net)  | (34,536,952)          | 127,524,064           |
| Loan repayments  | (202,968,978)         | (121,390,212)         |
| Repayment of finance lease liabilities   | (5,376,896)           | (3,488,204)           |
| Dividends paid   | (40,135,314)          | (34,749,046)          |
| Interest paid  | (35,921,425)          | (30,725,532)          |
| Other cash outflows, classified as financing activities                                  | (11,114,598)          | (471,565)             |
| <b>Net cash flows provided by (used in) financing activities</b>                         | <b>(31,557,339)</b>   | <b>19,184,389</b>     |
| <b>Increase in cash and cash equivalents before effect of exchange rate changes</b>      | <b>23,756,506</b>     | <b>131,754,575</b>    |
| <b>Effect of exchange rate changes on cash and cash equivalents</b>                      |                       |                       |
| Effect of exchange rate changes on cash and cash equivalents                             | 10,454,843            | 2,869,941             |
| Increase in cash and cash equivalents  | 34,211,348            | 134,624,516           |
| <b>Cash and cash equivalents at the beginning of the year</b>                            | <b>281,223,589</b>    | <b>146,599,021</b>    |
| <b>Cash and cash equivalents at the end of the year</b>                                  | <b>315,434,937</b>    | <b>281,223,537</b>    |



## **Note 1 - General Information**

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### **1.1 Corporate Information**

Parque Arauco S.A. was incorporated by public instrument dated November 30, 1979, granted before Santiago Notary Public Mr. Andrés Rubio Flores. It was authorized to do business and its bylaws were approved in ruling 363-S dated June 22, 1981, from the Chilean Financial Market Commission (CMF).

Parque Arauco S.A. (or "the Company"), taxpayer ID No. 94.627.000-8, is a regional holding with operations in Chile, Peru and Colombia that owns and manages several real estate assets through different subsidiaries and associates. The Company is mainly engaged in developing real estate projects and managing those properties through retail store and space lease agreements with different operators.

The Company is located in Santiago, Chile, at Avenida Presidente Kennedy 5413, Las Condes. Parque Arauco S.A., is a publicly-traded corporation that is registered in the Securities Registry under number 403 and, therefore, is supervised by the Chilean Financial Market Commission (CMF).

## **Note 2 - Basis of Presentation**

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### **2.1 Basis of Preparation and Presentation**

These consolidated financial statements as of December 31, 2019 and 2018, and for the years ended December 31, 2018 and 2017, have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

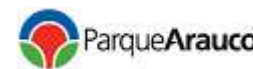
These consolidated financial statements have been prepared from accounting records maintained by the parent company and the other entities within the consolidated holding. Each entity prepares its consolidated financial statements according to the accounting standards and principles in force in each country. Upon consolidation, adjustments and reclassifications have been made in order to adapt such standards and principles to International Financial Reporting Standards.

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments and investment properties that are measured at revalued amounts or fair values as of year end, as explained in the accounting policies below. In general, historical cost is based on the fair value of the consideration provided in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether the price is observable or estimated using another direct valuation technique. In estimating the fair value of an asset or liability, the Company considers characteristics of the asset or liability that market participants would use in setting the price of the asset or liability as of the measurement date. Fair value is determined as such for measurement and/or disclosure purposes, with the exception of:

- i) Share-based payment transactions that are within the scope of IFRS 2,
- ii) Lease transactions that are within the scope of IAS 17, and
- iii) Measurements that have some similarities to market value, but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.

**PARQUE ARAUCO S.A. AND SUBSIDIARIES**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2019 AND 2018  
AND FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018



**Note 2 - Basis of Presentation (continued)**

To estimate value in use, the Company prepares future pre-tax cash flow projections based on the most recently available budgets. These budgets incorporate management's best estimates of revenue and costs of cash generating units using sector projections, experience and future expectations.

**2.2 Periods Covered by the Consolidated Financial Statements**

These consolidated financial statements cover the following periods:

Consolidated Statements of Financial Position as of December 31, 2019 and 2018.

Consolidated Statements of Income for the years ended December 31, 2019 and 2018.

Consolidated Statements of Comprehensive Income for the years ended December 31, 2019 and 2018.

Consolidated Statements of Changes in Equity for the years ended December 31, 2019 and 2018.

Consolidated Statements of Cash Flows for the years ended December 31, 2019 and 2018.

**2.3 Statement of Compliance**

These consolidated financial statements, which were approved by the Board of Directors on January 30, 2020, faithfully reflect the financial position of Parque Arauco S.A. as of December 31, 2019 and 2018. As stated in 2.1, these consolidated financial statements represent full adoption of IFRS, explicitly and without reserve. The consolidated financial statements are presented in thousands of Chilean pesos (functional currency) and have been prepared from accounting records maintained by the parent company and its subsidiaries.

**2.4 Accounting pronouncements effective beginning on or after January 1, 2019:**

- a) The following new standards, amendments and interpretations have been adopted in these consolidated financial statements.

| New IFRS  | Mandatory Effective Date                                     |
|---|--|
| <b>IFRS 16, Leases</b>  | <i>Annual periods beginning on or after January 1, 2019.</i> |
| <b>Amendment to IFRS</b>  |  |
| <i>Prepayment Features with Negative Compensation (amendments to IFRS 9)</i>                  | <i>Annual periods beginning on or after January 1, 2019.</i> |
| <i>Long-term Interests in Associates and Joint Ventures (amendments to IAS 28)</i>            | <i>Annual periods beginning on or after January 1, 2019.</i> |
| <i>Annual Improvements Cycle 2015-2017 (amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23)</i> | <i>Annual periods beginning on or after January 1, 2019.</i> |
| <i>Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)</i>                       | <i>Annual periods beginning on or after January 1, 2019.</i> |
| <i>Prepayment Features with Negative Compensation (amendments to IFRS 9)</i>                  | <i>Annual periods beginning on or after January 1, 2019.</i> |
| <b>New Interpretations</b>  |  |
| <i>IFRIC 23 Uncertainty over Income Tax Treatments</i>  | <i>Annual periods beginning on or after January 1, 2019.</i> |

**PARQUE ARAUCO S.A. AND SUBSIDIARIES**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2019 AND 2018  
AND FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018



**Note 2 - Basis of Presentation (continued)**

b) The following standards, amendments and interpretations have been issued but application is not yet mandatory:

| New IFRS  | Mandatory Effective Date                                     |
|---|--|
| <b>IFRS 17, Insurance Contracts</b>   | <i>Annual periods beginning on or after January 1, 2021.</i> |
| <b>Amendment to IFRS</b>  |  |
| <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)</i> | <i>Effective date deferred indefinitely.</i>                 |
| <i>Definition of a Business (Amendments to IFRS 3)</i>  | <i>Annual periods beginning on or after January 1, 2020.</i> |
| <i>Definition of Material (amendments to IAS 1 and IAS 8)</i>   | <i>Annual periods beginning on or after January 1, 2020.</i> |
| <i>Revised Conceptual Framework for Financial Reporting</i>   | <i>Annual periods beginning on or after January 1, 2020.</i> |
| <i>Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)</i>   | <i>Annual periods beginning on or after January 1, 2020</i>  |

The accounting policies adopted in preparing these consolidated financial statements are consistent with those applied in preparing the Company's annual consolidated financial statements as of and for the year ended December 31, 2018, except for the following new standards, interpretations and amendments effective beginning January 1, 2019:

➤ **IFRS 16 Leases**

Parque Arauco S.A., has applied IFRS 16 since January 1, 2019.

IFRS 16 introduces a single lease model within the balance sheet, which is similar to the concept of financial lease that existed in IAS 17. The new standard's main impacts for lessees are related to the fact that it turns the lease agreement into a liability and an equivalent asset.

IFRS 16 must be adopted for the first time by lessees using either a full retrospective approach or a modified retrospective approach. If an entity chooses the second method, it should not restate comparative information and must recognize the cumulative effect of first-time adoption as an adjustment to opening equity balances.

Parque Arauco S.A. has chosen the second method, the modified retrospective approach, as permitted by IFRS 16 in paragraph C5 b), which had no effects upon first-time adoption. Therefore, the comparative information presented has not been restated.

Upon adopting IFRS 16, the Group recognized lease liabilities for leases that had previously been classified as "operating leases" under IAS 17 Leases. These liabilities were recorded at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2019.

**PARQUE ARAUCO S.A. AND SUBSIDIARIES**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2019 AND 2018  
AND FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018



**Note 2 - Basis of Presentation (continued)**

Parque Arauco S.A., has chosen to present the right-of-use assets within property, plant and equipment and investment property, and the lease liabilities in the statement of financial position. Detailed disclosures are provided in one single note (Note 21).

Upon first-time adoption, the Group recognized right-of-use assets for an amount equal to the lease liabilities, adjusted to account for any up-front or cumulative lease payments recorded in the statement of financial position immediately before the date of initial application.

The following table summarizes the impact of the adoption of IFRS 16 as of January 1, 2019.

| Right of Use                  | 12.31.2018    | Adjustments<br>IFRS 16<br>01.01.2019 | 1st Time Adoption IFRS<br>16 01.01.2019 |
|-------------------------------|---------------|--------------------------------------|---|
|                               | ThCLP\$       | ThCLP\$                              | ThCLP\$                                 |
| <b>Assets</b>                 |               |                                      |   |
| Property, plant and equipment | 13,370,957    | 2,627,679                            | 15,998,636                              |
| Investment property           | 1,794,029,825 | 49,994,090                           | 1,844,023,915                           |
| Other non-financial assets    | 36,972,947    | (11,247,694)                         | 25,725,253                              |
| <b>Liabilities</b>            |               |                                      |   |
| Lease liabilities             | -             | 41,374,075                           | 41,374,075                              |

**2.5 Basis of Consolidation**

The consolidated financial statements include the financial statements of the Company and the entities controlled by the Company (its subsidiaries). Control is obtained when the Company has:

- (a) power over the investee, i.e. existing rights that give it the ability to direct the relevant activities of the investee (the activities that significantly affect the investee's returns);
- (b) exposure, or rights, to variable returns from its involvement with the investee; and
- (c) the ability to use its power over the investee to affect its returns.

When the Company has less than the majority of the voting rights in an investee, it has power over the investee when these voting rights are sufficient to give it the practical ability to unilaterally direct the investee's relevant activities. The Company considers all of the facts and circumstances in evaluating whether the voting rights in an investee are sufficient to give it power, including:

- (a) the size of its holding of voting rights relative to the size and dispersion of holdings of other vote holders;
- (b) potential voting rights held by the investor, other vote holders or other parties;
- (c) rights from other contractual agreements; and
- (d) any additional facts and circumstances that indicate that the investor has, or does not have, the current ability to direct the relevant activities when decisions need to be made, including voting behavior patterns in prior shareholder meetings.

The Company will reevaluate whether or not it has control in an investee if the facts and circumstances indicate that there have been changes in one or more of the elements of control mentioned above.



**Note 2 - Basis of Presentation (continued)**

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A subsidiary will be consolidated from the date on which the investor obtains control of the investee and consolidation shall cease when control over the investee is lost. Specifically, the income and expenses of a subsidiary acquired or sold during the year are included in the consolidated statements of comprehensive income from the date on which the Company obtains control until the date on which the Company ceases to control the subsidiary.

The gain or loss from each component of other comprehensive income is attributed to the equity holders of the Company and to non-controlling interests, as appropriate. Total comprehensive income is attributed to the equity holders of the Company and to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If a subsidiary uses accounting policies that differ from the consolidated financial statements for transactions and other similar events in similar circumstances, the appropriate adjustments will be made to the financial statements of the subsidiaries upon preparation of the consolidated financial statements to ensure uniformity with the accounting policies of Parque Arauco S.A.

All assets, liabilities, equity, income, expenses and cash flows related to transactions between group entities are eliminated in full upon consolidation.

**Non-controlling interest** - A parent company shall present non-controlling interests in the interim consolidated statement of financial position, within equity, separately from the equity of the equity holders of the parent company.

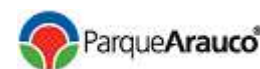
**Changes in Company's interests in current subsidiaries**

Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control are equity transactions. Any difference between the amount by which the minority interest is adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the equity holders of the parent. No adjustment is made to the carrying amount of goodwill and gains or losses are not recognized in profit and loss for the year.

When control of a subsidiary is lost, a gain or loss is recognized in profit and loss and is calculated as the difference between (i) the sum of the fair value of the consideration received and the fair value of any retained interest; and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest.

When the subsidiary's assets are measured at revalued amounts or at fair value and the corresponding accumulated gain or loss has been recognized in other comprehensive income and accumulated in equity, amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Company had directly sold the relevant assets (i.e. reclassified to profit and loss or transferred directly to retained earnings as specified by the applicable IFRS). The fair value of any investment retained in the former subsidiary as of the date on which control is lost shall be considered the fair value at initial recognition for subsequent measurement under IFRS 9 Financial Instruments: Recognition and Measurement, when appropriate, as the cost at initial recognition for an investment in an associate or joint venture.

**PARQUE ARAUCO S.A. AND SUBSIDIARIES**  
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**Note 2 - Basis of Presentation (continued)**

The Company controls the following entities:

| Taxpayer ID Number | Company Name   | Country   | Functional Currency | Ownership Percentage |          |         |            |
|--------------------|--|-----------|---------------------|----------------------|----------|---------|------------|
|                    |  |           |                     | 12.31.2019           |          |         | 12.31.2018 |
|                    |  |           |                     | Direct               | Indirect | Total   | Total      |
| 76.013.218-7       | Inversiones Parque Arauco Uno S.A.                           | Chile     | Chilean peso        | 99.82%               | 0.18%    | 100.00% | 100.00%    |
| 76.111.950-8       | Desarrollos Inmobiliarios San Antonio S.A.                   | Chile     | Chilean peso        | 0.00%                | 70.00%   | 70.00%  | 70.00%     |
| 76.187.012-2       | Centros Comerciales Vecinales Arauco Express S.A.            | Chile     | Chilean peso        | 51.00%               | 0.00%    | 51.00%  | 53.34%     |
| 76.189.464-1       | Nueva Arauco SpA.  | Chile     | Chilean peso        | 100.00%              | 0.00%    | 100.00% | 100.00%    |
| 76.263.221-7       | Centro Comercial Arauco Express Ciudad Empresarial S.A. (10) | Chile     | Chilean peso        | 0.00%                | 100.00%  | 100.00% | 80.00%     |
| 86.339.000-1       | Plaza Estación S.A.  | Chile     | Chilean peso        | 0.00%                | 100.00%  | 100.00% | 100.00%    |
| 89.276.800-5       | Comercial Arauco Ltda.                                       | Chile     | Chilean peso        | 95.00%               | 5.00%    | 100.00% | 100.00%    |
| 96.547.010-7       | Inmobiliaria Paseo de la Estación S.A.                       | Chile     | Chilean peso        | 83.00%               | 0.00%    | 83.00%  | 83.00%     |
| 96.671.020-9       | Todo Arauco S.A.   | Chile     | Chilean peso        | 100.00%              | 0.00%    | 100.00% | 100.00%    |
| 96.734.110-K       | Arauco Malls Chile S.A. (2)                                  | Chile     | Chilean peso        | 100.00%              | 0.00%    | 100.00% | 100.00%    |
| 76.455.843-K       | Parque Angamos SpA   | Chile     | Chilean peso        | 55.00%               | 0.00%    | 55.00%  | 55.00%     |
| 76.231.235-2       | Bulevar Rentas Inmobiliarias S.A.                            | Chile     | Chilean peso        | 0.00%                | 100.00%  | 100.00% | 100.00%    |
| 76.939.541-5       | Arauco Centros Comerciales Regionales SpA (2)(4)             | Chile     | Chilean peso        | 51.00%               | 0.00%    | 51.00%  | 100.00%    |
| 76.939.551-2       | Arauco Chillán SpA (2) (6)                                   | Chile     | Chilean peso        | 51.00%               | 0.00%    | 51.00%  | 100.00%    |
| 96.828.400-2       | Parque Arauco Internacional S.A.                             | Chile     | US dollar           | 100.00%              | 0.00%    | 100.00% | 100.00%    |
| 30-69117251-8      | Parque Arauco Argentina S.A.                                 | Argentina | Argentinean peso    | 0.00%                | 100.00%  | 100.00% | 100.00%    |
| 20345681460        | Altek Trading S.A.C.   | Peru      | Peruvian sol        | 0.00%                | 100.00%  | 100.00% | 49.99%     |
| 20423264617        | Inmuebles Panamericana S.A.                                  | Peru      | Peruvian sol        | 0.00%                | 100.00%  | 100.00% | 50.00%     |
| 20492155501        | Inversiones Villa el Salvador S.A.C.                         | Peru      | Peruvian sol        | 0.00%                | 100.00%  | 100.00% | 49.99%     |
| 20492911918        | Inversiones Vilna S.A.C.                                     | Peru      | Peruvian sol        | 0.00%                | 100.00%  | 100.00% | 49.99%     |
| 20505590849        | Administradora Panamericana S.A.C.                           | Peru      | Peruvian sol        | 0.00%                | 100.00%  | 100.00% | 49.99%     |
| 20511910642        | Arauco Holding Perú S.A.C. (1)                               | Peru      | Peruvian sol        | 0.00%                | 100.00%  | 100.00% | 100.00%    |
| 20523173716        | Parque Lambramani S.A.C.                                     | Peru      | Peruvian sol        | 0.00%                | 100.00%  | 100.00% | 100.00%    |
| 20524688418        | Inversiones Vilna S.A.C.                                     | Peru      | Peruvian sol        | 0.00%                | 100.00%  | 100.00% | 100.00%    |
| 20538494233        | Inmobiliaria Botafogo S.A.C.                                 | Peru      | Peruvian sol        | 0.00%                | 97.33%   | 97.33%  | 49.99%     |
| 20538494748        | Inmobiliaria Costa Nueva S.A.C.                              | Peru      | Peruvian sol        | 0.00%                | 100.00%  | 100.00% | 49.99%     |
| 20543099881        | Inmobiliaria Pisac S.A.C.                                    | Peru      | Peruvian sol        | 0.00%                | 100.00%  | 100.00% | 49.99%     |
| 20543100138        | Inversiones Lendipo S.A.C.                                   | Peru      | Peruvian sol        | 0.00%                | 100.00%  | 100.00% | 49.99%     |
| 20543349403        | Inversiones Kando S.A.C.                                     | Peru      | Peruvian sol        | 0.00%                | 100.00%  | 100.00% | 49.99%     |
| 20550880041        | Strip Centers del Perú S.A.C.                                | Peru      | Peruvian sol        | 0.00%                | 100.00%  | 100.00% | 100.00%    |
| 20548925861        | Inmobiliaria Eburns S.A.C.                                   | Peru      | Peruvian sol        | 0.00%                | 94.64%   | 94.64%  | 49.99%     |
| 20557171178        | Inversiones Lambore S.A.C.                                   | Peru      | Peruvian sol        | 0.00%                | 100.00%  | 100.00% | 49.99%     |
| 20392709518        | Inmobiliaria Colomera S.A.C.                                 | Peru      | Peruvian sol        | -                    | -        | -       | 49.99%     |
| 20513494824        | Gerencia de Centros Comerciales S.A.C.                       | Peru      | Peruvian sol        | -                    | -        | -       | 49.99%     |
| 20513561106        | Soc. de Inversiones y Gestión S.A.C.                         | Peru      | Peruvian sol        | -                    | -        | -       | 50.00%     |
| 20519159253        | Corporación Andaman S.A.C.                                   | Peru      | Peruvian sol        | -                    | -        | -       | 49.99%     |
| 20524082374        | Inversiones Bairiki S.A.C.                                   | Peru      | Peruvian sol        | -                    | -        | -       | 50.00%     |
| 20543346218        | Inmobiliaria Kotare S.A.C.                                   | Peru      | Peruvian sol        | -                    | -        | -       | 50.00%     |
| 20557168541        | Inversiones Diamanda S.A.C.                                  | Peru      | Peruvian sol        | -                    | -        | -       | 49.99%     |
| 20600242050        | Inversiones Innsmouth S.A.C.                                 | Peru      | Peruvian sol        | -                    | -        | -       | 49.99%     |
| 20557170368        | Inversiones Termasia S.A.C.                                  | Peru      | Peruvian sol        | -                    | -        | -       | 49.99%     |
| 20514833088        | Inmobiliaria Nueva Centuria S.A.C.                           | Peru      | Peruvian sol        | -                    | -        | -       | 50.00%     |
| 20550016690        | Inversiones Inmobiliarias Puerto Pizarro S.A.C.              | Peru      | Peruvian sol        | -                    | -        | -       | 50.00%     |
| 20511742677        | Holding Plaza S.A. (5)                                       | Peru      | Peruvian sol        | 0.00%                | 100.00%  | 100.00% | 0.00%      |
| 20601278350        | Nueva Plaza Inversiones S.A.C. (5)                           | Peru      | Peruvian sol        | 0.00%                | 100.00%  | 100.00% | 0.00%      |
| 20547203608        | NISA Malls S.A. (5)  | Peru      | Peruvian sol        | 0.00%                | 98.18%   | 98.18%  | 0.00%      |
| 20502772831        | Ekimed S.A.C.  | Peru      | Peruvian sol        | 0.00%                | 100.00%  | 100.00% | 100.00%    |
| 20495673911        | El Quinde Shopping Plaza S.A.C.                              | Peru      | Peruvian sol        | 0.00%                | 100.00%  | 100.00% | 100.00%    |
| 20512817999        | Inmobiliaria El Quinde S.A.C.                                | Peru      | Peruvian sol        | 0.00%                | 100.00%  | 100.00% | 100.00%    |
| 20521150948        | El Piquero Shopping Plaza S.A.C.                             | Peru      | Peruvian sol        | 0.00%                | 100.00%  | 100.00% | 100.00%    |
| 20510641516        | Arauco Malls Perú S.A.C. (3)                                 | Peru      | Peruvian sol        | 0.00%                | 100.00%  | 100.00% | 100.00%    |
| 20123537581        | Sercenco S.A.  | Peru      | Peruvian sol        | 0.00%                | 100.00%  | 100.00% | 100.00%    |
| 830.054.539-0      | Fideicomiso PA Alegra Barranquilla (9)                       | Colombia  | Colombian peso      | 0.00%                | 52.50%   | 52.50%  | 0.00%      |
| 900.079.790-5      | Eje Construcciones S.A.S.                                    | Colombia  | Colombian peso      | 0.00%                | 55.00%   | 55.00%  | 55.00%     |
| 900.197.303-7      | Inversiones Colombianas Arauco S.A.S.                        | Colombia  | Colombian peso      | 0.00%                | 100.00%  | 100.00% | 100.00%    |
| 900.252.139-0      | Parque Arauco Colombia S.A. (3)                              | Colombia  | Colombian peso      | 0.00%                | 100.00%  | 100.00% | 100.00%    |
| 900.362.722-7      | Inmobiliaria La Colina Arauco S.A.S. (8)                     | Colombia  | Colombian peso      | 0.00%                | 0.00%    | 0.00%   | 100.00%    |
| 900.460.297-8      | Inversiones Inmobiliarias Bucaramanga Arauco S.A.S.          | Colombia  | Colombian peso      | 0.00%                | 100.00%  | 100.00% | 100.00%    |

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**Note 2 - Basis of Presentation (continued)**

(1) On February 26, 2018, the shareholders agreed to change the name of Inmuebles Comerciales del Perú S.A.C. to Arauco Holding Perú S.A.C., and the name of Centros Comerciales y de Esparcimiento S.A.C. to Arauco Malls Perú S.A.C.

(2) At an extraordinary shareholders' meeting held on October 1, 2018, the shareholders of Arauco Malls Chile S.A., agreed to split this company into three separate corporations: Arauco Chillán S.A., Arauco Centros Comerciales Regionales S.A., and the legal successor, Arauco Malls Chile S.A. At the same meeting, they also agreed to convert Arauco Chillán S.A., and Arauco Centros Comerciales Regionales S.A., to simplified corporations with the same names, Arauco Chillán SpA and Arauco Centros Comerciales Regionales SpA. Arauco Centros Comerciales Regionales SpA and Arauco Chillán SpA, are controlled by Parque Arauco S.A., which has equal interests in both companies. Parque Arauco S.A., has a direct interest, equivalent to 99.9999% in each company or 116,618,740 shares, and an indirect interest through the subsidiary Nueva Arauco SpA, equivalent to 0.0001% in each company or 147 shares. At the same extraordinary shareholders' meeting, Arauco Malls Chile S.A., allocated its entire shareholding in Bulevar Rentas Inmobiliarias S.A., consisting of 36,995 shares or 99.9973% of the share capital of Bulevar Rentas Inmobiliarias S.A., to Arauco Centros Comerciales Regionales SpA.

(3) At a shareholders' meeting on October 24, 2018, the shareholders of Inversiones Inmobiliarias Arauco Alameda S.A.S., agreed to incorporate the company and to change its name to Parque Arauco Colombia S.A. In addition, Parque Arauco S.A., and its subsidiaries Todo Arauco S.A., and Nueva Arauco SpA., acquired interests in the company, resulting in the following share distribution: Parque Arauco Internacional S.A., with 72,299,611 shares, Inversiones Colombianas Arauco S.A.S. with 4,044,711 shares, Parque Arauco S.A., with 1 share, Nueva Arauco SpA with 1 share and Todo Arauco S.A., with 1 share.

(4) On January 31, 2019, Parque Arauco S.A., sold 49% of the shares of the subsidiary Arauco Centros Comerciales Regionales SpA to Ameris Paraucos Fondo de Inversión (formerly Ameris Rentas Comerciales I Fondo de Inversión), represented by Ameris Capital Administradora General de Fondos S.A., and kept the remaining 51% of the shares.

(5) On April 17, 2019, Parque Arauco S.A., confirmed that all conditions for the sale of the Wiese Group's direct or indirect interest in Holding Plaza S.A., have been met. As a result of the transaction, Parque Arauco S.A., obtained 100% of the following malls: MegaPlaza Norte, Chimbote, Cañete, Pisco, Jaén, Huaral, Villa El Salvador I, Villa El Salvador II, Villa Chorrillos, Chinchipe and Barranca.

(6) On April 30, 2019, Parque Arauco S.A., signed a sale commitment agreement with Ameris Paraucos Fondo de Inversión, represented by Ameris Capital Administradora General de Fondos S.A., for that entity to acquire 40% of the shares of the subsidiary Arauco Chillán SpA, with Parque Arauco S.A., retaining 60% of the shares. Subsequently, on June 7th, it signed an agreement for Ameris to acquire 9% of the shares, with Parque Arauco retaining the remaining 51% of the shares issued by Arauco Chillán.

(7) On March 20, 2019, Parque Arauco S.A., acquired all shares of the subsidiary Centros Comerciales Vecinales Arauco Express S.A., held by Fondo de Inversión LV – Patio Renta Inmobiliaria I. Subsequently, on March 28, 2019, Parque Arauco S.A., sold 49% of its shares in the subsidiary Centros Comerciales Vecinales Arauco Express S.A., to Fondo de Inversión Banchile Rentas Inmobiliarias I, represented by Banchile Administradora General de Fondos S.A., with Parque Arauco S.A., retaining 51% of the shares.

(8) On July 1, 2019, Inmobiliaria La Colina S.A.S. was absorbed by Parque Arauco Colombia S.A.

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**Note 2 - Basis of Presentation (continued)**

(9) On July 29, 2019, Parque Arauco S.A., announced its acquisition of 52.5% of Fideicomiso Patrimonio Autónomo Alegria Barranquilla, which owns the project under construction Parque Alegria Centro Comercial.

(10) On September 2, 2019, Centros Comerciales Vecinales Arauco Express S.A., announced its acquisition of 20% of the shares of AEX Ciudad Empresarial from Gestora de Patrimonios S.A.

**2.6 Significant Accounting Judgments, Estimates and Assumptions**

**Estimates and Assumptions**

In preparing the consolidated financial statements under IFRS, the management of Parque Arauco S.A. has made estimates based on assumptions regarding:

**Impairment:** The Company's management tests non-current assets for impairment at each reporting date. This requires an estimate of the recoverable value of the cash generating units to which goodwill is allocated. The estimate of value in use requires that management makes an estimate of the future cash flows expected from the cash generating unit and, also, that it determines an appropriate discount rate for calculating the present value of these cash flows.

**The useful life of assets:** Intangible assets and property, plant and equipment require estimates regarding their useful life and residual value.

**Deferred taxes:** Deferred tax assets are recognized for all unused tax losses to the extent that it is likely that there will be tax profits against which the losses can be used.

**Provisions:** The Company records a provision when it has a present obligation as a result of a past event, resources will likely have to be disbursed and a reliable estimate can be made of the obligation amount. Therefore, as of each reporting period, the Company presents provisions for legal proceedings and reimbursements and other miscellaneous provisions.

**Fair value of investment properties:** The Company's management determines the fair value of investment properties on a yearly basis. This requires management to make an estimate for future cash flows expected for each cash generating unit and, also, to determine an appropriate discount rate to calculate the present value of these cash flows (see Note 3.2).

The estimates made and assumptions used by the Company are based on historical experience, changes in the industry and information supplied by qualified external sources. However, actual results could differ from these estimates under certain conditions.

**2.7 Functional Currency**

The financial statements of Parque Arauco S.A., and subsidiaries are presented in the currency of the economic environment in which the companies operate (functional currency). For the purposes of the consolidated financial statements, they are restated in thousands of Chilean pesos, which is the Group's presentation currency.

| Currency               | 12.31.2019<br>CLP | 12.31.2018<br>CLP\$ |
|------------------------|-------------------|---------------------|
| Unidad de fomento (UF) | 28,309.94         | 27,565.79           |
| US dollar              | 748.74            | 694.77              |
| Peruvian sol           | 226.14            | 206.35              |
| Colombian peso         | 0.23              | 0.22                |
| Argentinean peso       | 59.81             | 18.41               |



## **Note 2 - Basis of Presentation (continued)**

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### **2.8 Presentation Currency**

The consolidated financial statements of Parque Arauco S.A. and subsidiaries are presented in Chilean pesos, in compliance with IAS 21 The Effects of Changes in Foreign Exchange Rates. Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising upon acquisition, are translated to Chilean pesos using the exchange rate at the reporting date. Income and expenses of foreign operations are translated to Chilean pesos using the average exchange rate.

### **2.9 Foreign Currency**

#### **Foreign Currency Transactions**

Transactions in a currency other than a company's functional currency are considered foreign currency transactions and are accounted for in its functional currency at the exchange rate in effect on the transaction date. As of each year end, balances of monetary assets and liabilities denominated in foreign currency are translated using the exchange rate of the functional currency as of that date. Exchange differences that arise from that translation are recorded in foreign exchange differences in the statement of income for the year in which they are produced, except for exchange differences resulting from the valuation of investments in companies (equity of subsidiaries) with a different functional currency, which are recorded in translation adjustment reserves in interim consolidated other comprehensive income. Non-monetary assets and liabilities measured at fair value are retranslated to the functional currency using the exchange rate as of the date the fair value was determined. Non-monetary items measured at historical cost in a foreign currency are not translated.

#### **Indexation Units**

Transactions in indexation units are recorded at the unit value as of the date on which the transaction meets the requirements for initial recognition. As of each year end, monetary assets and liabilities denominated in indexation units are converted using the exchange rate for the indexation unit and any differences arising are recorded in gain (loss) on indexed assets and liabilities in the statement of income.

### **2.10 Degree of Rounding Used in the Financial Statements**

All information presented in Chilean pesos has been rounded to the nearest thousand (ThCLP\$).

## **Note 3 - Summary of Significant Accounting Policies**

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### **3.1 Borrowing Costs**

Borrowing costs include interest paid and accrued, exchange or indexation differences and other costs of loans from banks and financial institutions and bonds payable that are recorded as financial expenses when incurred, except when those costs are related to the acquisition and/or construction of qualifying assets (e.g. investment properties), in which case they must be capitalized as part of the cost of the asset.

### **3.2 Investment Properties**

Investment properties include land, buildings, real estate projects under development and other construction held to earn rentals. Investment properties are initially accounted for at acquisition cost, which includes mainly their purchase price and any directly attributable disbursement. After initial recognition, Parque Arauco S.A. has chosen to value its investment properties at fair value. As of each year end, management calculates variations in fair value

**Note 3 - Summary of Significant Accounting Policies (continued)**

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using the discounted cash flow method. Gains or losses resulting from variations in the fair value of investment properties are included in profit or loss for the year in which they occur.

The Company has decided to account for land and real estate projects under development or in the work execution phase at the cost of the land plus all disbursements necessary to develop and build the project. During the construction phase, the investment property under construction cannot be remeasured at fair value and only financial expenses and construction costs are capitalized, provided that the asset qualifies for such accounting and that these costs have been accrued before the asset is in operable condition. Once that asset has been operating for at least one year, it will begin to be recorded at fair value. Any difference between the property's fair value at that date and its previous book value is recorded in income or loss within other income (expenses). Investment properties are de-recognized upon disposal or when permanently removed from use and when no future economic benefits are expected from their disposal. Any gain or loss from retiring or disposing of an investment property is recognized in profit or loss for the year in which it was retired or disposed of.

Transfers to or from investment property can be made when, and only when, there is evidence of a change in use: A change in use occurs when property meets, or ceases to meet, the definition of investment property and there is evidence of change in use. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. Examples of evidence of a change in use include:

- (a) commencement of owner-occupation, or of development with a view to owner-occupation, for a transfer from investment property to owner-occupied property;
- (b) commencement of development with a view to sale, for a transfer from investment property to inventories;
- (c) end of owner-occupation, for a transfer from owner-occupied property to investment property; or and
- (d) inception of an operating lease to another party, for a transfer from inventories to investment property.

Fair value for investment properties is calculated using future pre-tax cash flow projections based on the most recently available budgets. These budgets incorporate management's best estimates of revenue and costs of cash generating units using sector projections, experience and expectations.

**3.2.1 Determination of Discount Rate for Cash Flows**

The discount rate is reviewed annually and determined as follows:

1. BETA determination; because there is not a sufficiently large and active market in Chile to properly determine BETA, the betas of other international real estate, construction and shopping center management companies are used.
2. Risk-free rate; this input is updated each year and based on the risk-free rate of the 30-year U.S. Treasury Bond plus a country risk spread for Chile, Peru and Colombia.
3. Risk premium; this input is generated by local management based on information published each year in market data systems.
4. Leverage ratio; the leverage ratio has been established for modeling purposes at a range of 45% - 55% between third-party and company funds.

**Note 3 - Summary of Significant Accounting Policies (continued)**

The variables exposed at this level are used to calculate cost of capital with the Capital Asset Pricing Model formula.

5. Tax rate; each country's current tax rate for the period in which the cash flows will be discounted must be added in order to obtain the discount rate before and after taxes.

6. The debt rate is calculated based on the 30-year Treasury Bond, the country risk spread and a credit spread based on market conditions.

**3.2.2 Investment Plan**

The Company prepares a detailed investment plan each year for maintaining, repairing and expanding each of its investment properties. That amount is included in the most recently available budgets. Thus, they are transferred to the discounted cash flows as Capex for investment properties. For future maintenance expenses, the Company forecasts each property's expenses needed to sustain their cash flows.

**3.2.3 Revenue Growth Rate**

Revenue growth rates are relative for each investment property and are directly related to the conditions or stage of the life cycle of each asset and, therefore, this variable is reviewed and approved each year.

| Growth Rate - Revenue |          |         |
|-----------------------|----------|---------|
| Country               | 2019     | 2018    |
| Chile                 | 0% - 16% | 0% - 6% |
| Peru                  | 2% - 6%  | 2% - 6% |
| Colombia              | 2% - 6%  | 2% - 6% |

**3.2.4 Cost Growth Rate**

Cost growth rates are generally less than the rates for revenue. This occurs because there are fixed costs that do not increase when revenue increases. In addition, the Company has operational efficiency policies that help control its main operating costs. Lastly, many of these costs are not directly indexed to inflation, while revenue is. These rates are reviewed and approved each year. Growth rates are real for Chile but nominal for other cases.

| Growth Rate - Costs |         |         |
|---------------------|---------|---------|
| Country             | 2019    | 2018    |
| Chile               | 1% - 5% | 1% - 7% |
| Peru                | 2% - 7% | 2% - 7% |
| Colombia            | 2% - 7% | 2% - 7% |

**3.2.5 EBITDA Growth Rate**

The rate of growth or decline for EBITDA is a result of the effects of the revenue and cost growth rates. Both revenue and cost projections are prepared using future, pre-tax cash flow projections from the most recently available budgets. These budgets incorporate management's best estimates of revenue and costs of cash generating units using sector projections, experience and expectations.

**Note 3 - Summary of Significant Accounting Policies (continued)**

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Revenue and costs are projected based on these variables to obtain an estimated EBITDA. Maintenance capex, taxes and changes in working capital are then discounted. For assets owned by the Company, growing perpetuity or annuity is applied, as appropriate, starting in the tenth year. For assets not owned by the Company, such as when an asset is under a lease agreement, growth is applied beginning in the tenth year and ending on the date on which the asset must be returned.

Since Parque Arauco S.A., has established the policy of valuing investment properties at fair value, the effects of any impairment on these assets are part of the fair value adjustment and are considered by the valuation model for investment properties.

**3.3 Investments in Associates and Joint Ventures Accounted for Using the Equity Method**

**3.3.1. Associates and Joint Ventures**

An associate is an entity over which the Company exercises significant influence. Significant influence represents the power to participate in the financial and operating policy decisions of an investment, but does not involve control or joint control over those policies. Income, expenses, assets and liabilities of associates are incorporated into these Consolidated Financial Statements using the equity method, except when the investment is classified as held for sale, in which case it is accounted for according to IFRS 5, *Non-Current Assets Held for Sale and Discontinued Operations*.

Under the equity method, investments in associates are recorded initially at cost and are subsequently adjusted based on changes, after the acquisition, in the Company's share of the associate's net assets, less any impairment in the value of the individual investments.

When the Company's share of the losses of an associate or joint venture exceeds its ownership interest in them, the entity shall cease to recognize its share of the additional losses. The Company's interest in an associate or joint venture is the carrying amount of the investment in the associate or joint venture determined using the equity method, together with any long-term interest that, in essence, forms part of the entity's net investment in the associate or joint venture. A joint venture is an arrangement where the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control occurs only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

An investment will be accounted for using the equity method from the date on which it becomes an associate or joint venture. When the investment is acquired, any difference between the purchase cost and the entity's share of the net fair value of the identifiable assets and liabilities of the investee shall be accounted for as goodwill and included in the carrying amount of the investment. Any difference between the entity's share of the net fair value of the investee's identifiable assets and liabilities and the purchase cost, after revaluation, shall be immediately recognized in comprehensive income.

An investment in an associate or joint venture is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the investment. In that circumstance, the total carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 *Impairment of Assets*, as one single asset by comparing its recoverable amount (the higher of its value in use and its fair value less costs to sell) to its carrying amount; any impairment loss recognized forms part of the investment's carrying amount.



**Note 3 - Summary of Significant Accounting Policies (continued)**

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Any reversal of that impairment loss recognized in accordance with IAS 36 increases the investment's value as a function of its recoverable amount.

The Company discontinues the use of the equity method on the date on which the investment ceases to be an associate or joint venture, or once the investment is classified as held for sale. When the Company retains an interest in the former associate or joint venture and the interest is a financial asset, the Company measures the retained interest at its current fair value and the market value is considered its fair value upon initial recognition, in accordance with IFRS 9.

The difference between the carrying amount of the associate or joint venture on the date on which use of the equity method is suspended and the fair value of any retained interest is included in the gain or loss on the disposal of the associate or joint venture. In addition, if the entity previously recorded a gain or loss in other comprehensive income related to that associate or joint venture, that amount must be recorded in the same way as if that associate or joint venture would have directly sold the related assets or liabilities.

The Company continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. Fair value is not remeasured as a result of these changes in interest.

When the Company reduces its interest in an associate or a joint venture, and continues to use the equity method, any effects previously recognized in other comprehensive income must be reclassified to profit and loss in proportion to the decrease in interest in that associate.

When a Group company engages in transactions with an associate or joint venture, gains and losses resulting from transactions with the associate or joint venture are recognized in the Company's consolidated financial statements only to the extent of its interest in the associate or joint venture.

Investments in associates and joint ventures accounted for using the equity method are initially recorded at cost. Upon initial recognition, if the cost of an associate or joint venture is less than the proportional share of the fair value of the underlying investment, the Company records a gain for the difference between the cost and the fair value of the underlying investment in profit and loss for the year. If the cost of an associate or joint venture is greater than the Company's proportional share of the fair value of the underlying investment, the corresponding goodwill is included in the investment's carrying amount. After initial recognition, the carrying amount of the Company's interest in an associate or joint venture is adjusted by the Company's share of the investee's income and distributions. Gains and losses resulting from transactions with an associate or joint venture are recognized in the consolidated financial statements considering the interests of unrelated investors. The carrying amount of associates or joint ventures is tested for impairment as of each reporting date. Recognized impairment losses can be subsequently reversed in profit or loss during the period in which they are identified.

**3.4 Business Combination and Goodwill**

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree, and the equity interests issued by the Group in exchange for control of the acquiree.

**Note 3 - Summary of Significant Accounting Policies (continued)**

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Acquisition related costs are generally recognized in the consolidated statements of income as incurred. In a business combination, an independent expert is used to determine the fair value of assets acquired and liabilities assumed including intangible assets identified. For the estimation of recovery of these intangibles identified in a business combination, cash flow projections are used based on yield estimates of acquired businesses.

At the acquisition date, the identifiable assets acquired and liabilities assumed are recognized at their fair value, except for the following:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit agreements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19, respectively;
- Liabilities or equity instruments related to share-based payment agreements of the acquiree or share-based payment agreements signed by the company to replace the share-based payment agreements of the acquiree are measured in conformity with IFRS 2 as of the acquisition date; and
- Assets (or disposal groups) classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured using that standard.

Goodwill is measured as the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the equity method interest previously held by the acquirer (if any) in the acquiree less the net amounts of the identifiable assets acquired and the liabilities assumed as of the acquisition date. If, after reassessment, the net of the acquisition-date fair value amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in statements of income as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation can be measured initially at either fair value or the present ownership instruments' proportionate share in the acquiree's recognized amounts of the identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when appropriate, using another basis specified in another IFRS.

The contingent consideration resulting from a business combination is measured at fair value as of the acquisition date, as part of that business combination.

Fair value is determined based on discounted cash flows. The key assumptions take into consideration the possibility of meeting each financial performance target and the discount factor.

When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration agreement, the consideration is measured at fair value as of the acquisition date and included as part of the consideration transferred in a business combination. Changes in the fair value of a contingent consideration that qualify as measurement period adjustments are adjusted retrospectively with the corresponding adjustments to goodwill.

### **Note 3 - Summary of Significant Accounting Policies (continued)**

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Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) regarding events and circumstances that existed as of the acquisition date.

Subsequent accounting of changes in the fair value of a contingent consideration that do not qualify as measurement period adjustments will depend on how the contingent consideration is classified. If the contingent consideration is classified as an equity instrument, it should not be remeasured after the reporting date and its final liquidation should be recorded in equity. If the contingent consideration is classified as an asset or liability, it should be remeasured after the reporting date in accordance with IFRS 9 or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, recognizing the corresponding gain or loss in profit and loss for the year.

When a business combination is achieved in stages, the acquirer's preexisting interest in the acquiree is remeasured at fair value as of the acquisition date and any resulting gain or loss is recorded in profit and loss. Amounts derived from interests in the acquiree before the date of acquisition that have been previously recorded in other comprehensive income are reclassified to profit and loss, provided that the treatment was appropriate in the event that the interest was sold.

If a business combination is accounted for incompletely, at the end of the accounting period in which the combination takes place the Company should report the provisional amounts of the incomplete items. During the measurement period, the provisional amounts (see preceding paragraph) are adjusted or additional assets or liabilities that existed as of the acquisition date are recognized that, had they been known, would have affected the amounts recognized as of that date.

#### **Business Combinations under Common Control**

Business combinations under common control are recorded using the pooling-of-interest method. Under this method, assets and liabilities involved in the transaction are carried over at the same carrying amount at which they were recorded in the companies of origin and any difference between the assets and liabilities included in consolidation and the consideration provided is recorded directly in net equity.

### **3.5 Intangible Assets**

These are disbursements for software licenses and intangible assets arising from business combinations, such as rights, commercial contracts and trademarks. Parque Arauco S.A. and its subsidiaries value these assets at acquisition cost. The cost of intangible assets acquired in a business combination is their fair value as of the date of acquisition. Gains or losses that may arise upon de-recognizing an intangible asset are measured as the difference between the net income from the sale and the asset's carrying amount and will be recognized in the statement of income when the asset is de-recognized. The useful lives of intangible assets are defined as finite and indefinite.

#### **3.5.1 Intangible Assets with Finite Useful Lives**

These intangible assets are amortized on a straight-line basis over their estimated useful lives. They are tested for impairment each time there is an indication that the intangible asset may be impaired. After initial recognition, they are recorded at cost less any accumulated amortization and any accumulated impairment loss. The amortization period and amortization method are reviewed at least every year end.

**Note 3 - Summary of Significant Accounting Policies (continued)**

Expected changes in useful life or the expected consumption pattern for future economic benefits included in assets are treated as changes in accounting estimates. Amortization for the period is charged to profit or loss for the year unless another standard allows or requires the amount to be included in the cost of another asset. The useful lives of intangible assets are as follows:

|  | Range (Months)<br>Useful Life |
|--|-------------------------------|
| Useful life, software licenses                           | 0 - 36                        |
| Useful life, commercial contracts and customer relations | 60 - 300                      |

Useful life is reviewed periodically

**3.5.2 Intangible Assets with Indefinite Useful Lives**

These intangible assets are not amortized. They are tested for impairment each time there is an indication that the intangible asset may be impaired, either individually or as a cash generating unit. Each year, the Company reviews the useful live of its intangible assets with indefinite useful lives to determine whether their useful lives continue to be indefinite. Otherwise, the useful life of the asset is changed prospectively from indefinite to finite.

**3.6 Property, Plant and Equipment**

Property, plant and equipment are recorded at acquisition cost net of any accumulated depreciation and possible accumulated impairment losses. The Company depreciates property, plant and equipment on a straight-line basis from the moment in which the assets are in a condition to be used, distributing the assets' cost on a straight-line basis over their estimated useful lives. The estimated residual values and depreciation periods are reviewed as of each year end. This cost includes disbursements that are directly attributed to acquiring the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other cost directly attributable to the process of making the asset able to perform its intended use.

The estimated useful lives of the Company's property, plant and equipment are as follows:

|                          | Range (Years)<br>Useful Life |
|--------------------------|------------------------------|
| Buildings                | 60 - 80                      |
| Plant and equipment      | 5 - 10                       |
| IT equipment             | 4 - 6                        |
| Fixtures and accessories | 7 - 10                       |
| Motor vehicles           | 5 - 10                       |

**3.7 Impairment of Assets**

**3.7.1 Impairment of Financial Assets**

The Company recognizes a loss allowance for expected credit losses ("ECL") on financial assets measured at amortized cost or at FVTOCI, lease receivables, contract receivables and loan commitments and financial guarantee contracts. It does not



**Note 3 - Summary of Significant Accounting Policies (continued)**

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recognize an impairment loss on investments in equity instruments. The amount of expected credit losses is updated as of each reporting date to reflect changes in credit risk since the initial recognition of the respective financial asset.

The Company always recognizes full lifetime ECLs for trade receivables, contract receivables and lease receivables. Expected credit losses on those financial assets are estimated using a provisioning matrix based on the Company's historical experience with credit losses, adjusted using debtor-specific factors, general economic conditions and an evaluation of the current and forecasted direction of conditions as of the reporting date, including the time value of money when appropriate.

For all other financial instruments, the Company recognizes full lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the financial instrument's credit risk has not increased significantly since initial recognition, the Company measures a loss allowance for that financial instrument at an amount equal to the credit losses expected for the next twelve months. The evaluation of whether full lifetime ECLs should be recognized is based on significant increases in the likelihood or risk of default occurring since initial recognition instead of using evidence of a financial asset with impaired credit value as of the reporting date or for which default has occurred.

Full lifetime ECLs represent the expected credit losses that result from all possible default events over the life of the financial instrument. In contrast, 12-month ECLs represent the portion of full lifetime ECLs that are expected to result from those default events on the financial instrument that are possible within 12 months after the reporting date.

**3.7.2 Impairment of Non-Financial Assets**

The Company regularly assesses whether there is indication that an asset may be impaired. If such indication exists, or when there is an annual impairment testing requirement, Parque Arauco S.A. and its subsidiaries estimate the asset's recoverable amount. An asset's recoverable amount is the greater between the fair value of an asset or a cash generating unit, less costs to sell, and its value in use, and is determined for an individual asset unless the asset does not generate cash inflows that are clearly independent from those of other assets or asset groups. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered to be impaired and is written down to its recoverable amount. When appropriate, it is recorded in other income (losses) in the statement of income. When an impairment loss is subsequently reversed, the carrying amount of the asset or cash generating unit is increased up to the lower of the revised estimate of its recoverable amount and the carrying amount that would have been recorded if the impairment loss had not been previously recorded.

**3.8 Financial Instruments**

**(I) Classification**

The Company classifies its financial assets into the following categories:

- those measured subsequently at fair value (either through other comprehensive income or through profit or loss)

**Note 3 - Summary of Significant Accounting Policies (continued)**

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- those measured at amortized cost.

Classification depends on the Company's business model for managing financial assets and the instruments' contractual cash flow characteristics.

For assets measured at fair value, gains and losses are recorded in profit or loss or in other comprehensive income. For investments in debt instruments, classification will depend on the business model with which the investment is made. For investments in equity instruments that are not held for trading, classification will depend on whether the Company has made an irrevocable election at initial recognition to measure the equity instrument at fair value through other comprehensive income.

**a) Financial Assets at Amortized Cost**

The Company classifies its financial assets at amortized cost only if they meet the following two criteria:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows,
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Financial assets held by the Group that are commonly categorized as such include: investments in time deposits, related party receivables, trade and other receivables (including lease receivables), cash in bank accounts, among others.

**b) Financial Assets at Fair Value Through Profit and Loss**

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

All other financial assets that do not meet the preceding conditions are subsequently measured at fair value through profit or loss (FVTPL).

Nevertheless, the Company can make the following irrevocable choices upon initial recognition of the financial asset:

- The Company can irrevocably choose to present subsequent changes in fair value in other comprehensive income for investments in equity instruments that, otherwise, would be measured at fair value through profit and loss;
- The Company can irrevocably choose to designate a financial asset that meets the criteria for amortized cost or fair value through other comprehensive income as measured at fair value through profit and loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

**(ii) Measurement**

At initial recognition, the Group measures financial assets at fair value plus, in the case of a financial asset not recognized at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets measured at fair value through profit or loss are expensed when incurred.

### **Note 3 - Summary of Significant Accounting Policies (continued)**

Financial assets with embedded derivatives are considered in full when determining whether the cash flows are solely payments of principal and interest.

#### **(iii) Impairment**

The Company reviewed its impairment methodology in accordance with IFRS 9 and has decided to apply the expected credit loss model, which has not had a significant impact on the consolidated financial statements (See Note 2.4).

The Company prospectively evaluates expected credit losses associated with its debt instruments at amortized cost. The impairment methodology used depends on whether there has been a significant increase in credit risk.

For receivables, the Company uses the simplified approach permitted by IFRS 9, which requires it to recognize expected losses over the life of the instrument since initial recognition of the receivable.

In order to measure expected credit losses, trade receivables have been grouped by shared credit risk characteristics and days past due.

The Company has adopted IFRS 9 retrospectively but has decided not to restate comparative information. As a result, the comparative information provided continues to be accounted for using the Company's previous accounting policy.

#### **Credit Policy**

Parque Arauco S.A. only accepts payment in cash at the expiration date for all services that are provided and invoiced (i.e. 15 days from invoicing). Any requests for financing or other payment conditions must be authorized by management. Interest rates on receivables:

| Unidad de Fomento (UF) |         |               |       |
|------------------------|---------|---------------|-------|
| From                   | Up to   | Fewer than 90 | > 90  |
| 0                      | 5,000   | 0.93%         | 1.30% |
| 5,001                  | Greater | 0.61%         | 0.88% |

#### **3.8.2 Financial Liabilities**

All loans, bank loans and bonds issued are initially recorded at the fair value of the payment received less directly attributable transaction costs. After initial recognition, interest-bearing loans are measured at amortized cost using the effective interest method. Gains and losses are recorded in the statement of income when the liabilities are de-recognized as well as through the amortization process.

#### **Embedded Derivatives:**

Embedded derivatives in host contracts that are not financial assets within the scope of IFRS 9 are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL. Embedded derivatives in hybrid contracts that contain a host within the scope of IFRS 9 are not separated. The entire hybrid contract is classified and measured subsequently either at amortized cost or at FVTPL, as appropriate.

**PARQUE ARAUCO S.A. AND SUBSIDIARIES**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2019 AND 2018  
AND FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018



**Note 3 - Summary of Significant Accounting Policies (continued)**

**3.8.3 Hedge Derivative Instruments**

The Company initially recognizes derivative financial instruments at fair value on the date on which the derivative contract is signed and remeasures them at fair value thereafter. Derivatives are recorded as other financial assets when their fair value is positive and as other financial liabilities when their fair value is negative. Any gain or loss arising from changes in the fair value of derivative instruments during the year are recorded in other comprehensive income.

Parque Arauco S.A. has hedge derivatives to hedge risks related to fluctuations in interest and exchange rates. The Company's derivatives are described in detail in Note 36 of these financial statements. The Company's objective for holding these derivatives is to minimize these risks using the most effective method for eliminating or reducing the impact of these exposures. Derivative instruments are initially recorded at fair value, which is determined in reference to market values. The effective portion of hedging gains or losses is directly recorded in equity until the committed or expected transaction occurs, such as when the hedged financial expense is recognized. At that time, they are reclassified to profit or loss, while any ineffective portion is immediately recognized in the statement of comprehensive income.

The Company's financial instruments, classified into different categories as explained above, are as follows:

| Financial assets  | Note | 12.31.2019<br>ThCLP\$ | 12.31.2018<br>ThCLP\$ |
|---|------|-----------------------|-----------------------|
| <b>Financial Assets at Amortized Cost</b>                     |      |                       |                       |
| Cash and cash equivalents                                     | 5    | 75,945,667            | 63,939,272            |
| Trade and other receivables, current (net)                    | 8    | 35,040,712            | 30,216,487            |
| Related party receivables, current                            | 9    | 234,289               | 2,860                 |
| Related party receivables, non-current                        | 9    | 2,027,164             | 6,614,830             |
| Rights receivable, non-current                                | 8    | 52,047                | 54,733                |
| <b>Financial Assets at Fair Value through Profit and Loss</b> |      |                       |                       |
| Other cash and cash equivalents                               | 5    | 239,489,269           | 217,284,265           |
| Other financial assets, non-current                           | 6    | 5,978,477             | 4,580,422             |
| <b>Total</b>  |      | <b>358,767,625</b>    | <b>322,692,869</b>    |

| Financial Liabilities  | Note | 12.31.2019<br>ThCLP\$ | 12.31.2018<br>ThCLP\$ |
|--|------|-----------------------|-----------------------|
| <b>Financial Liabilities at Amortized Cost</b>                     |      |                       |                       |
| Other financial liabilities, current                               | 16   | 234,822,221           | 119,472,870           |
| Other financial liabilities, non-current                           | 16   | 878,318,182           | 872,159,723           |
| Trade and other payables, current                                  | 19   | 49,463,827            | 51,316,871            |
| Related party payables, non-current                                | 9    | -                     | 3,167,917             |
| Current lease liabilities  | 21   | 988,367               | -                     |
| Non-current lease liabilities                                      | 21   | 46,502,524            | -                     |
| <b>Derivative Instruments</b>                                      |      |                       |                       |
| Other financial liabilities, current                               | 16   | 200,800               | 403,529               |
| Other financial liabilities, non-current                           | 16   | 1,519,131             | 4,097,222             |
| <b>Financial Liabilities at Fair Value through Profit and Loss</b> |      |                       |                       |
| <b>Total</b>   |      | <b>1,211,815,052</b>  | <b>1,050,618,132</b>  |



**Note 3 - Summary of Significant Accounting Policies (continued)**

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**Hedge Accounting**

The Company designates certain hedging instruments for exchange or interest rate risk as fair value hedges, cash flow hedges or hedges of a net investment in a foreign operation, as appropriate. A foreign exchange hedge of a firm commitment is accounted for as a cash flow hedge.

At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item, as well as the risk management objectives and its strategy for carrying out different hedging transactions. In addition, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is effective in offsetting changes in the fair value or cash flows of the hedged item attributable to the hedged risk, which is when the hedge relationship meets the following effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging.
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and the hedge ratio of the hedging relationship is the same as the quantity of the hedged item actually hedged by the Company and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of the hedged item.

**3.9 Fair Value**

Fair values are based on market values, which are the estimated amount at which the properties could be exchanged at the valuation date between knowledgeable, willing parties in an arm's length transaction after a proper trade in which both parties acted voluntarily. Underlying the concept of fair value is the assumption that the entity is a going concern and that there is no intent or need to liquidate the instruments or carry out a transaction in unfavorable conditions. Therefore, the fair value is not the amount that an entity would receive or pay in a forced transaction, an involuntary liquidation or a sale for financial difficulties.

Fair value measurements are classified into one of three hierarchical levels: Level 1, 2 or 3.

Level 1 - Inputs are quoted (unadjusted) prices in active markets for identical assets and liabilities at the measurement date.

Level 2 - Inputs (other than the quoted prices included in Level 1) are directly or indirectly observable for the asset or liability through correlation with market data at the measurement date and based on the foreseen duration of the asset or liability.

Level 3 - Inputs are not observable and reflect management's best estimate of what market participants would consider in setting the price of the asset or liability at the measurement date. The risk inherent in the valuation technique and the risk inherent in the inputs used are considered in determining the estimate.

**3.10 Cash and Cash Equivalents**

The Company defines cash and cash equivalents as short-term investments performed as part of regular cash surplus administration and that can be rapidly converted into known cash amounts, that mature within three months or less from the acquisition date and that have a minimum risk of significant loss in value. Therefore, the Company has included in cash and cash equivalents

**Note 3 - Summary of Significant Accounting Policies (continued)**

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balances in cash, time deposits, mutual funds and financial instruments under repo agreements, among others.

**3.11 Leases**

**3.11.1 The Company as Lessor**

Lease contracts where the Group acts as lessor are mainly for leases to shopping center tenants. The accounting policies related to this type of contract are explained in Note 3.12 "Revenue Recognition."

**3.11.2 The Company as Lessee**

These leases are recorded as a right-of-use asset and a corresponding liability as of the date on which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and the financial expense. The financial expense is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset for offices is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities derived from a lease contract are initially recorded at present value. Lease liabilities include the net present value of the payments:

- Fixed payments less lease incentives receivable
- Variable lease payments that depend on an index or rate
- Amounts expected to be payable by the lessee under residual value guarantees
- The exercise price of a purchase option that the lessee is reasonably certain to exercise
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease

Lease payments are discounted using the interest rate implicit in the lease contract, if that rate can be determined, or the incremental borrowing rate calculated by Parque Arauco.

Right-of-use assets generated by office leases that are presented within property, plant and equipment are recorded at cost, which includes:

- The initial amount of the lease liability
- Any lease payment made on or before the lease commencement date less any lease incentives received
- Any initial direct cost
- Restoration costs.

Right-of-use assets generated by land leases for certain shopping centers that are presented within investment property are recorded at fair value.

Payments related to short-term leases and leases of low-value assets are recorded on a straight-line basis within operating expenses. Short-term leases have a lease term of 12 months or less.

**Note 3 - Summary of Significant Accounting Policies (continued)**

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**3.12 Revenue Recognition**

Revenue comes from invoicing of minimum and percentage rent, utilities and other services provided at each year end. Revenue is recognized on a straight-line basis to the extent that it is likely that the economic benefits will flow to the Company and it can be reliably measured. It represents receivables for services provided, less discounts and sales and service taxes. The Company retains substantially all risks and rewards for its investment properties and, as a result, it records leases with tenants as operating leases.

It begins to recognize revenue from these lease agreements once the tenant has the right to use the leased asset. Rental income includes percentage rent (variable) and recovery of certain operating expenses. Percentage rent is recognized when tenants report figures for sales that qualify for this type of rent.

The following specific recognition criteria must also be met in order to recognize revenue.

**Lease income:** Lease income comes from the leasing of physical spaces, or operating leases of investment properties, and is recognized based on contract duration and agreed-upon prices.

**Deferred income:** This account includes turnkey rights held by tenants that are amortized over the life of the agreement and lease invoices issued in advance to tenants.

**3.13 Current and Deferred Income Taxes**

**Income Taxes**

At each year end, the Company has recorded its tax obligations on the basis of net taxable income determined according to the rules set forth in the Income Tax Law.

To calculate these amounts, the Company uses tax rates and laws enacted as of the date of the statement of financial position.

**Deferred taxes**

The effects of deferred taxes arising from the benefits of tax losses and any differences between the statement of financial position and the tax balance sheet are recorded for all temporary differences, considering the tax rates that will be in effect at the estimated date of reversal. Temporary differences may be taxable temporary differences, which result in a greater tax payment in the future and generally involve recognizing a deferred tax liability; or they may be deductible temporary differences, which result in a reduced tax payment in the future.

Deferred tax assets and liabilities are offset when a legally enforceable right exists to offset tax assets with tax liabilities and the deferred tax is levied by the same tax authority on the same entity.

**Note 3 - Summary of Significant Accounting Policies (continued)**

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**3.14 Share-Based Payments**

Compensation plans implemented by granting options to subscribe and pay in shares are recognized in the financial statements in accordance with IFRS 2 "Share-Based Payments." The accounting effect is accrued in the income statement account "compensation" on a straight-line basis from the granting date to the expiration date and its balancing entry is recorded in the equity account other reserves.

**3.15 Segment Reporting**

Operating segments are components of the group that engage in business activities from which they may earn revenue and incur expenses, including income and expenses related to the other components of the group. Each segment's operating results are reviewed regularly by management to decide about resource allocation for the segment and evaluate its performance; separate financial reporting is available. Segment results reported to the CEO and the Board of Directors include items directly attributable to a segment as well as those that can be reasonably allocated. Unallocated items primarily include corporate assets (mainly the Company's headquarters), headquarters expenses and income tax assets and liabilities.

No single client represents more than 10% of the Company's total consolidated revenue.

**3.16 Stock Buyback (Treasury Shares)**

When share capital recorded as equity is bought back, the amount paid, including directly attributable costs, net of any tax effect, is deducted from equity. Shares bought back are classified as treasury shares and deducted from total equity. When treasury shares are sold or subsequently reissued, the amount received is recognized as an increase to equity and the gain or loss on the transaction is transferred to retained earnings or accumulated losses.

**3.17 Earnings per Share**

The Company presents data on basic and diluted earnings per share for its common shares. Basic earnings per share is calculated by dividing profit attributable to the Company's common shareholders by the weighted average number of outstanding common shares during the year, adjusted to account for treasury shares. Diluted earnings per share is calculated by adjusting profit attributable to common shareholders and the weighted average number of outstanding common shares adjusted to account for treasury shares to incorporate all potential dilutive shares, which include convertible instruments and stock options granted to employees.

**3.18 Dividends**

The dividend policy consists of distributing at least 30% of net profit each year. For these purposes, distributable net profits exclude the following items from profit attributable to the equity holders of the parent determined for the year:

- a) Unrealized gains or losses due to variations in the fair value of investment properties. The main fair value adjustments on investment properties are due to revaluations based on future cash flows. The valuation of these assets is regulated in IAS 40 *Investment Properties*. These results will be reintegrated into distributable net profits once the assets are sold or otherwise disposed of.



**Note 3 - Summary of Significant Accounting Policies (continued)**

- b) The effects of deferred taxes derived from adjustments related to the concepts included in point a) above.

As of each year end, the Company records a liability for 30% of distributable net profits, which are recorded against retained earnings (accumulated losses) presented in the Statement of Changes in Equity.

**3.19 Non-Current Assets Held for Sale**

The Company classifies non-current assets whose carrying amount will be mostly recovered through sale, rather than through continuing use, as non-current assets held for sale. This condition is only considered to be met when the sale is highly probable and the asset is available for sale immediately in its current state, and subject only to terms that are usual and customary for sales of such assets.

The Company is actively trying to sell these assets and expects the sale will occur within less than one year. These assets are valued at the lesser of their carrying amount and their fair value less costs to sell.

**3.20 Employee Benefits**

The Group records short-term employee benefits, which include wages, salaries, vacation and other benefits received for providing services during the year. These benefits are measured on an accrual basis and are expensed as the related service is provided.

**3.21 Reclassifications**

The Company has reclassified the following items in order to correctly present the fair value of investment properties as required by IAS 1, paragraph 82 ca.

| Consolidated Statement of Income   | Balance reported<br>as of 12.31.2018<br>ThCLP\$ | New Balance<br>as of<br>12.31.2018<br>ThCLP\$ | Reclassification<br>ThCLP\$ |
|--|---|---|-----------------------------|
| <b>Gross profit</b>  | <b>150,181,011</b>                              | <b>150,181,011</b>                            | -                           |
| Administrative expenses  | (15,807,825)                                    | (15,807,825)                                  | -                           |
| Other income   | 32,646,712                                      | 82,972,207                                    | 50,325,495                  |
| Other expenses   | (10,021,080)                                    | (10,021,080)                                  | -                           |
| <b>Operating income</b>  | <b>156,998,818</b>                              | <b>207,324,313</b>                            | <b>50,325,495</b>           |
| Financial income   | 7,975,774                                       | 7,975,774                                     | -                           |
| Financial expenses   | (36,627,127)                                    | (36,627,127)                                  | -                           |
| Share of profit (loss) of equity method associates and joint ventures  | 10,330,051                                      | 10,330,051                                    | -                           |
| Foreign exchange differences   | (5,862)   | (5,862)                                       | -                           |
| Loss on indexed assets and liabilities   | (18,148,557)                                    | (18,148,557)                                  | -                           |
| Gains (losses) arising from the difference between the prior carrying amount and the fair value of financial assets reclassified at fair value | 50,325,495                                      | -   | (50,325,495)                |
| <b>Profit before income tax</b>  | <b>170,848,592</b>                              | <b>170,848,592</b>                            | -                           |

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**Note 3 - Summary of Significant Accounting Policies (continued)**

| Concept             | Reported Balance<br>12.31.2018<br>ThCLP\$ | New Reported Balance<br>12.31.2018<br>ThCLP\$ | Change<br>ThCLP\$ |
|---------------------|---|---|-------------------|
| Goodwill            | 16,318,426                                | 8,940,174                                     | (7,378,252)       |
| Investment property | 1,786,651,573                             | 1,794,029,825                                 | 7,378,252         |
| <b>Total</b>        | <b>1,802,969,999</b>                      | <b>1,802,969,999</b>                          | <b>-</b>          |

**Note 4 - Changes in Accounting Estimates**

The financial statements as of December 31, 2019, do not present any changes in policies or accounting estimates with respect to the financial statements as of December 31, 2018.

**Note 5 - Cash and Cash Equivalents**

Details of cash and cash equivalents as of December 31, 2019 and 2018, are as follows:

| Concept                          | 12.31.2019<br>ThCLP\$ | 12.31.2018<br>ThCLP\$ |
|----------------------------------|-----------------------|-----------------------|
| Cash on hand                     | 57,741                | 37,267                |
| Bank balances                    | 19,156,000            | 21,473,551            |
| Current time deposits            | 56,731,926            | 42,428,454            |
| Other cash and cash equivalents  | 239,489,269           | 217,284,265           |
| <b>Cash and cash equivalents</b> | <b>315,434,937</b>    | <b>281,223,537</b>    |

Details of cash and cash equivalents by currency are as follows:

| Currency       | 12.31.2019<br>ThCLP\$ | 12.31.2018<br>ThCLP\$ |
|----------------|-----------------------|-----------------------|
| Chilean peso   | 177,086,566           | 199,926,218           |
| US dollar      | 87,330,893            | 5,066,951             |
| Peruvian sol   | 32,174,244            | 67,017,774            |
| Colombian peso | 18,843,234            | 9,212,594             |
| <b>Total</b>   | <b>315,434,937</b>    | <b>281,223,537</b>    |

As of December 31, 2019 and 2018, the Company does not have any restricted cash and cash equivalents.

**Note 6 - Other Financial Assets**

Details of other financial assets as of December 31, 2019 and 2018, are as follows:

| Concept                       | Current<br>ThCLP\$ |                  | Non-Current<br>ThCLP\$ |                  |
|-------------------------------|--------------------|------------------|------------------------|------------------|
|                               | 12.31.2019         | 12.31.2018       | 12.31.2019             | 12.31.2018       |
| Title loans                   | 2,501              | 2,388            | 3,915,580              | 2,775,397        |
| Mutual funds                  | -                  | -                | 2,062,896              | 1,805,025        |
| Hedge assets (Note 37)        | -                  | 6,604,226        | -                      | -                |
| <b>Other financial assets</b> | <b>2,501</b>       | <b>6,606,614</b> | <b>5,978,477</b>       | <b>4,580,422</b> |

As of December 31, 2019 and 2018, title loans and mutual funds have liquidity restrictions.

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**Note 7 - Other Non-Financial Assets**

Details of other non-financial assets as of December 31, 2019 and 2018, are as follows:

| Concept   | Current<br>ThCLP\$ |                   | Non-Current<br>ThCLP\$ |                   |
|---|--------------------|-------------------|------------------------|-------------------|
|   | 12.31.2019         | 12.31.2018        | 12.31.2019             | 12.31.2018        |
| Lease of land from Chilean State Railway Company (E.F.E.) (1) | -                  | 429,272           | -                      | 10,818,422        |
| Advances to suppliers   | 11,596,809         | 5,271,020         | 3,592,237              | 7,515,674         |
| Prepaid expenses  | 1,387,203          | 261,832           | 2,509,031              | 2,269,287         |
| Other assets  | 9,852,054          | 2,869,418         | 15,214,799             | 16,369,564        |
| Remaining VAT tax credit (2)                                  | 27,151,457         | 30,703,289        | -                      | -                 |
| <b>Other non-financial assets</b>                             | <b>49,987,523</b>  | <b>39,534,831</b> | <b>21,316,067</b>      | <b>36,972,947</b> |

- (1) Reclassification of contract with EFE to investment property following implementation of IFRS 16 in 2019  
(2) Includes taxes related to the purchase of Open Plaza El Bosque of ThCLP\$ 7,599,815.

**Note 8 - Current and Non-Current Trade and Other Receivables**

**Trade receivables**

This account consists of invoices receivable for leases of retail stores and spaces, maintenance services and other items, net of allowances for doubtful accounts (impairment).

The Company and its subsidiaries do not have a securitized portfolio.

**Notes receivable**

This account consists of post-dated checks, installments and promissory notes to pay invoices for retail store leases and other items, net of provisions for doubtful accounts (impairment). Promissory notes receivable are installments of guarantee payments for leases in accordance with lease agreements in force, net of allowances for doubtful accounts (impairment). Details of current and non-current trade and other receivables as of December 31, 2019 and 2018, are as follows:

| Current                                     | 12.31.2019        |                                 |                   | 12.31.2018        |                                 |                   |
|---|-------------------|---------------------------------|-------------------|-------------------|---------------------------------|-------------------|
|   | Gross Value       | Allowance for Doubtful Accounts | Net Value         | Gross Value       | Allowance for Doubtful Accounts | Net Value         |
|   | ThCLP\$           | ThCLP\$                         | ThCLP\$           | ThCLP\$           | ThCLP\$                         | ThCLP\$           |
| Trade receivables and notes receivable (1)  | 39,902,392        | (5,432,949)                     | 34,469,444        | 31,552,364        | (4,881,964)                     | 26,670,400        |
| Miscellaneous receivables                   | 571,268           | -                               | 571,268           | 3,546,087         | -                               | 3,546,087         |
| <b>Trade and other receivables, current</b> | <b>40,473,661</b> | <b>(5,432,949)</b>              | <b>35,040,712</b> | <b>35,098,451</b> | <b>(4,881,964)</b>              | <b>30,216,487</b> |

- (1) As of December 31, 2019 and 2018, gross notes receivable total ThCLP\$ 5,435,883 and ThCLP\$ 2,786,285, respectively.

**Portfolio Distribution**

| Concept                      | Current    | 31-60     | 61-90     | 91-120    | 121-150 | 151-180 | > 180     | 12.31.2019 |
|------------------------------|------------|-----------|-----------|-----------|---------|---------|-----------|------------|
| Trade receivables<br>ThCLP\$ | 25,747,760 | 3,163,087 | 2,051,235 | 1,039,926 | 688,030 | 417,823 | 1,358,649 | 34,466,510 |

| Concept                      | Current    | 31-60     | 61-90   | 91-120  | 121-150 | 151-180 | > 180     | 12.31.2018 |
|------------------------------|------------|-----------|---------|---------|---------|---------|-----------|------------|
| Trade receivables<br>ThCLP\$ | 22,198,149 | 2,282,507 | 913,970 | 802,656 | 487,745 | 280,749 | 1,800,304 | 28,766,079 |

As of December 31, 2019 and 2018, write-offs totaled ThCLP\$ 1,522,146 and ThCLP\$ 742,570, respectively.

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**Note 8 - Current and Non-Current Trade and Other Receivables (continued)**

**Rights receivable, non-current**

This account consists of other receivables for reimbursable payments made to Aguas Cordillera S.A., and Aguas Andinas S.A.

| Non-Current                           | 12.31.2019    |                                 |               | 12.31.2018    |                                 |               |
|---------------------------------------|---------------|---------------------------------|---------------|---------------|---------------------------------|---------------|
|                                       | Gross Value   | Allowance for Doubtful Accounts | Net Value     | Gross Value   | Allowance for Doubtful Accounts | Net Value     |
|                                       | ThCLP\$       | ThCLP\$                         | ThCLP\$       | ThCLP\$       | ThCLP\$                         | ThCLP\$       |
| Other receivables                     | 52,047        | -                               | 52,047        | 54,733        | -                               | 54,733        |
| <b>Rights receivable, non-current</b> | <b>52,047</b> | <b>-</b>                        | <b>52,047</b> | <b>54,733</b> | <b>-</b>                        | <b>54,733</b> |

Changes in the allowance for doubtful accounts are as follows:

| Movements   | 12.31.2019<br>ThCLP\$ | 12.31.2018<br>ThCLP\$ |
|---|-----------------------|-----------------------|
| Opening balance   | (4,881,964)           | (3,567,650)           |
| Increase (decrease) due to changes in accounting policies, IFRS 9 application | -                     | (595,724)             |
| <b>Restated beginning balance</b>   | <b>(4,881,964)</b>    | <b>(4,163,374)</b>    |
| Allowances recognized during the year   | (1,696,924)           | (1,232,937)           |
| Write-offs  | 1,522,146             | 742,570               |
| Increase (decrease) due to changes in foreign exchange rates                  | (376,207)             | (228,223)             |
| <b>Closing balance</b>  | <b>(5,432,949)</b>    | <b>(4,881,964)</b>    |

**Note 9 - Related Parties**

Transactions with other group entities that are related parties are disclosed in the entity's financial statements. Transactions between the Company and its subsidiaries consist of habitual transactions within the Company's line of business that are carried out under market conditions. These intercompany transactions have been eliminated upon consolidation and are not disclosed in this note.

a) Related party receivables

Details of related party receivables as of December 31, 2019 and 2018, are as follows:

| Taxpayer ID Number    | Name                                     | Country | Currency | Term of Transaction | Relationship | Outstanding Balance |            | Outstanding Balance |            |
|-----------------------|--|---------|----------|---------------------|--------------|---------------------|------------|---------------------|------------|
|                       |  |         |          |                     |              | ThCLP\$             |            | ThCLP\$             |            |
|                       |  |         |          |                     |              | 12.31.2019          | 12.31.2018 | 12.31.2019          | 12.31.2018 |
|                       |  |         |          |                     |              | Current             |            | Non-Current         |            |
| 20543100308           | Inmobiliaria Castell S.A.C.              | Peru    | PEN      | Over 365            | Indirect     | -                   | 1,346      | 8,876               | 6,531,327  |
| 20543100308           | Inmobiliaria Castell S.A.C.              | Peru    | USD      | Over 365            | Indirect     | -                   | -          | -                   | 83,503     |
| 20513561106           | Sociedad de Inversiones y Gestión S.A.C. | Peru    | USD      | Over 365            | Indirect     | 234,289             | -          | 2,018,288           | -          |
| 20511742677           | Holding Plaza S.A.                       | Peru    | PEN      | Over 365            | Indirect     | -                   | 1,514      | -                   | -          |
| Total related parties |  |         |          |                     |              | 234,289             | 2,860      | 2,027,164           | 6,614,830  |

As of December 31, 2019 and 2018, the Company has not given or received any guarantees to or from related parties.



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**Note 9 - Related Parties (continued)**

b) Related party payables

Details of related party payables as of December 31, 2019 and 2018, are as follows:

| Taxpayer ID Number    | Name               | Country | Currency | Term of Transaction | Relationship                  | Outstanding Balance |            | Outstanding Balance |            |
|-----------------------|--------------------|---------|----------|---------------------|-------------------------------|---------------------|------------|---------------------|------------|
|                       |                    |         |          |                     |                               | ThCLP\$             |            | ThCLP\$             |            |
|                       |                    |         |          |                     |                               | 12.31.2019          | 12.31.2018 | 12.31.2019          | 12.31.2018 |
|                       |                    |         |          |                     |                               | Current             |            | Non-Current         |            |
| 20511742677           | Holding Plaza S.A. | Peru    | PEN      | More than 365 days  | Indirect through shareholders | -                   | -          | -                   | 3,167,917  |
| Total related parties |                    |         |          |                     |                               | -                   | -          | -                   | 3,167,917  |

Other related parties are companies with direct or indirect interests in companies used to develop projects in common.

c) Related Party Transactions

Details of related party transactions for the years ended December 31, 2019 and 2018, are as follows:

| Company                   | Taxpayer ID Number | Relationship          | Transaction              | 12.31.2019     |  | 12.31.2018     |  |
|---------------------------|--------------------|-----------------------|--------------------------|----------------|--|----------------|--|
|                           |                    |                       |                          | Amount ThCLP\$ | Effect on Profit or Loss (Charge)/Credit | Amount ThCLP\$ | Effect on Profit or Loss (Charge)/Credit |
| Scotiabank Chile          | 97.018.000-1       | Director in common    | Leases                   | 350,752        | 294,749                                  | 428,968        | 360,477                                  |
| Scotiabank Chile          | 97.018.000-1       | Director in common    | Services                 | 24,167         | 20,308                                   | 29,302         | 24,624                                   |
| Scotiabank Chile          | 97.018.000-1       | Director in common    | Buy/sell US dollars      | 33,337,080     | 76,752                                   | 25,104,070     | (44,986)                                 |
| Scotiabank Chile          | 97.018.000-1       | Director in common    | Forward (sell)           | -              | -  | 32,257,646     | 3,346                                    |
| Scotiabank Chile          | 97.018.000-1       | Director in common    | Interest-bearing account | 14,400,604     | 438,327                                  | 275,237,453    | 660,570                                  |
| Scotiabank Chile          | 97.018.000-1       | Director in common    | Bank loan                | 87,466,433     | 942,993                                  | (3,110,718)    | (2,529,788)                              |
| BTG Pactual Chile S.A.    | 96.966.250-7       | Director in common    | Managed portfolio        | 73,545,768     | 2,754,857                                | -              | -  |
| BTG Pactual Chile S.A.    | 96.966.250-7       | Director in common    | MF Money Market          | 2,050,157      | 132,214                                  | -              | -  |
| BTG Pactual Chile S.A.    | 96.966.250-7       | Director in common    | Buy/sell US dollars      | 12,712,065     | 457,610                                  | -              | -  |
| Comercial Café Mokka S.A. | 88.665.600-9       | Director in common    | Leases                   | 212,083        | 178,221                                  | 199,508        | 167,653                                  |
| Comercial Café Mokka S.A. | 88.665.600-9       | Director in common    | Services                 | 19,184         | 16,121                                   | 18,602         | 15,632                                   |
| Comercial Café Mokka S.A. | 88.665.600-9       | Director in common    | Purchase of products     | 10,350         | (7,287)                                  | 6,390          | (4,159)                                  |
| Comercial Los Andes S.A.  | 96.632.770-7       | Shareholder in common | Leases                   | 69,183         | 58,137                                   | 97,759         | 82,150                                   |
| Comercial Los Andes S.A.  | 96.632.770-7       | Shareholder in common | Services                 | 1,863          | 1,566                                    | 2,556          | 2,148                                    |
| Embotelladora Andina S.A. | 91.144.000-9       | Director in common    | Leases                   | 164,783        | 138,473                                  | 168,165        | 141,315                                  |
| Embotelladora Andina S.A. | 91.144.000-9       | Director in common    | Services                 | 459            | 385                                      | 1,481          | 1,245                                    |

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**Note 9 - Related Parties (continued)**

a) Compensation Received by Key Management Personnel by Category

Total compensation received by the Company's main executives for the years ended December 31, 2019 and 2018, amounted to ThCLP\$ 4,453,613 and ThCLP\$ 4,004,649, respectively.

| Concept                   | 12.31.2019<br>ThCLP\$ | 12.31.2018<br>ThCLP\$ |
|---------------------------|-----------------------|-----------------------|
| Total compensation paid   | 2,792,721             | 2,706,892             |
| Variable wages paid       | 1,660,892             | 1,297,757             |
| Termination benefits paid | 17,554                | 96,777                |

For the years ended December 31, 2019 and 2018, the Company paid the Board of Directors total fees and allowances of ThCLP\$ 507,237 and ThCLP\$ 471,107, respectively.

The current members of the Board of Directors as of December 31, 2019, are:

| Directors:              |                               |
|-------------------------|-------------------------------|
| Guillermo Said Yarur    | José Domingo Eluchans Urenda  |
| Orlando Sáenz Rojas     | Ana Holuigue Barros           |
| Rodrigo Muñoz Muñoz     | Salvador Said Somavía         |
| Luis Hernán Paul Fresno | Fernando Massú Tare           |
| Chairman:               | Executive Vice President:     |
| José Said Saffie        | Juan Antonio Álvarez Avendaño |

**Note 10 - Current Tax Assets and Liabilities**

Details of current tax assets as of December 31, 2019 and 2018, are as follows:

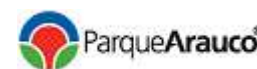
| Concept                   | 12.31.2019<br>ThCLP\$ | 12.31.2018<br>ThCLP\$ |
|---------------------------|-----------------------|-----------------------|
| Provisional tax payments  | 3,970,067             | 1,671,269             |
| Other taxes               | 5,252,010             | 4,911,986             |
| <b>Current tax assets</b> | <b>9,222,077</b>      | <b>6,583,255</b>      |

Details of current tax liabilities as of December 31, 2019 and 2018, are as follows:

| Concept                        | 12.31.2019<br>ThCLP\$ | 12.31.2018<br>ThCLP\$ |
|--------------------------------|-----------------------|-----------------------|
| Income taxes payable (1)       | 13,927,479            | 3,908,490             |
| Other taxes                    | 3,150,032             | 999,167               |
| <b>Current tax liabilities</b> | <b>17,077,511</b>     | <b>4,907,656</b>      |

- (1) This account includes taxes payable on the sale of the non-controlling interest of Arauco Centros Comerciales Regionales SpA for ThCLP\$6,169,988, Centros Comerciales Vecinales Arauco Express S.A., for ThCLP\$385,225 and Arauco Chillán SpA for ThCLP\$623,841.

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**Note 11 - Intangible Assets Other than Goodwill**

Details of intangible assets as of December 31, 2019 and 2018, are as follows:

| Concept                                  | Gross Balance     | Accumulated Amortization and Impairment | Balance Net       | Gross Balance     | Accumulated Amortization and Impairment | Balance Net       |
|--|-------------------|---|-------------------|-------------------|---|-------------------|
|  | ThCLP\$           | ThCLP\$                                 | ThCLP\$           | ThCLP\$           | ThCLP\$                                 | ThCLP\$           |
|  | 12.31.2019        |   |                   | 12.31.2018        |   |                   |
| Patents, trademarks and other rights     | 8,620,879         | (1,201,034)                             | 7,419,845         | 8,045,210         | (1,029,252)                             | 7,015,958         |
| Computer software                        | 8,930,030         | (2,913,888)                             | 6,016,142         | 5,692,574         | (1,640,824)                             | 4,051,750         |
| Other identifiable intangible assets (1) | 19,569,336        | (14,900,266)                            | 4,669,070         | 18,758,073        | (13,654,829)                            | 5,103,244         |
| <b>Intangible assets</b>                 | <b>37,120,245</b> | <b>(19,015,188)</b>                     | <b>18,105,057</b> | <b>32,495,857</b> | <b>(16,324,905)</b>                     | <b>16,170,952</b> |

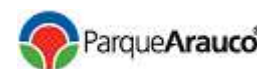
(1) Mainly amounts arising from business acquisitions related to anchor store contracts, minor store contracts and customer relations.

a) Details of movements in intangible assets for the years ended December 31, 2019 and 2018, are as follows:

| 12.31.2019<br>ThCLP\$                   | Acquisitions                         |                   |                                      | Business Combinations                |                                      | Total             |
|---|--------------------------------------|-------------------|--------------------------------------|--------------------------------------|--------------------------------------|-------------------|
|   | Patents, Trademarks and Other Rights | Computer Software | Other Identifiable Intangible Assets | Patents, Trademarks and Other Rights | Other Identifiable Intangible Assets |                   |
| Opening balance as of 01.01.2019        | 2,429,050                            | 4,051,750         | 2,796                                | 4,586,908                            | 5,100,448                            | 16,170,952        |
| Additions                               | 16,104                               | 3,249,749         | -                                    | -                                    | -                                    | 3,265,853         |
| Transfers                               | (12,855)                             | (41,210)          | 41,210                               | -                                    | -                                    | (12,855)          |
| Disposals                               | -                                    | -                 | -                                    | -                                    | -                                    | -                 |
| Amortization                            | (28,432)                             | (1,307,030)       | (10,157)                             | -                                    | (730,984)                            | (2,076,602)       |
| Foreign currency                        | 111,306                              | 114,018           | 1,133                                | 317,763                              | 264,622                              | 808,843           |
| Other                                   | -                                    | (51,136)          | -                                    | -                                    | -                                    | (51,136)          |
| <b>Total changes</b>                    | <b>86,124</b>                        | <b>1,964,392</b>  | <b>32,185</b>                        | <b>317,763</b>                       | <b>(466,361)</b>                     | <b>1,934,103</b>  |
| <b>Closing balance as of 12.31.2019</b> | <b>2,515,174</b>                     | <b>6,016,142</b>  | <b>34,983</b>                        | <b>4,904,671</b>                     | <b>4,634,087</b>                     | <b>18,105,057</b> |

| 12.31.2018<br>ThCLP\$                   | Acquisitions                         |                   |                                      | Business Combinations                |                                      | Total             |
|---|--------------------------------------|-------------------|--------------------------------------|--------------------------------------|--------------------------------------|-------------------|
|   | Patents, Trademarks and Other Rights | Computer Software | Other Identifiable Intangible Assets | Patents, Trademarks and Other Rights | Other Identifiable Intangible Assets |                   |
| Opening balance as of 01.01.2018        | 2,284,624                            | 1,793,184         | 207,540                              | 4,319,281                            | 5,531,960                            | 14,136,589        |
| Additions                               | 15,890                               | 3,111,992         | 11,188                               | -                                    | -                                    | 3,139,070         |
| Transfers                               | -                                    | -                 | -                                    | -                                    | -                                    | -                 |
| Disposals                               | -                                    | (9,017)           | (210,651)                            | -                                    | (70,376)                             | (290,044)         |
| Amortization                            | (68,752)                             | (862,331)         | (19,535)                             | -                                    | (644,078)                            | (1,594,696)       |
| Foreign currency                        | 197,288                              | 17,921            | 14,254                               | 267,627                              | 282,942                              | 780,033           |
| <b>Total changes</b>                    | <b>144,426</b>                       | <b>2,258,566</b>  | <b>(204,744)</b>                     | <b>267,627</b>                       | <b>(431,512)</b>                     | <b>2,034,363</b>  |
| <b>Closing balance as of 12.31.2018</b> | <b>2,429,050</b>                     | <b>4,051,750</b>  | <b>2,796</b>                         | <b>4,586,908</b>                     | <b>5,100,448</b>                     | <b>16,170,952</b> |

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**Note 12 - Goodwill**

Goodwill arises from acquisitions of shares in the companies detailed in the following table as of December 31, 2019 and 2018:

| Taxpayer ID No. | Company   | 12.31.2019<br>ThCLP\$ | 12.31.2018<br>ThCLP\$ |
|-----------------|---|-----------------------|-----------------------|
| 96.828.400-2    | Parque Arauco Internacional S.A. and subsidiaries (1) | 1,495,315             | 7,177,285             |
| 76.939.541-5    | Arauco Centros Comerciales Regionales SpA.            | 1,762,889             | 1,762,889             |
|                 |   | <b>3,258,204</b>      | <b>8,940,174</b>      |

(1) Includes companies in Peru and Colombia

Details of movements in goodwill for the years ended December 31, 2019 and 2018, are as follows:

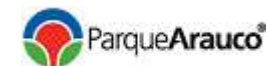
| Taxpayer ID No. | Company                           | Opening Balance as of<br>01.01.2019<br>ThCLP\$ | Movements During the Year<br>ThCLP\$ | Foreign Exchange Differences<br>ThCLP\$ | Closing Balance as of<br>12.31.2019<br>ThCLP\$ |
|-----------------|-----------------------------------|--|--------------------------------------|---|--|
| 20423264617     | Inmuebles Panamericana S.A.       | 1,019,147                                      | -                                    | 97,744                                  | 1,116,891                                      |
| 20511910642     | Arauco Holding Perú S.A.C.        | 216,490  | (233,307)                            | 16,817                                  | -  |
| 20345681460     | Altek Trading S.A.C.              | 969,364  | (1,062,333)                          | 92,969                                  | -  |
| 20523173716     | Parque Lambramani S.A.C.          | 593,497  | (650,418)                            | 56,921                                  | -  |
| 20502772831     | Ekimed S.A.C.                     | 345,306  | -                                    | 33,117                                  | 378,424  |
| 20123537581     | Sercenco S.A.                     | 4,033,481                                      | (4,420,320)                          | 386,840                                 | -  |
| 76.231.235-2    | Bulevar Rentas Inmobiliarias S.A. | 1,762,889                                      | -                                    | -                                       | 1,762,889                                      |
|                 | <b>Total</b>                      | <b>8,940,174</b>                               | <b>(6,366,378)</b>                   | <b>684,408</b>                          | <b>3,258,204</b>                               |

| Taxpayer ID No. | Company                           | Opening Balance as of<br>01.01.2018<br>ThCLP\$ | Movements During the Year<br>ThCLP\$ | Foreign Exchange Differences<br>ThCLP\$ | Closing Balance as of<br>12.31.2018<br>ThCLP\$ |
|-----------------|-----------------------------------|--|--------------------------------------|---|--|
| 20423264617     | Inmuebles Panamericana S.A.       | 936,825  | -                                    | 82,322                                  | 1,019,147                                      |
| 20511910642     | Arauco Holding Perú S.A.C.        | 191,556  | -                                    | 24,934                                  | 216,490  |
| 20345681460     | Altek Trading S.A.C.              | 891,063  | -                                    | 78,301                                  | 969,364  |
| 20523173716     | Parque Lambramani S.A.C.          | 545,557  | -                                    | 47,940                                  | 593,497  |
| 900.252.139-0   | Parque Arauco Colombia S.A.       | 6,528,463                                      | (7,378,252)                          | 849,789                                 | -  |
| 20502772831     | Ekimed S.A.C.                     | 317,414  | -                                    | 27,892                                  | 345,306  |
| 20123537581     | Sercenco S.A.                     | 3,707,671                                      | -                                    | 325,810                                 | 4,033,481                                      |
| 76.231.235-2    | Bulevar Rentas Inmobiliarias S.A. | 1,762,889                                      | -                                    | -                                       | 1,762,889                                      |
|                 | <b>Total</b>                      | <b>14,881,438</b>                              | <b>(7,378,252)</b>                   | <b>1,436,988</b>                        | <b>8,940,174</b>                               |



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**Note 13 - Property, Plant and Equipment**

Balances of property, plant and equipment as of December 31, 2019 and 2018, are as follows:

| Concept                              | Gross Assets      | Accumulated Depreciation | Net Balance       | Gross Assets      | Accumulated Depreciation | Net Balance       |
|--------------------------------------|-------------------|--------------------------|-------------------|-------------------|--------------------------|-------------------|
|                                      | ThCLP\$           | ThCLP\$                  | ThCLP\$           | ThCLP\$           | ThCLP\$                  | ThCLP\$           |
|                                      | 12.31.2019        |                          |                   | 12.31.2018        |                          |                   |
| Buildings                            | 33,146,558        | (1,085,645)              | 32,060,913        | 7,065,092         | (260,024)                | 6,805,068         |
| Plant and equipment                  | 1,307,656         | (1,075,440)              | 232,216           | 1,533,243         | (1,127,581)              | 405,662           |
| IT equipment                         | 5,362,962         | (1,664,592)              | 3,698,371         | 925,894           | (753,059)                | 172,835           |
| Fixtures and accessories             | 4,816,492         | (2,115,186)              | 2,701,305         | 5,223,637         | (1,729,891)              | 3,493,746         |
| Motor vehicles                       | 68,276            | (58,404)                 | 9,872             | 99,772            | (86,643)                 | 13,129            |
| Other property, plant and equipment  | 3,927,792         | (1,948,064)              | 1,979,728         | 4,691,080         | (2,210,563)              | 2,480,517         |
| <b>Property, plant and equipment</b> | <b>48,629,737</b> | <b>(7,947,330)</b>       | <b>40,682,406</b> | <b>19,538,718</b> | <b>(6,167,761)</b>       | <b>13,370,957</b> |

Details of movements in property, plant and equipment for the years ended December 31, 2019 and 2018, respectively, are as follows:

| ThCLP\$  | Buildings         |                          |                   | Plant and Equipment |                          |                | IT Equipment     |                          |                  | Fixtures and Accessories |                          |                  | Motor Vehicles |                          |              | Other Property, Plant and Equipment |                          |                  | Total Property, Plant and Equipment |
|--|-------------------|--------------------------|-------------------|---------------------|--------------------------|----------------|------------------|--------------------------|------------------|--------------------------|--------------------------|------------------|----------------|--------------------------|--------------|-------------------------------------|--------------------------|------------------|-------------------------------------|
|  | Gross Balance     | Accumulated Depreciation | Net Balance       | Gross Balance       | Accumulated Depreciation | Net Balance    | Gross Balance    | Accumulated Depreciation | Net Balance      | Gross Balance            | Accumulated Depreciation | Net Balance      | Gross Balance  | Accumulated Depreciation | Net Balance  | Gross Balance                       | Accumulated Depreciation | Net Balance      |                                     |
| Opening balance as of 01.01.2019                     | 7,065,092         | (260,024)                | 6,805,068         | 1,533,243           | (1,127,581)              | 405,662        | 925,894          | (753,059)                | 172,835          | 5,223,637                | (1,729,891)              | 3,493,746        | 99,772         | (86,643)                 | 13,129       | 4,691,080                           | (2,210,563)              | 2,480,517        | 13,370,957                          |
| Additions  | 22,712,801        | -                        | 22,712,801        | 54,524              | -                        | 54,524         | 2,806,555        | -                        | 2,806,555        | 564,711                  | -                        | 564,711          | -              | -                        | -            | 719,237                             | -                        | 719,237          | 26,857,829                          |
| Disposals  | -                 | -                        | -                 | -                   | -                        | -              | (47,749)         | 8,240                    | (39,509)         | -                        | -                        | -                | (25,285)       | 24,178                   | (1,107)      | (13,682)                            | 6,976                    | (6,706)          | (47,322)                            |
| Depreciation expense (1)                             | -                 | (816,234)                | (816,234)         | -                   | (73,466)                 | (73,466)       | -                | (370,836)                | (370,836)        | -                        | (430,760)                | (430,760)        | -              | (2,744)                  | (2,744)      | -                                   | (220,031)                | (220,031)        | (1,914,072)                         |
| Increase (decrease) due to changes in exchange rates | 392,518           | (9,387)                  | 383,132           | 46,122              | (16,095)                 | 30,028         | 60,921           | (46,708)                 | 14,213           | 258,651                  | (41,338)                 | 217,313          | 5,970          | (5,960)                  | 10           | 380,927                             | (244,386)                | 136,541          | 781,237                             |
| Other increases (decreases)                          | 3,381,708         | -                        | 3,381,708         | (321,218)           | 141,702                  | (179,516)      | (533,134)        | 22,569                   | (510,565)        | (303,711)                | 73,871                   | (229,840)        | -              | -                        | -            | (830,725)                           | 2,712                    | (828,012)        | 1,633,774                           |
| Transfers  | (405,560)         | -                        | (405,560)         | (5,016)             | -                        | (5,016)        | 2,150,471        | (524,797)                | 1,625,674        | (926,795)                | 12,932                   | (913,863)        | (12,180)       | 12,766                   | 585          | (993,721)                           | 691,900                  | (301,820)        | -                                   |
| Changes in property, plant and equipment, total      | 26,081,467        | (825,621)                | 25,255,846        | (225,587)           | 52,142                   | (173,445)      | 4,437,065        | (911,533)                | 3,525,532        | (407,144)                | (385,296)                | (792,439)        | (31,496)       | 28,240                   | (3,256)      | (737,963)                           | 237,171                  | (500,792)        | 27,311,446                          |
| <b>Property, plant and equipment 12.31.2019</b>      | <b>33,146,558</b> | <b>(1,085,645)</b>       | <b>32,060,913</b> | <b>1,307,656</b>    | <b>(1,075,440)</b>       | <b>232,216</b> | <b>5,362,962</b> | <b>(1,664,592)</b>       | <b>3,698,371</b> | <b>4,816,492</b>         | <b>(2,115,186)</b>       | <b>2,701,305</b> | <b>68,276</b>  | <b>(58,404)</b>          | <b>9,872</b> | <b>3,927,792</b>                    | <b>(1,948,064)</b>       | <b>1,979,728</b> | <b>40,682,406</b>                   |

| ThCLP\$  | Buildings        |                          |                  | Plant and Equipment |                          |                | IT Equipment   |                          |                | Fixtures and Accessories |                          |                  | Motor Vehicles |                          |               | Other Property, Plant and Equipment |                          |                  | Total Property, Plant and Equipment |
|--|------------------|--------------------------|------------------|---------------------|--------------------------|----------------|----------------|--------------------------|----------------|--------------------------|--------------------------|------------------|----------------|--------------------------|---------------|-------------------------------------|--------------------------|------------------|-------------------------------------|
|  | Gross Balance    | Accumulated Depreciation | Net Balance      | Gross Balance       | Accumulated Depreciation | Net Balance    | Gross Balance  | Accumulated Depreciation | Net Balance    | Gross Balance            | Accumulated Depreciation | Net Balance      | Gross Balance  | Accumulated Depreciation | Net Balance   | Gross Balance                       | Accumulated Depreciation | Net Balance      |                                     |
| Opening balance as of 01.01.2018                     | 5,379,507        | (87,626)                 | 5,291,881        | 1,617,478           | (1,165,457)              | 452,021        | 1,158,559      | (727,446)                | 431,113        | 4,156,240                | (1,428,068)              | 2,728,172        | 94,746         | (76,046)                 | 18,700        | 2,815,647                           | (1,515,166)              | 1,300,479        | 10,222,368                          |
| Additions  | 1,475,920        | -                        | 1,475,920        | 1,672               | -                        | 1,672          | 78,998         | -                        | 78,998         | 1,503,071                | -                        | 1,503,071        | -              | -                        | -             | 656,292                             | -                        | 656,292          | 3,715,953                           |
| Acquisitions through business combinations           | -                | -                        | -                | -                   | -                        | -              | -              | -                        | -              | -                        | -                        | -                | -              | -                        | -             | -                                   | -                        | -                | -                                   |
| Disposals  | (1,920)          | -                        | (1,920)          | -                   | -                        | -              | (29,241)       | -                        | (29,241)       | (11,088)                 | -                        | (11,088)         | -              | -                        | -             | (25,634)                            | -                        | (25,634)         | (67,883)                            |
| Depreciation expense (1)                             | -                | (172,401)                | (172,401)        | -                   | (70,319)                 | (70,319)       | -              | (73,267)                 | (73,267)       | -                        | (338,283)                | (338,283)        | -              | (2,170)                  | (2,170)       | -                                   | (326,076)                | (326,076)        | (982,516)                           |
| Increase (decrease) due to changes in exchange rates | 211,585          | 3                        | 211,588          | 33,751              | (9,765)                  | 23,986         | 92,340         | (58,919)                 | 33,421         | 147,845                  | (23,205)                 | 124,640          | 5,026          | (5,018)                  | 8             | 178,176                             | (98,860)                 | 79,316           | 472,959                             |
| Transfers  | -                | -                        | -                | (119,535)           | 117,960                  | (1,575)        | 119,651        | (114,667)                | 4,985          | -                        | -                        | -                | -              | (3,409)                  | (3,409)       | -                                   | -                        | -                | -                                   |
| Other increases (decreases)                          | -                | -                        | -                | (123)               | -                        | (123)          | (494,413)      | 221,240                  | (273,173)      | (572,431)                | 59,665                   | (512,766)        | -              | -                        | -             | 1,066,599                           | (270,461)                | 796,138          | 10,076                              |
| Changes in property, plant and equipment, total      | 1,685,585        | (172,398)                | 1,513,187        | (84,235)            | 37,876                   | (46,359)       | (232,665)      | (25,613)                 | (258,278)      | 1,067,397                | (301,823)                | 765,574          | 5,026          | (10,597)                 | (5,571)       | 1,875,433                           | (695,397)                | 1,180,036        | 3,148,589                           |
| <b>Property, plant and equipment 12.31.2018</b>      | <b>7,065,092</b> | <b>(260,024)</b>         | <b>6,805,068</b> | <b>1,533,243</b>    | <b>(1,127,581)</b>       | <b>405,662</b> | <b>925,894</b> | <b>(753,059)</b>         | <b>172,835</b> | <b>5,223,637</b>         | <b>(1,729,891)</b>       | <b>3,493,746</b> | <b>99,772</b>  | <b>(86,643)</b>          | <b>13,129</b> | <b>4,691,080</b>                    | <b>(2,210,563)</b>       | <b>2,480,517</b> | <b>13,370,957</b>                   |

(1) Total depreciation expense is recorded in the statement of income in administrative expenses.

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**Note 14 - Investment Properties**

Investment properties include mainly land, buildings and other construction held to earn rentals, which are accounted for at fair value, determined using valuations prepared by management. Balances as of December 31, 2019 and 2018, are detailed as follows:

| Concept   | 12.31.2019<br>ThCLP\$ | 12.31.2018<br>ThCLP\$ |
|---|-----------------------|-----------------------|
| Investment properties under construction or development | 107,508,115           | 79,566,501            |
| Completed investment properties                         | 1,865,701,811         | 1,714,463,324         |
| Right of use  | 56,287,820            | -                     |
| <b>Total investment properties</b>                      | <b>2,029,497,746</b>  | <b>1,794,029,825</b>  |

Details of movements in investment properties for the years ended December 31, 2019 and 2018, are as follows:

| Movements in Investment Properties            | 12.31.2019<br>ThCLP\$ | 12.31.2018<br>ThCLP\$ |
|---|-----------------------|-----------------------|
| <b>Opening balance</b>                        | <b>1,794,029,825</b>  | <b>1,595,031,879</b>  |
| Additions (1)                                 | 91,823,874            | 102,918,306           |
| Disposals                                     | (3,819,189)           | (9,343,789)           |
| Gain in fair value                            | 47,820,191            | 50,325,495            |
| Increase for net foreign exchange differences | 65,020,953            | 48,141,472            |
| Other increases (decreases) (2)               | (21,665,727)          | 6,956,463             |
| Increase due to other changes (3)             | 56,287,820            | -                     |
| <b>Total changes</b>                          | <b>235,467,921</b>    | <b>198,997,946</b>    |
| <b>Closing balance</b>                        | <b>2,029,497,746</b>  | <b>1,794,029,825</b>  |

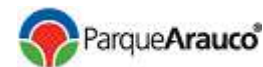
- (1) As of December 31, 2019 and 2018, the main additions by country are: Chile: ThCLP\$ 49,288,707 and ThCLP\$ 78,517,924, respectively. Peru: ThCLP\$ 7,994,076 and ThCLP\$ 21,148,221, respectively, and Colombia: ThCLP\$ 38,843,433 and ThCLP\$ 20,113,086, respectively.
- (2) Includes reclassification to PPE of hotel project under construction at Parque Arauco Kennedy for ThCLP\$(23,564,893)
- (3) The account includes adjustments for first-time adoption of IFRS 16 related to rights of use for land of ThCLP\$ 55,831,325, additions during the year and fair value adjustments of ThCLP \$456,494.

Details of movements in investment properties for the years ended December 31, 2019 and 2018, are as follows:

| 12.31.2019                                    | Investment Properties under Construction or Development | Completed Investment Properties | Right of Use for Land | Total ThCLP\$        |
|---|---|---------------------------------|-----------------------|----------------------|
| <b>Opening balance</b>                        | <b>79,566,501</b>                                       | <b>1,714,463,324</b>            | <b>-</b>              | <b>1,794,029,825</b> |
| Additions                                     | 71,467,298  | 20,356,577                      | -                     | 91,823,874           |
| Disposals                                     | (3,232,081)   | (587,108)                       | -                     | (3,819,189)          |
| Transfer of investment properties             | (35,645,221)  | 35,645,221                      | -                     | -                    |
| Gain in fair value                            | -   | 47,820,191                      | -                     | 47,820,191           |
| Increase for net foreign exchange differences | 2,182,745   | 62,838,208                      | -                     | 65,020,953           |
| Increase (decrease) due to other changes      | (7,238,447)   | (14,427,280)                    | 56,287,820            | 34,622,092           |
| <b>Total changes</b>                          | <b>27,534,294</b>                                       | <b>151,645,808</b>              | <b>56,287,820</b>     | <b>235,467,921</b>   |
| <b>Closing balance</b>                        | <b>107,100,795</b>                                      | <b>1,866,109,131</b>            | <b>56,287,820</b>     | <b>2,029,497,746</b> |

| 12.31.2018  | Investment Properties under Construction or Development | Completed Investment Properties | Total ThCLP\$        |
|---|---|---------------------------------|----------------------|
| <b>Opening balance</b>  | <b>70,612,447</b>                                       | <b>1,524,419,432</b>            | <b>1,595,031,879</b> |
| Additions   | 42,271,078  | 60,647,227                      | 102,918,305          |
| Disposals   | (4,764,774)   | (4,579,014)                     | (9,343,788)          |
| Transfer of investment properties under construction or development | (30,165,743)  | 30,165,743                      | -                    |
| Gain in fair value  | -   | 50,325,494                      | 50,325,494           |
| Increase for net foreign exchange differences                       | 1,966,523   | 46,174,949                      | 48,141,472           |
| Increase (decrease) due to other changes                            | (353,030)   | 7,309,493                       | 6,956,463            |
| <b>Total changes</b>  | <b>8,954,054</b>  | <b>190,043,892</b>              | <b>198,997,946</b>   |
| <b>Closing balance</b>  | <b>79,566,501</b>                                       | <b>1,714,463,324</b>            | <b>1,794,029,825</b> |

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**Note 14 - Investment Properties (continued)**

Details of finance leases related to investment properties as of December 31, 2019 and 2018, are as follows:

| Company                              | 12.31.2019<br>ThCLP\$ | 12.31.2018<br>ThCLP\$ |
|--------------------------------------|-----------------------|-----------------------|
| Centro Comercial Arauco Express S.A. | 3,982,822             | -                     |
| El Quinde Shopping Plaza S.A.C.      | -                     | 10,805,747            |
| Inmobiliaria El Quinde S.A.C.        | 17,186,171            | 15,682,136            |
| Bulevar Rentas Inmobiliarias S.A.    | 25,446,709            | 25,446,709            |
| <b>Total</b>                         | <b>46,615,702</b>     | <b>51,934,592</b>     |

Note 16, letter a) details the value of the financial liability and its cash flows at year end for leases of assets classified as investment properties.

Assets acquired or maintained under finance lease are not legally owned by the Company until it exercises the purchase option and, therefore, it cannot dispose of them freely.

**Note 15 - Deferred Taxes**

Balances of deferred taxes as of December 31, 2019 and 2018, are as follows:

| Concept                     | Assets                |                       | Liabilities           |                       |
|-----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                             | 12.31.2019<br>ThCLP\$ | 12.31.2018<br>ThCLP\$ | 12.31.2019<br>ThCLP\$ | 12.31.2018<br>ThCLP\$ |
| Depreciation                | 1,102,515             | 3,067,842             | 79,657,859            | 67,621,723            |
| Amortization                | -                     | -                     | 659,572               | 618,471               |
| Provisions                  | 2,279,520             | 2,304,723             | -                     | -                     |
| Investment properties       | 20,181,438            | 18,457,176            | 157,172,586           | 140,884,191           |
| Intangible assets           | 3,721,679             | 4,685,829             | 3,335,099             | 3,028,820             |
| Financial instruments       | 6,739,073             | 6,259,686             | 1,660,394             | 2,423,469             |
| Tax losses                  | 7,865,091             | 7,251,038             | -                     | -                     |
| Related to others           | 680,886               | 1,243,057             | 5,363,723             | 173,335               |
| <b>Total deferred taxes</b> | <b>44,308,618</b>     | <b>43,269,350</b>     | <b>247,849,234</b>    | <b>214,750,008</b>    |

Details of movements in deferred taxes for the years ended December 31, 2019 and 2018, are as follows:

| Concept                               | Assets                |                       | Liabilities           |                       |
|---------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                       | 12.31.2019<br>ThCLP\$ | 12.31.2018<br>ThCLP\$ | 12.31.2019<br>ThCLP\$ | 12.31.2018<br>ThCLP\$ |
| Opening balance                       | 43,269,350            | 48,818,915            | 214,750,008           | 191,594,352           |
| Increase in foreign currency          | 1,913,336             | 1,724,008             | 7,530,158             | 824,169               |
| Increase (decrease) in deferred taxes | (874,068)             | (7,273,573)           | 25,569,068            | 22,331,486            |
| <b>Total changes</b>                  | <b>1,039,268</b>      | <b>(5,549,565)</b>    | <b>33,099,226</b>     | <b>23,155,655</b>     |
| <b>Closing balance</b>                | <b>44,308,618</b>     | <b>43,269,350</b>     | <b>247,849,234</b>    | <b>214,750,008</b>    |

**PARQUE ARAUCO S.A. AND SUBSIDIARIES**  
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**Note 15 - Deferred Taxes (continued)**

Details of the income tax expense for the years ended December 31, 2019 and 2018, are as follows:

| Concept                                    | 12.31.2019<br>ThCLP\$ | 12.31.2018<br>ThCLP\$ |
|--|-----------------------|-----------------------|
| Current tax expense (1)                    | (14,583,078)          | (24,745,709)          |
| Adjustments to current tax of prior year   | 131,128               | 633,736               |
| <b>Current tax expense, net, total</b>     | <b>(14,451,950)</b>   | <b>(24,111,973)</b>   |
| Deferred expense for temporary differences | (22,367,702)          | (23,347,206)          |
| <b>Deferred tax expense, net, total</b>    | <b>(22,367,702)</b>   | <b>(23,347,206)</b>   |
| <b>Income tax expense</b>                  | <b>(36,819,653)</b>   | <b>(47,459,179)</b>   |

(1) Amount in 2018 includes tax related to the sale of a non-current asset available for sale of ThCLP\$9,751,197.

The reconciliation of the effective rate for the years ended December 31, 2019 and 2018, is as follows:

| Concept   | Taxable<br>Income<br>ThCLP\$ | Tax Rate<br>27%<br>ThCLP\$ | Taxable<br>Income<br>ThCLP\$ | Tax Rate<br>27%<br>ThCLP\$ |
|---|------------------------------|----------------------------|------------------------------|----------------------------|
|   | 12.31.2019                   |                            | 12.31.2018                   |                            |
| Profit before income tax                        | 141,462,272                  | (41,253,290)               | 170,848,592                  | (46,129,120)               |
| <b>Permanent differences</b>                    | <b>4,433,638</b>             |                            | <b>1,330,059</b>             |                            |
| Profit (loss) of associates                     |                              | (4,983,729)                |                              | (2,789,114)                |
| Deferred tax/carrying differences               |                              | 10,263,283                 |                              | 4,872,271                  |
| Higher rate for foreign subsidiaries            |                              | (977,044)                  |                              | (1,386,834)                |
| Tax deficit (surplus) prior year taxable income |                              | 131,128                    |                              | 633,736                    |
| <b>Total income tax expense of companies</b>    | <b>(36,819,653)</b>          |                            | <b>(47,459,179)</b>          |                            |
| Income taxes                                    |                              | (14,583,078)               |                              | (24,745,709)               |
| (Deficit)/surplus from prior years              |                              | 131,128                    |                              | 633,736                    |
| <b>Total income tax expense</b>                 | <b>(14,451,950)</b>          |                            | <b>(24,111,973)</b>          |                            |
| <b>Total deferred tax expense</b>               | <b>(22,367,702)</b>          |                            | <b>(23,347,206)</b>          |                            |
| <b>Effective rate</b>                           | <b>24.10%</b>                |                            | <b>27.78%</b>                |                            |

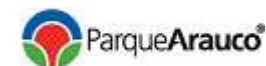
On December 27, 2019, Law No. 2,010 on Economic Growth was passed in Colombia, maintaining the income tax rates that had been introduced by Law No. 1,943 in 2018.

On October 16, 2019, Ruling C-481 from the Constitutional Court declared Law No. 1,943 of 2018 unenforceable. That ruling took effect on January 1, 2020.

On December 28, 2018, Law No. 1,943 on Financing in Colombia, was passed, modifying the income tax rate to 33% for 2019, 32% for 2020, 31% for 2021 and 30% beginning in 2022.



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**Note 16 - Other Financial Liabilities**

Details of current and non-current other financial liabilities as of December 31, 2019 and 2018, are as follows:

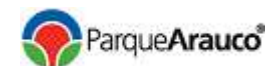
| Concept                     | Current<br>ThCLP\$ |                    | Non-Current<br>ThCLP\$ |                    |
|-----------------------------|--------------------|--------------------|------------------------|--------------------|
|                             | 12.31.2019         | 12.31.2018         | 12.31.2019             | 12.31.2018         |
| Finance leases (a)          | 1,666,354          | 1,992,602          | 31,633,510             | 31,140,470         |
| Bank loans (b)              | 147,645,596        | 96,614,046         | 280,420,062            | 207,396,579        |
| Bond issuances (c)          | 85,510,271         | 20,866,222         | 566,264,610            | 633,622,674        |
| Hedge liabilities (Note 37) | 200,800            | 403,529            | 1,519,131              | 4,097,221          |
| <b>Total</b>                | <b>235,023,021</b> | <b>119,876,399</b> | <b>879,837,313</b>     | <b>876,256,944</b> |

a) Finance leases

Details of leases in effect as of December 31, 2019, by currency and maturity, are as follows:

| 12.31.2019<br>Debtor<br>Taxpayer ID | Debtor Name                                       | Debtor<br>Country | Creditor<br>Taxpayer ID | Bank or Financial<br>Institution | Currency | Amortization | Contractual<br>Rate % | Annual<br>Effective Rate<br>% | Balance in<br>Statement<br>of Financial<br>Position | Current  |                                 |                     |
|-------------------------------------|---|-------------------|-------------------------|----------------------------------|----------|--------------|-----------------------|-------------------------------|---|--|---------------------------------|---------------------|
|                                     |   |                   |                         |                                  |          |              |                       |                               |   | Maturity in ThCLP\$<br>(Undiscounted Cash Flows) |                                 |                     |
|                                     |   |                   |                         |                                  |          |              |                       |                               |   | Up to 90 Days                                    | Over 90<br>Days up to<br>1 Year | Total Cash<br>Flows |
| 20512817999                         | Inmobiliaria El Quinde S.A.C.                     | Peru              | 20100047218             | Crédito del Perú                 | PEN      | Monthly      | 7.86%                 | 8.01%                         | 396,734   | 189,046  | 567,138                         | 756,183             |
| 20512817999                         | Inmobiliaria El Quinde S.A.C.                     | Peru              | 20100047218             | Crédito del Perú                 | PEN      | Monthly      | 7.86%                 | 8.03%                         | 562,024   | 239,625  | 718,874                         | 958,498             |
| 76.231.235-2                        | Bulevar Rentas Inmobiliarias S.A.                 | Chile             | 99.289.000-2            | Principal Cía de Seg.            | UF       | Monthly      | 4.91%                 | 4.91%                         | 656,379   | 406,837  | 1,220,510                       | 1,627,347           |
| 76.187.012-2                        | Centros Comerciales Vecinales Arauco Express S.A. | Chile             | 96.812.960-0            | Penta Cía de Seg.                | UF       | Monthly      | 5.15%                 | 5.15%                         | 51,217  | 47,342   | 142,027                         | 189,370             |
|                                     |   |                   |                         |                                  |          |              | <b>Total</b>          |                               | <b>1,666,354</b>                                    | <b>882,850</b>                                   | <b>2,648,549</b>                | <b>3,531,399</b>    |

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**Note 16 - Other Financial Liabilities (continued)**

a) Finance leases (continued)

Details of current leases as of December 31, 2018, by currency and maturity, are as follows:

| 12.31.2018<br>Debtor<br>Taxpayer ID | Debtor Name                       | Debtor<br>Country | Creditor<br>Taxpayer ID | Bank or Financial<br>Institution | Currency | Amortization | Contractual<br>Rate % | Annual<br>Effective Rate<br>% | Balance in<br>Statement<br>of Financial<br>Position | Current  |                                 |                     |
|-------------------------------------|-----------------------------------|-------------------|-------------------------|----------------------------------|----------|--------------|-----------------------|-------------------------------|---|--|---------------------------------|---------------------|
|                                     |                                   |                   |                         |                                  |          |              |                       |                               |   | Maturity in ThCLP\$<br>(Undiscounted Cash Flows) |                                 |                     |
|                                     |                                   |                   |                         |                                  |          |              |                       |                               |   | Up to 90 Days                                    | Over 90<br>Days up to<br>1 Year | Total Cash<br>Flows |
| 20495673911                         | El Quinde Shopping Plaza S.A.C    | Peru              | 20100047218             | Crédito del Perú                 | PEN      | Monthly      | 7.45%                 | 7.55%                         | 140,238   | 49,235   | 147,704                         | 196,938             |
| 20495673911                         | El Quinde Shopping Plaza S.A.C    | Peru              | 20100047218             | Crédito del Perú                 | PEN      | Monthly      | 6.45%                 | 6.55%                         | 252,283   | 81,499   | 244,498                         | 325,997             |
| 20495673911                         | El Quinde Shopping Plaza S.A.C    | Peru              | 20100047218             | Crédito del Perú                 | PEN      | Monthly      | 6.25%                 | 6.38%                         | 61,106  | 17,691   | 53,072                          | 70,763              |
| 20495673911                         | El Quinde Shopping Plaza S.A.C    | Peru              | 20100047218             | Crédito del Perú                 | PEN      | Monthly      | 8.65%                 | 8.79%                         | 115,703   | 34,347   | 103,042                         | 137,389             |
| 20512817999                         | Inmobiliaria El Quinde S.A.C.     | Peru              | 20100047218             | Crédito del Perú                 | PEN      | Monthly      | 7.86%                 | 8.01%                         | 335,937   | 172,502  | 517,505                         | 690,007             |
| 20512817999                         | Inmobiliaria El Quinde S.A.C.     | Peru              | 20100047218             | Crédito del Perú                 | PEN      | Monthly      | 7.86%                 | 8.03%                         | 475,528   | 218,654  | 655,962                         | 874,616             |
| 76.231.235-2                        | Bulevar Rentas Inmobiliarias S.A. | Chile             | 99.289.000-2            | Principal Cía. de Seg.           | UF       | Monthly      | 4.91%                 | 4.91%                         | 611,807   | 396,143  | 1,188,428                       | 1,584,571           |
| <b>Total</b>                        |                                   |                   |                         |                                  |          |              |                       |                               | <b>1,992,602</b>                                    | <b>970,070</b>                                   | <b>2,910,210</b>                | <b>3,880,280</b>    |

Details of non-current leases as of December 31, 2019, by currency and maturity, are as follows:

| 12.31.2019<br>Debtor<br>Taxpayer ID | Debtor Name                                       | Debtor<br>Country | Creditor<br>Taxpayer ID | Bank or Financial<br>Institution | Currency | Amortization | Contractual<br>Rate % | Annual<br>Effective<br>Rate % | Balance in<br>Statement<br>of Financial<br>Position | Non-Current                                   |                  |                  |                  |                      |                     |
|-------------------------------------|---|-------------------|-------------------------|----------------------------------|----------|--------------|-----------------------|-------------------------------|---|---|------------------|------------------|------------------|----------------------|---------------------|
|                                     |   |                   |                         |                                  |          |              |                       |                               |   | Maturity in ThCLP\$ (Undiscounted Cash Flows) |                  |                  |                  |                      |                     |
|                                     |   |                   |                         |                                  |          |              |                       |                               |   | 1 to 2 Years                                  | 2 to 3 Years     | 3 to 4 Years     | 4 to 5 Years     | More than 5<br>Years | Total Cash<br>Flows |
| 20512817999                         | Inmobiliaria El Quinde S.A.C.                     | Peru              | 20100047218             | Crédito del Perú                 | PEN      | Monthly      | 7.86%                 | 8.01%                         | 4,366,761   | 756,183                                       | 756,183          | 756,183          | 756,183          | 2,658,274            | 5,683,008           |
| 20512817999                         | Inmobiliaria El Quinde S.A.C.                     | Peru              | 20100047218             | Crédito del Perú                 | PEN      | Monthly      | 7.86%                 | 8.03%                         | 4,738,646   | 958,505                                       | 958,498          | 958,498          | 958,498          | 2,055,639            | 5,889,639           |
| 76.231.235-2                        | Bulevar Rentas Inmobiliarias S.A.                 | Chile             | 99.289.000-2            | Principal Cía. de Seg.           | UF       | Monthly      | 4.91%                 | 4.91%                         | 19,810,699  | 1,627,347                                     | 1,627,347        | 1,627,347        | 1,627,347        | 23,325,308           | 29,834,696          |
| 76.187.012-2                        | Centros Comerciales Vecinales Arauco Express S.A. | Chile             | 96.812.960-0            | Penta Cía de Seg.                | UF       | Monthly      | 5.15%                 | 5.15%                         | 2,717,404   | 189,370                                       | 189,370          | 189,370          | 189,370          | 4,071,449            | 4,828,928           |
| <b>Total</b>                        |   |                   |                         |                                  |          |              |                       |                               | <b>31,633,510</b>                                   | <b>3,531,406</b>                              | <b>3,531,399</b> | <b>3,531,399</b> | <b>3,531,399</b> | <b>32,110,670</b>    | <b>46,236,272</b>   |

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**Note 16 - Other Financial Liabilities (continued)**

**a) Finance leases (continued)**

Details of non-current leases as of December 31, 2018, by currency and maturity, are as follows:

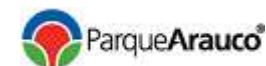
| 12.31.2018<br>Debtor<br>Taxpayer ID | Debtor Name                       | Debtor<br>Country | Creditor<br>Taxpayer ID | Bank or Financial<br>Institution | Currency | Amortization | Contractual<br>Rate % | Annual<br>Effective<br>Rate % | Balance in<br>Statement<br>of Financial<br>Position | Non-Current                                   |                  |                  |                  |                      |                     |
|-------------------------------------|-----------------------------------|-------------------|-------------------------|----------------------------------|----------|--------------|-----------------------|-------------------------------|---|---|------------------|------------------|------------------|----------------------|---------------------|
|                                     |                                   |                   |                         |                                  |          |              |                       |                               |   | Maturity in ThCLP\$ (Undiscounted Cash Flows) |                  |                  |                  |                      |                     |
|                                     |                                   |                   |                         |                                  |          |              |                       |                               |   | 1 to 2 Years                                  | 2 to 3 Years     | 3 to 4 Years     | 4 to 5 Years     | More than 5<br>Years | Total Cash<br>Flows |
| 20495673911                         | El Quinde Shopping Plaza S.A.C    | Peru              | 20100047218             | Crédito del Perú                 | PEN      | Monthly      | 7.45%                 | 7.55%                         | 692,156   | 196,938                                       | 196,938          | 196,938          | 196,938          | 16,412               | 804,164             |
| 20495673911                         | El Quinde Shopping Plaza S.A.C    | Peru              | 20100047218             | Crédito del Perú                 | PEN      | Monthly      | 6.45%                 | 6.55%                         | 1,020,514   | 325,997                                       | 325,997          | 325,997          | 163,065          | -                    | 1,141,055           |
| 20495673911                         | El Quinde Shopping Plaza S.A.C    | Peru              | 20100047218             | Crédito del Perú                 | PEN      | Monthly      | 6.25%                 | 6.38%                         | 122,402   | 70,763  | 59,040           | -                | -                | -                    | 129,803             |
| 20495673911                         | El Quinde Shopping Plaza S.A.C    | Peru              | 20100047218             | Crédito del Perú                 | PEN      | Monthly      | 8.65%                 | 8.79%                         | 192,907   | 137,389                                       | 68,692           | -                | -                | -                    | 206,081             |
| 20512817999                         | Inmobiliaria El Quinde S.A.C.     | Peru              | 20100047218             | Crédito del Perú                 | PEN      | Monthly      | 7.86%                 | 8.01%                         | 4,346,621   | 690,007                                       | 690,007          | 690,007          | 690,007          | 3,115,644            | 5,875,671           |
| 20512817999                         | Inmobiliaria El Quinde S.A.C.     | Peru              | 20100047218             | Crédito del Perú                 | PEN      | Monthly      | 7.86%                 | 8.03%                         | 4,836,786   | 874,623                                       | 874,616          | 874,616          | 874,616          | 2,750,357            | 6,248,829           |
| 76.231.235-2                        | Bulevar Rentas Inmobiliarias S.A. | Chile             | 99.289.000-2            | Principal Cía. de Seg.           | UF       | Monthly      | 4.91%                 | 4.91%                         | 19,929,084  | 1,584,571                                     | 1,584,571        | 1,584,571        | 1,584,571        | 24,296,754           | 30,635,038          |
| <b>Total</b>                        |                                   |                   |                         |                                  |          |              |                       |                               | <b>31,140,470</b>                                   | <b>3,880,287</b>                              | <b>3,799,860</b> | <b>3,672,129</b> | <b>3,509,197</b> | <b>30,179,167</b>    | <b>45,040,640</b>   |

**b) Bank loans**

Details of current loans as of December 31, 2019, by currency and maturity, are as follows:

| 12.31.2019<br>Debtor<br>Taxpayer ID | Debtor Name   | Debtor<br>Country | Creditor<br>Taxpayer ID | Bank             | Currency | Amortization | Financial<br>Covenant | Contractual<br>Rate % | Annual<br>Effective<br>Rate % | Balance in<br>Statement<br>of Financial<br>Position | Current                                       |                              |                     |
|-------------------------------------|---|-------------------|-------------------------|------------------|----------|--------------|-----------------------|-----------------------|-------------------------------|---|---|------------------------------|---------------------|
|                                     |   |                   |                         |                  |          |              |                       |                       |                               |   | Maturity in ThCLP\$ (Undiscounted Cash Flows) |                              |                     |
|                                     |   |                   |                         |                  |          |              |                       |                       |                               |   | Up to 90 Days                                 | Over 90 Days<br>up to 1 Year | Total Cash<br>Flows |
| 9004602978                          | Inv. Inmob. Bucaramanga S.A.S.                          | Colombia          | A39000013               | Santander SA     | COP (*)  | Quarterly    | Non-                  | 5.67%                 | 5.67%                         | 19,485,161  | 279,095                                       | 20,040,284                   | 20,319,380          |
| 9002521390                          | Parque Arauco Colombia S.A.                             | Colombia          | A39000013               | Santander SA     | COP (*)  | Quarterly    | Non-                  | 5.67%                 | 5.67%                         | 53,369,600  | 764,438                                       | 54,890,076                   | 55,654,514          |
| 9002521390                          | Parque Arauco Colombia S.A.                             | Colombia          | 860.034.313-7           | Davivienda       | COP (*)  | Semi-annual  | Non-                  | 5.43%                 | 5.43%                         | 22,507,331  | -   | 6,959                        | 6,959               |
| 76.187.012-2                        | Arauco Express S.A.                                     | Chile             | 97.023.000-9            | ITAU             | UF       | Bullet       | Yes                   | 2.43%                 | 2.68%                         | 127,015   | 307,909                                       | 307,909                      | 615,818             |
| 76.187.012-2                        | Arauco Express S.A.                                     | Chile             | 97.023.000-9            | ITAU             | UF       | Bullet       | Yes                   | 2.43%                 | 3.24%                         | 29,432  | 248,551                                       | 248,551                      | 497,102             |
| 76.187.012-2                        | Arauco Express S.A.                                     | Chile             | 97.023.000-9            | ITAU             | UF       | Bullet       | Yes                   | 4.08%                 | 4.91%                         | 254,281   | -   | 259,776                      | 259,776             |
| 76.263.221-7                        | Centro Comercial Arauco Express Ciudad Empresarial S.A. | Chile             | 97.018.000-1            | Scotiabank       | UF       | Semi-annual  | Yes                   | 2.20%                 | 2.52%                         | 1,154   | -   | 13,892                       | 13,892              |
| 94.627.000-8                        | Parque Arauco S.A.                                      | Chile             | 97.030.000-7            | Estado           | UF       | Semi-annual  | Yes                   | 3.96%                 | 3.70%                         | 279,080   | -   | 2,113,243                    | 2,113,243           |
| 94.627.000-8                        | Parque Arauco S.A.                                      | Chile             | 97.030.000-7            | Estado           | UF       | Semi-annual  | Yes                   | 4.01%                 | 3.23%                         | 4,817   | -   | 187,279                      | 187,279             |
| 94.627.000-8                        | Parque Arauco S.A.                                      | Chile             | 97.004.000-5            | Banco de Chile   | UF       | Quarterly    | Yes                   | 0.24%                 | 0.24%                         | 18,410,015  | 10,348  | 18,414,881                   | 18,425,228          |
| 76.111.950-8                        | Desarrollo Inmobiliario S.A.                            | Chile             | 97.080.000-7            | BICE             | UF       | Bullet       | Non-                  | 2.14%                 | 2.56%                         | 40,610  | 161,533                                       | 163,308                      | 324,841             |
| 86.339.000-1                        | Plaza Estación S.A.                                     | Chile             | 97.006.000-K            | BCI              | UF(*)    | Semi-annual  | Yes                   | 3.22%                 | 4.20%                         | 1,396,464   | 26,167  | 1,484,389                    | 1,510,556           |
| 76.455.843-K                        | Parque Angamos SpA                                      | Chile             | 97.004.000-5            | Banco de Chile   | UF       | Quarterly    | Yes                   | 2.05%                 | 2.32%                         | 22,986  | -   | 250,565                      | 250,565             |
| 76.939.541-5                        | Arauco Centros Comerciales Regionales SpA               | Chile             | 97.018.000-1            | Scotiabank       | UF       | Bullet       | Yes                   | 2.33%                 | 2.39%                         | 474,818   | 587,456                                       | 581,071                      | 1,168,527           |
| 76.939.541-5                        | Arauco Centros Comerciales Regionales SpA               | Chile             | 97.018.000-1            | Scotiabank       | UF       | Bullet       | Yes                   | 2.33%                 | 2.56%                         | 14,217  | 19,396  | 19,185                       | 38,581              |
| 76.939.551-2                        | Arauco Chillán SpA                                      | Chile             | 97.018.000-1            | Scotiabank       | UF       | Bullet       | Yes                   | 1.90%                 | 1.90%                         | 100,863   | 339,646                                       | 339,646                      | 679,293             |
| 20511910642                         | Arauco Holding Perú S.A.C.                              | Peru              | 20100047218             | Crédito del Perú | PEN      | Bullet       | Non-                  | 5.01%                 | 5.01%                         | 175,898   | 175,898                                       | -                            | 175,898             |
| 20423264617                         | Inmuebles Panamericana S.A.                             | Peru              | 20100047218             | Crédito del Perú | PEN      | Bullet       | Non-                  | 3.72%                 | 3.72%                         | 30,951,856  | -   | 31,324,639                   | 31,234,639          |
| <b>Total</b>                        |   |                   |                         |                  |          |              |                       |                       |                               | <b>147,645,596</b>                                  | <b>2,920,437</b>                              | <b>130,645,654</b>           | <b>133,566,091</b>  |

**PARQUE ARAUCO S.A. AND SUBSIDIARIES**  
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**Note 16 - Other Financial Liabilities (continued)**

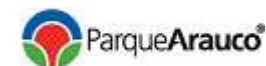
b) Bank loans (continued)

Details of current loans as of December 31, 2018, by currency and maturity, are as follows:

| 12.31.2018<br>Debtor<br>Taxpayer ID | Debtor Name                               | Debtor<br>Country | Creditor<br>Taxpayer ID | Bank           | Currency | Amortization | Financial<br>Covenant | Contractual<br>Rate % | Annual<br>Effective Rate<br>% | Balance in<br>Statement of<br>Financial<br>Position | Current                                       |                              |                     |
|-------------------------------------|---|-------------------|-------------------------|----------------|----------|--------------|-----------------------|-----------------------|-------------------------------|---|---|------------------------------|---------------------|
|                                     |   |                   |                         |                |          |              |                       |                       |                               |   | Maturity in ThCLP\$ (Undiscounted Cash Flows) |                              |                     |
|                                     |   |                   |                         |                |          |              |                       |                       |                               |   | Up to 90 Days                                 | Over 90 Days<br>up to 1 Year | Total Cash<br>Flows |
| 9004602978                          | Inv. Inmob. Bucaramanga S.A.S.            | Colombia          | 890.903.937-0           | Davivienda     | COP      | Zero coupon  | Non-                  | 4.14%                 | 4.14%                         | 18,359,949  | -   | 18,854,464                   | 18,854,464          |
| 9003627227                          | Inmobiliaria La Colina Arauco S.A.S.      | Colombia          | 890.903.937-0           | BCI Miami      | COP (*)  | Semi-annual  | Yes                   | 3.66%                 | 6.00%                         | 68,398,656  | -   | 69,641,406                   | 69,641,406          |
| 20423264617                         | Inmuebles Panamericana S.A.               | Peru              | 20100043140             | Scotiabank     | PEN      | Bullet       | Non-                  | 4.35%                 | 4.35%                         | 1,773,868   | -   | 1,773,868                    | 1,773,868           |
| 76.187.012-2                        | Arauco Express S.A.                       | Chile             | 97.006.000-6            | BCI            | UF(*)    | Bullet       | Yes                   | 3.45%                 | 4.42%                         | 3,139,235   | 132,641                                       | 3,206,923                    | 3,339,564           |
| 76.187.012-2                        | Arauco Express S.A.                       | Chile             | 97.018.000-1            | Scotiabank     | UF       | Bullet       | Yes                   | 2.20%                 | 2.55%                         | 3,744   | -   | 59,658                       | 59,658              |
| 76.187.012-2                        | Arauco Express S.A.                       | Chile             | 97.018.000-1            | Scotiabank     | UF       | Bullet       | Yes                   | 2.20%                 | 2.37%                         | 4,512   | -   | 76,859                       | 76,859              |
| 76.187.012-2                        | Arauco Express S.A.                       | Chile             | 97.018.000-1            | Scotiabank     | UF(*)    | Bullet       | Yes                   | 3.60%                 | 3.77%                         | 6,208   | -   | 332,362                      | 332,362             |
| 76.187.012-2                        | Arauco Express S.A.                       | Chile             | 97.018.000-1            | Scotiabank     | UF       | Bullet       | Yes                   | 2.20%                 | 2.52%                         | 2,358   | -   | 26,906                       | 26,906              |
| 76.263.221-7                        | Centro Comercial Arauco Express           | Chile             | 97.018.000-1            | Scotiabank     | UF       | Semi-annual  | Yes                   | 2.20%                 | 2.52%                         | 1,179   | -   | 13,453                       | 13,453              |
| 94.627.000-8                        | Parque Arauco S.A.                        | Chile             | 97.006.000-6            | BCI            | UF       | Semi-annual  | Non-                  | 1.57%                 | 2.40%                         | 185,083   | 218,302                                       | 214,743                      | 433,046             |
| 94.627.000-8                        | Parque Arauco S.A.                        | Chile             | 97.080.000-K            | Bice           | UF       | Quarterly    | Non-                  | 1.57%                 | 1.84%                         | 19,772  | 50,408  | 149,579                      | 199,987             |
| 94.627.000-8                        | Parque Arauco S.A.                        | Chile             | 97.036.000-K            | Estado         | UF       | Semi-annual  | Yes                   | 3.96%                 | 3.70%                         | 265,268   | -   | 2,052,073                    | 2,052,073           |
| 94.627.000-8                        | Parque Arauco S.A.                        | Chile             | 97.030.000-7            | Estado         | UF       | Semi-annual  | Yes                   | 4.01%                 | 3.23%                         | 121,211   | -   | 298,872                      | 298,872             |
| 76.111.950-8                        | Desarrollos Inmobiliario San Antonio S.A. | Chile             | 97.080.000-K            | Bice           | UF       | Bullet       | Yes                   | 2.30%                 | 2.55%                         | 43,820  | -   | 339,023                      | 339,023             |
| 86.339.000-1                        | Plaza Estación S.A.                       | Chile             | 97.006.000-6            | BCI            | UF(*)    | Monthly      | Yes                   | 3.22%                 | 4.20%                         | 1,392,677   | 49,699  | 1,550,716                    | 1,600,415           |
| 76.231.235-2                        | Bulevar Rentas Inmobiliarias S.A.         | Chile             | 97.006.000-6            | BCI            | UF       | Monthly      | Non-                  | 4.95%                 | 5.97%                         | 115,614   | 58,764  | 58,764                       | 117,527             |
| 76.231.235-2                        | Bulevar Rentas Inmobiliarias S.A.         | Chile             | 97.006.000-6            | BCI            | UF       | Monthly      | Non-                  | 4.95%                 | 5.97%                         | 115,614   | 58,764  | 58,764                       | 117,527             |
| 76.455.843-K                        | Parque Angamos SpA                        | Chile             | 97.004.000-5            | Banco de Chile | UF       | Quarterly    | Non-                  | 1.08%                 | 1.93%                         | 2,640,887   | 7,304   | 2,659,177                    | 2,666,481           |
| 76.455.843-K                        | Parque Angamos SpA                        | Chile             | 97.004.000-5            | Banco de Chile | UF       | Quarterly    | Non-                  | 2.05%                 | 2.32%                         | 24,390  | -   | 244,648                      | 244,648             |
| <b>Total</b>                        |   |                   |                         |                |          |              |                       |                       |                               | <b>96,614,046</b>                                   | <b>575,881</b>                                | <b>101,612,258</b>           | <b>102,188,140</b>  |



**PARQUE ARAUCO S.A. AND SUBSIDIARIES**  
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**Note 16 - Other Financial Liabilities (continued)**

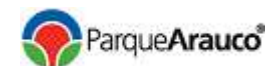
b) Bank loans (continued)

Details of non-current loans as of December 31, 2019, by currency and maturity, are as follows:

| 12.31.2019<br>Debtor<br>Taxpayer ID | Debtor Name  | Debtor<br>Country | Creditor<br>Taxpayer ID | Bank                | Currency | Amortization | Contractual<br>Rate % | Annual<br>Effective<br>Rate % | Balance in<br>Statement of<br>Financial<br>Position | Non-Current                                   |                  |                   |                    |                      |                     |
|-------------------------------------|--|-------------------|-------------------------|---------------------|----------|--------------|-----------------------|-------------------------------|---|---|------------------|-------------------|--------------------|----------------------|---------------------|
|                                     |  |                   |                         |                     |          |              |                       |                               |   | Maturity in ThCLP\$ (Undiscounted Cash Flows) |                  |                   |                    |                      | Total Cash<br>Flows |
|                                     |  |                   |                         |                     |          |              |                       |                               |   | 1 to 2 Years                                  | 2 to 3 Years     | 3 to 4 Years      | 4 to 5 Years       | More than<br>5 Years |                     |
| 76.187.012-2                        | Arauco Express S.A.  | Chile             | 97.023.000-9            | ITAU                | UF       | Bullet       | 2.43%                 | 2.68%                         | 24,857,067  | 617,510                                       | 617,510          | 617,510           | 25,371,743         | -                    | 27,224,274          |
| 76.187.012-2                        | Arauco Express S.A.  | Chile             | 97.023.000-9            | ITAU                | UF       | Bullet       | 2.43%                 | 3.24%                         | 19,685,009  | 498,468                                       | 498,468          | 498,468           | 20,480,621         | -                    | 21,976,024          |
| 76.263.221-7                        | Centro Comercial Arauco<br>Express Ciudad Empresarial S.A. | Chile             | 97.018.000-1            | Scotiabank          | UF       | Bullet       | 2.20%                 | 2.52%                         | 618,963   | 636,711                                       | -                | -                 | -                  | -                    | 636,711             |
| 94.627.000-8                        | Parque Arauco S.A.   | Chile             | 97.030.000-7            | Estado              | UF       | Semi-annual  | 3.96%                 | 3.70%                         | 51,322,860  | 1,707,234                                     | 1,309,186        | 53,142,698        | -                  | -                    | 56,159,117          |
| 94.627.000-8                        | Parque Arauco S.A.   | Chile             | 97.030.000-7            | Estado              | UF       | Semi-annual  | 4.01%                 | 3.23%                         | 7,378,112   | 186,767                                       | 186,767          | 7,736,292         | -                  | -                    | 8,109,826           |
| 76.111.950-8                        | Desarrollo Inmobiliario S.A.                               | Chile             | 97.080.000-7            | BICE                | UF       | Bullet       | 2.14%                 | 2.56%                         | 14,718,009  | 323,954                                       | 323,954          | 323,954           | 15,092,196         | -                    | 16,064,057          |
| 86.339.000-1                        | Plaza Estación S.A.  | Chile             | 97.006.000-K            | BCI                 | UF(*)    | Semi-annual  | 3.22%                 | 4.20%                         | 2,810,422   | 1,475,284                                     | 1,440,299        | -                 | -                  | -                    | 2,915,582           |
| 76.455.843-K                        | Parque Angamos SpA   | Chile             | 97.004.000-5            | Banco de<br>Chile   | UF       | Semi-annual  | 2.05%                 | 2.32%                         | 12,055,379  | 12,339,597                                    | -                | -                 | -                  | -                    | 12,339,597          |
| 76.939.541-5                        | Arauco Centros Comerciales<br>Regionales SpA               | Chile             | 97.018.000-1            | Scotiabank          | UF       | Bullet       | 2.33%                 | 2.39%                         | 49,222,268  | 1,165,334                                     | 1,165,334        | 1,165,334         | 49,916,664         | -                    | 53,412,666          |
| 76.939.541-5                        | Arauco Centros Comerciales<br>Regionales SpA               | Chile             | 97.018.000-1            | Scotiabank          | UF       | Bullet       | 2.33%                 | 2.56%                         | 1,615,847   | 38,475  | 38,475           | 38,475            | 1,648,080          | -                    | 1,763,506           |
| 76.939.551-2                        | Arauco Chillán   | Chile             | 97.018.000-1            | Scotiabank          | UF       | Bullet       | 1.90%                 | 1.90%                         | 35,418,311  | 683,751                                       | 683,751          | 683,751           | 35,836,711         | -                    | 37,887,962          |
| 20511910642                         | Arauco Holding Perú S.A.C.                                 | Peru              | 20100047218             | Crédito del<br>Perú | PEN      | Bullet       | 5.01%                 | 5.01%                         | 60,717,816  | 60,932,566                                    | -                | -                 | -                  | -                    | 60,932,566          |
| <b>Total</b>                        |  |                   |                         |                     |          |              |                       |                               | <b>280,420,064</b>                                  | <b>80,605,651</b>                             | <b>6,263,743</b> | <b>64,206,481</b> | <b>148,346,014</b> | <b>-</b>             | <b>299,421,889</b>  |

(\*) The rates and currencies indicated correspond to financial conditions including the effect of the derivative.

**PARQUE ARAUCO S.A. AND SUBSIDIARIES**  
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**Note 16 - Other Financial Liabilities (continued)**

**b) Bank loans (continued)**

Details of non-current loans as of December 31, 2018, by currency and maturity, are as follows:

| 12.31.2018<br>Debtor<br>Taxpayer ID | Debtor Name  | Debtor<br>Country | Creditor<br>Taxpayer ID | Bank              | Currency | Amortization | Contractual<br>Rate % | Annual<br>Effective<br>Rate % | Balance in<br>Statement<br>of Financial<br>Position | Non-Current                                   |                   |                   |                   |                      |                     |
|-------------------------------------|--|-------------------|-------------------------|-------------------|----------|--------------|-----------------------|-------------------------------|---|---|-------------------|-------------------|-------------------|----------------------|---------------------|
|                                     |  |                   |                         |                   |          |              |                       |                               |   | Maturity in ThCLP\$ (Undiscounted Cash Flows) |                   |                   |                   |                      | Total Cash<br>Flows |
|                                     |  |                   |                         |                   |          |              |                       |                               |   | 1 to 2 Years                                  | 2 to 3 Years      | 3 to 4 Years      | 4 to 5 Years      | More than<br>5 Years |                     |
| 76.187.012-2                        | Arauco Express S.A.  | Chile             | 97.018.000-1            | Scotiabank        | UF       | Bullet       | 2.20%                 | 2.55%                         | 2,647,664   | 59,821  | 2,734,229         | -                 | -                 | -                    | 2,794,050           |
| 76.187.012-2                        | Arauco Express S.A.  | Chile             | 97.018.000-1            | Scotiabank        | UF       | Bullet       | 2.20%                 | 2.37%                         | 3,428,772   | 77,069  | 3,522,583         | -                 | -                 | -                    | 3,599,652           |
| 76.187.012-2                        | Arauco Express S.A.  | Chile             | 97.018.000-1            | Scotiabank        | UF(*)    | Bullet       | 3.60%                 | 3.77%                         | 9,075,489   | 333,273                                       | 9,437,170         | -                 | -                 | -                    | 9,770,443           |
| 76.187.012-2                        | Arauco Express S.A.  | Chile             | 97.018.000-1            | Scotiabank        | UF       | Bullet       | 2.20%                 | 2.52%                         | 1,201,487   | 27,128  | 1,239,949         | -                 | -                 | -                    | 1,267,077           |
| 76.263.221-7                        | Centro Comercial Arauco<br>Express Ciudad Empresarial S.A. | Chile             | 97.018.000-1            | Scotiabank        | UF       | Semi-annual  | 2.20%                 | 2.52%                         | 600,742   | 13,564  | 619,975           | -                 | -                 | -                    | 633,539             |
| 94.627.000-8                        | Parque Arauco S.A.   | Chile             | 97.006.000-6            | BCI               | UF       | Semi-annual  | 1.57%                 | 2.40%                         | 17,796,399  | 434,232                                       | 18,229,445        | -                 | -                 | -                    | 18,663,677          |
| 94.627.000-8                        | Parque Arauco S.A.   | Chile             | 97.080.000-K            | Bice              | UF       | Quarterly    | 1.57%                 | 1.84%                         | 37,226,834  | 200,535                                       | 199,987           | 199,987           | 237,720           | 37,454,862           | 38,293,091          |
| 94.627.000-8                        | Parque Arauco S.A.   | Chile             | 97.030.000-7            | Estado            | UF       | Semi-annual  | 3.96%                 | 3.70%                         | 50,147,662  | 2,057,695                                     | 1,662,358         | 1,274,773         | 51,745,798        | -                    | 56,740,624          |
| 94.627.000-8                        | Parque Arauco S.A.   | Chile             | 97.030.000-7            | Estado            | UF       | Semi-annual  | 4.01%                 | 3.23%                         | 7,131,915   | 182,356                                       | 181,858           | 181,858           | 7,532,937         | -                    | 8,079,008           |
| 94.627.000-8                        | Parque Arauco S.A.   | Chile             | 97.018.000-1            | Scotiabank        | CLP\$    | Bullet       | 3.46%                 | 3.77%                         | 47,782,400  | 49,820,240                                    | -                 | -                 | -                 | -                    | 49,820,240          |
| 76.111.950-8                        | Desarrollos Inmobiliarios S.A.                             | Chile             | 97.030.000-7            | Estado            | UF       | Bullet       | 2.30%                 | 2.55%                         | 14,454,439  | 339,952                                       | 339,023           | 14,664,518        | -                 | -                    | 15,343,493          |
| 86.339.000-1                        | Plaza Estación S.A.  | Chile             | 97.006.000-6            | BCI               | UF(*)    | Semi-annual  | 3.22%                 | 4.20%                         | 4,195,723   | 1,550,439                                     | 1,499,636         | 1,449,246         | -                 | -                    | 4,499,322           |
| 76.455.843-K                        | Parque Angamos SpA   | Chile             | 97.007.000-5            | Banco de<br>Chile | UF       | Semi-annual  | 2.05%                 | 2.32%                         | 11,707,053  | 245,319                                       | 12,015,241        | -                 | -                 | -                    | 12,260,560          |
| <b>Total</b>                        |  |                   |                         |                   |          |              |                       |                               | <b>207,396,579</b>                                  | <b>55,341,624</b>                             | <b>51,681,452</b> | <b>17,770,382</b> | <b>59,516,456</b> | <b>4,052</b>         | <b>221,764,775</b>  |

**PARQUE ARAUCO S.A. AND SUBSIDIARIES**  
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**Note 16 - Other Financial Liabilities (continued)**

c) Bonds issued

| 12.31.2019<br>Debtor<br>Taxpayer ID | Debtor Name                 | Debtor<br>Country | Bond Series | Currency | Amortization | Contractual Rate<br>% | Annual Effective<br>Rate % | Balance in<br>Statement of<br>Financial Position | Current                                       |                              |                     |
|-------------------------------------|-----------------------------|-------------------|-------------|----------|--------------|-----------------------|----------------------------|--|---|------------------------------|---------------------|
|                                     |                             |                   |             |          |              |                       |                            |  | Maturity in ThCLP\$ (Undiscounted Cash Flows) |                              |                     |
|                                     |                             |                   |             |          |              |                       |                            |  | Up to 90 Days                                 | Over 90 Days<br>up to 1 Year | Total Cash<br>Flows |
| 20423264617                         | Inmuebles Panamericana S.A. | Peru              | Series A    | PEN      | Quarterly    | 8.44%                 | 8.44%                      | 1,020,898  | 536,319                                       | 1,608,956                    | 2,145,275           |
| 20423264617                         | Inmuebles Panamericana S.A. | Peru              | Series A    | PEN      | Quarterly    | VAC + 4.75%           | 4.75%                      | 934,958  | 393,538                                       | 1,192,691                    | 1,586,228           |
| 20423264617                         | Inmuebles Panamericana S.A. | Peru              | Series A    | PEN      | Quarterly    | 9.09%                 | 9.09%                      | 67,339   | 303,324                                       | 909,972                      | 1,213,296           |
| 20423264617                         | Inmuebles Panamericana S.A. | Peru              | Series A    | PEN      | Quarterly    | VAC + 5.88%           | 5.88%                      | 78,501   | 336,946                                       | 1,010,837                    | 1,347,783           |
| 20423264617                         | Inmuebles Panamericana S.A. | Peru              | Series A    | PEN      | Quarterly    | 8.25%                 | 8.25%                      | 346,103  | 466,408                                       | 1,399,223                    | 1,865,631           |
| 20423264617                         | Inmuebles Panamericana S.A. | Peru              | Series A    | PEN      | Quarterly    | VAC + 5.31%           | 5.31%                      | 179,678  | 207,458                                       | 623,755                      | 831,213             |
| 94.627.000-8                        | Parque Arauco S.A.          | Chile             | Series K    | UF       | Semi-annual  | 3.65%                 | 3.85%                      | 956,148  | 1,536,041                                     | 1,536,041                    | 3,072,081           |
| 94.627.000-8                        | Parque Arauco S.A.          | Chile             | Series L    | UF       | Semi-annual  | 2.30%                 | 2.24%                      | 57,055,952                                       | 57,267,328                                    | -                            | 57,267,328          |
| 94.627.000-8                        | Parque Arauco S.A.          | Chile             | Series O    | UF       | Semi-annual  | 3.30%                 | 3.30%                      | 1,230,629  | 1,853,282                                     | 1,853,282                    | 3,706,564           |
| 94.627.000-8                        | Parque Arauco S.A.          | Chile             | Series P    | UF       | Semi-annual  | 2.00%                 | 1.91%                      | 21,704,089                                       | -   | 22,816,927                   | 22,816,927          |
| 94.627.000-8                        | Parque Arauco S.A.          | Chile             | Series R    | UF       | Semi-annual  | 3.00%                 | 2.55%                      | 560,319  | -   | 1,686,027                    | 1,686,027           |
| 94.627.000-8                        | Parque Arauco S.A.          | Chile             | Series T    | UF       | Semi-annual  | 1.65%                 | 1.86%                      | 154,437  | 232,601                                       | 232,601                      | 465,203             |
| 94.627.000-8                        | Parque Arauco S.A.          | Chile             | Series V    | UF       | Semi-annual  | 2.55%                 | 2.43%                      | 1,221,218  | 1,434,718                                     | 1,434,718                    | 2,869,436           |
|                                     |                             |                   |             |          |              |                       | <b>Total</b>               | <b>85,510,271</b>                                | <b>64,567,962</b>                             | <b>36,305,030</b>            | <b>100,872,992</b>  |

| 12.31.2018<br>Debtor<br>Taxpayer ID | Debtor Name                 | Debtor<br>Country | Bond Series  | Currency | Amortization | Contractual Rate<br>% | Annual Effective<br>Rate % | Balance in<br>Statement of<br>Financial Position | Current                                       |                              |                     |
|-------------------------------------|-----------------------------|-------------------|--------------|----------|--------------|-----------------------|----------------------------|--|---|------------------------------|---------------------|
|                                     |                             |                   |              |          |              |                       |                            |  | Maturity in ThCLP\$ (Undiscounted Cash Flows) |                              |                     |
|                                     |                             |                   |              |          |              |                       |                            |  | Up to 90 Days                                 | Over 90 Days<br>up to 1 Year | Total Cash<br>Flows |
| 20423264617                         | Inmuebles Panamericana S.A. | Peru              | Series A     | PEN      | Quarterly    | 7.81%                 | 7.81%                      | 1,325,044  | 513,164                                       | 1,539,493                    | 2,052,658           |
| 20423264617                         | Inmuebles Panamericana S.A. | Peru              | Series A     | PEN      | Quarterly    | 8.44%                 | 8.44%                      | 237,227  | 324,097                                       | 1,468,149                    | 1,792,246           |
| 20423264617                         | Inmuebles Panamericana S.A. | Peru              | Series A     | PEN      | Quarterly    | VAC + 4.75%           | 4.75%                      | 127,146  | 180,310                                       | 1,061,153                    | 1,241,463           |
| 20423264617                         | Inmuebles Panamericana S.A. | Peru              | Series A     | PEN      | Quarterly    | 9.09%                 | 9.09%                      | 50,699   | 276,779                                       | 830,337                      | 1,107,116           |
| 20423264617                         | Inmuebles Panamericana S.A. | Peru              | Series A     | PEN      | Quarterly    | VAC + 5.88%           | 5.88%                      | 62,723   | 300,632                                       | 901,896                      | 1,202,527           |
| 20423264617                         | Inmuebles Panamericana S.A. | Peru              | Series A     | PEN      | Quarterly    | 8.25%                 | 8.25%                      | 320,690  | 425,590                                       | 1,276,771                    | 1,702,362           |
| 20423264617                         | Inmuebles Panamericana S.A. | Peru              | Series A     | PEN      | Quarterly    | VAC + 5.31%           | 5.31%                      | 136,310  | 185,510                                       | 556,531                      | 742,041             |
| 94.627.000-8                        | Parque Arauco S.A.          | Chile             | Series H (1) | UF       | Semi-annual  | 4.30%                 | 3.91%                      | 13,671,793                                       | 13,671,793                                    | -                            | 13,671,793          |
| 94.627.000-8                        | Parque Arauco S.A.          | Chile             | Series K     | UF       | Semi-annual  | 3.65%                 | 3.85%                      | 939,025  | 1,495,665                                     | 1,495,665                    | 2,991,329           |
| 94.627.000-8                        | Parque Arauco S.A.          | Chile             | Series L     | UF       | Semi-annual  | 2.30%                 | 2.24%                      | 442,912  | 630,430                                       | 630,430                      | 1,260,859           |
| 94.627.000-8                        | Parque Arauco S.A.          | Chile             | Series O     | UF       | Semi-annual  | 3.30%                 | 3.30%                      | 1,204,961  | 1,804,567                                     | 1,804,567                    | 3,609,134           |
| 94.627.000-8                        | Parque Arauco S.A.          | Chile             | Series P     | UF       | Semi-annual  | 2.00%                 | 1.91%                      | 464,933  | -   | 1,645,678                    | 1,645,678           |
| 94.627.000-8                        | Parque Arauco S.A.          | Chile             | Series R     | UF       | Semi-annual  | 3.00%                 | 2.55%                      | 544,236  | -   | 1,641,708                    | 1,641,708           |
| 94.627.000-8                        | Parque Arauco S.A.          | Chile             | Series T     | UF       | Semi-annual  | 1.65%                 | 1.88%                      | 150,957  | 226,487                                       | 226,487                      | 452,975             |
| 94.627.000-8                        | Parque Arauco S.A.          | Chile             | Series V     | UF       | Semi-annual  | 2.55%                 | 2.44%                      | 1,187,567  | 1,397,005                                     | 1,397,005                    | 2,794,011           |
|                                     |                             |                   |              |          |              |                       | <b>Total</b>               | <b>20,866,222</b>                                | <b>21,432,030</b>                             | <b>16,475,870</b>            | <b>37,907,900</b>   |

(1) On December 31, 2018, a notice of early redemption for the H bonds was published in Diario Financiero. The date of payment was 01.31.2019.

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**Note 16 - Other Financial Liabilities (continued)**

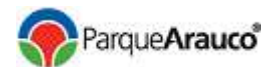
c) Non-current bonds issued

| 12.31.2019<br>Debtor<br>Taxpayer ID | Debtor Name                 | Debtor<br>Country | Bond<br>Series | Currency | Amortization | Contractual<br>Rate % | Annual<br>Effective<br>Rate % | Balance in<br>Statement of<br>Financial<br>Position | Non-Current                                   |                   |                   |                   |                      |                     |
|-------------------------------------|-----------------------------|-------------------|----------------|----------|--------------|-----------------------|-------------------------------|---|---|-------------------|-------------------|-------------------|----------------------|---------------------|
|                                     |                             |                   |                |          |              |                       |                               |   | Maturity in ThCLP\$ (Undiscounted Cash Flows) |                   |                   |                   |                      |                     |
|                                     |                             |                   |                |          |              |                       |                               |   | 1 to 2 Years                                  | 2 to 3 Years      | 3 to 4 Years      | 4 to 5 Years      | More than 5<br>Years | Total Cash<br>Flows |
| 20423264617                         | Inmuebles Panamericana S.A. | Peru              | Series A       | PEN      | Quarterly    | 8.44%                 | 8.44%                         | 15,354,366  | 2,145,275                                     | 2,145,275         | 2,145,275         | 2,145,275         | 15,553,241           | 24,134,339          |
| 20423264617                         | Inmuebles Panamericana S.A. | Peru              | Series A       | PEN      | Quarterly    | VAC + 4.75%           | 4.75%                         | 15,417,811  | 1,614,999                                     | 1,646,409         | 1,680,887         | 1,714,869         | 13,859,218           | 20,516,383          |
| 20423264617                         | Inmuebles Panamericana S.A. | Peru              | Series A       | PEN      | Quarterly    | 9.09%                 | 9.09%                         | 13,227,757  | 1,213,296                                     | 1,213,296         | 1,213,296         | 1,213,296         | 35,862,368           | 40,715,553          |
| 20423264617                         | Inmuebles Panamericana S.A. | Peru              | Series A       | PEN      | Quarterly    | Vac +5.88%            | 5.88%                         | 22,727,632  | 1,347,783                                     | 1,347,783         | 1,347,783         | 1,347,783         | 37,912,134           | 43,303,265          |
| 20423264617                         | Inmuebles Panamericana S.A. | Peru              | Series A       | PEN      | Quarterly    | 8.25%                 | 8.25%                         | 22,438,734  | 1,865,631                                     | 1,865,631         | 1,865,631         | 1,865,631         | 43,823,594           | 51,286,119          |
| 20423264617                         | Inmuebles Panamericana S.A. | Peru              | Series A       | PEN      | Quarterly    | Vac + 5.31%           | 5.31%                         | 15,499,486  | 831,673                                       | 831,673           | 831,673           | 831,673           | 24,682,076           | 28,008,769          |
| 94.627.000-8                        | Parque Arauco S.A.          | Chile             | Series K       | UF       | Semi-annual  | 3.65%                 | 3.85%                         | 83,089,692  | 3,072,081                                     | 3,072,081         | 3,072,081         | 3,072,081         | 116,418,655          | 128,706,981         |
| 94.627.000-8                        | Parque Arauco S.A.          | Chile             | Series O       | UF       | Semi-annual  | 3.30%                 | 3.30%                         | 113,197,285   | -   | -                 | 3,706,564         | 3,706,564         | 3,706,564            | 11,119,691          |
| 94.627.000-8                        | Parque Arauco S.A.          | Chile             | Series P       | UF       | Semi-annual  | 2.00%                 | 1.91%                         | 63,792,462  | 22,394,401                                    | 21,971,875        | 21,549,349        | -                 | -                    | 65,915,626          |
| 94.627.000-8                        | Parque Arauco S.A.          | Chile             | Series R       | UF       | Semi-annual  | 3.00%                 | 2.55%                         | 59,145,154  | 1,686,027                                     | 1,686,027         | 1,686,027         | 1,686,027         | 69,686,577           | 76,430,684          |
| 94.627.000-8                        | Parque Arauco S.A.          | Chile             | Series T       | UF       | Semi-annual  | 1.65%                 | 1.86%                         | 28,135,195  | 465,203                                       | 11,789,179        | 5,941,110         | 8,679,063         | 2,877,514            | 29,752,069          |
| 94.627.000-8                        | Parque Arauco S.A.          | Chile             | Series V       | UF       | Semi-annual  | 2.55%                 | 2.43%                         | 114,239,036   | 2,869,436                                     | 2,869,436         | 2,869,436         | 2,869,436         | 124,717,505          | 136,195,251         |
| <b>Total</b>                        |                             |                   |                |          |              |                       |                               | <b>566,264,610</b>                                  | <b>39,505,806</b>                             | <b>50,438,666</b> | <b>47,909,113</b> | <b>29,131,699</b> | <b>489,099,446</b>   | <b>656,084,730</b>  |

| 12.31.2018<br>Debtor<br>Taxpayer ID | Debtor Name                 | Debtor<br>Country | Bond<br>Series | Currency | Amortization | Contractual<br>Rate % | Annual<br>Effective<br>Rate % | Balance in<br>Statement of<br>Financial<br>Position | Non-Current                                   |                   |                   |                   |                      |                     |
|-------------------------------------|-----------------------------|-------------------|----------------|----------|--------------|-----------------------|-------------------------------|---|---|-------------------|-------------------|-------------------|----------------------|---------------------|
|                                     |                             |                   |                |          |              |                       |                               |   | Maturity in ThCLP\$ (Undiscounted Cash Flows) |                   |                   |                   |                      |                     |
|                                     |                             |                   |                |          |              |                       |                               |   | 1 to 2 Years                                  | 2 to 3 Years      | 3 to 4 Years      | 4 to 5 Years      | More than 5<br>Years | Total Cash<br>Flows |
| 20423264617                         | Inmuebles Panamericana S.A. | Peru              | Series A       | PEN      | Quarterly    | 7.81%                 | 7.81%                         | 11,129,800  | 2,052,658                                     | 2,052,658         | 2,052,658         | 2,052,658         | 6,671,138            | 14,881,770          |
| 20423264617                         | Inmuebles Panamericana S.A. | Peru              | Series A       | PEN      | Quarterly    | 8.44%                 | 8.44%                         | 15,261,092  | 1,957,532                                     | 1,957,532         | 1,957,532         | 1,957,532         | 16,149,643           | 23,979,773          |
| 20423264617                         | Inmuebles Panamericana S.A. | Peru              | Series A       | PEN      | Quarterly    | VAC + 4.75%           | 4.75%                         | 15,095,531  | 1,408,227                                     | 1,400,299         | 1,391,986         | 1,383,272         | 13,610,446           | 19,194,231          |
| 20423264617                         | Inmuebles Panamericana S.A. | Peru              | Series A       | PEN      | Quarterly    | 9.09%                 | 9.09%                         | 12,055,019  | 1,107,116                                     | 1,107,116         | 1,107,116         | 1,107,116         | 33,831,015           | 38,259,478          |
| 20423264617                         | Inmuebles Panamericana S.A. | Peru              | Series A       | PEN      | Quarterly    | Vac +5.88%            | 5.88%                         | 20,286,405  | 1,202,527                                     | 1,202,527         | 1,202,527         | 1,202,527         | 35,048,066           | 39,858,176          |
| 20423264617                         | Inmuebles Panamericana S.A. | Peru              | Series A       | PEN      | Quarterly    | 8.25%                 | 8.25%                         | 20,455,017  | 1,702,362                                     | 1,702,362         | 1,702,362         | 1,702,362         | 41,690,767           | 48,500,214          |
| 20423264617                         | Inmuebles Panamericana S.A. | Peru              | Series A       | PEN      | Quarterly    | Vac + 5.31%           | 5.31%                         | 13,847,864  | 742,041                                       | 742,041           | 742,041           | 742,041           | 22,595,430           | 25,563,594          |
| 94.627.000-8                        | Parque Arauco S.A.          | Chile             | Series K       | UF       | Semi-annual  | 3.65%                 | 3.85%                         | 80,811,153  | 2,991,329                                     | 2,991,329         | 2,991,329         | 2,991,329         | 116,349,824          | 128,315,141         |
| 94.627.000-8                        | Parque Arauco S.A.          | Chile             | Series L       | UF       | Semi-annual  | 2.30%                 | 2.24%                         | 55,147,925  | 55,762,010                                    | -                 | -                 | -                 | -                    | 55,762,010          |
| 94.627.000-8                        | Parque Arauco S.A.          | Chile             | Series O       | UF       | Semi-annual  | 3.30%                 | 3.30%                         | 110,219,626   | 3,609,134                                     | 3,609,134         | 3,609,134         | 3,609,134         | 152,670,482          | 167,107,017         |
| 94.627.000-8                        | Parque Arauco S.A.          | Chile             | Series P       | UF       | Semi-annual  | 2.00%                 | 1.91%                         | 82,855,122  | 22,217,165                                    | 21,805,746        | 21,394,326        | 20,982,907        | -                    | 86,400,145          |
| 94.627.000-8                        | Parque Arauco S.A.          | Chile             | Series R       | UF       | Semi-annual  | 3.00%                 | 2.55%                         | 57,770,317  | 1,641,708                                     | 1,641,708         | 1,641,708         | 1,641,708         | 69,496,516           | 76,063,349          |
| 94.627.000-8                        | Parque Arauco S.A.          | Chile             | Series T       | UF       | Semi-annual  | 1.65%                 | 1.88%                         | 27,342,614  | 452,975                                       | 452,975           | 11,479,291        | 5,784,943         | 11,252,803           | 29,422,986          |
| 94.627.000-8                        | Parque Arauco S.A.          | Chile             | Series V       | UF       | Semi-annual  | 2.55%                 | 2.44%                         | 111,345,192   | 2,794,011                                     | 2,794,011         | 2,794,011         | 2,794,011         | 124,233,214          | 135,409,258         |
| <b>Total</b>                        |                             |                   |                |          |              |                       |                               | <b>633,622,674</b>                                  | <b>99,640,796</b>                             | <b>43,459,438</b> | <b>54,066,022</b> | <b>47,951,541</b> | <b>643,599,345</b>   | <b>888,717,141</b>  |



**PARQUE ARAUCO S.A. AND SUBSIDIARIES**  
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**Note 16 - Other Financial Liabilities (continued)**

The following table details the changes in liabilities arising from the Company's financing activities, including changes that represent and do not represent cash flows, as of December 31, 2019 and 2018. The balances are classified into current and non-current.

| Liabilities Originating from Financing Activities | Opening Balance    | Cash Flows from Financing Activities | Changes that Do Not Represent Cash Flows |                              |                  |                   | Closing Balance      |
|---|--------------------|--------------------------------------|--|------------------------------|------------------|-------------------|----------------------|
|   | 01.01.2019         | Total                                | Acquisition of Subsidiaries              | Foreign Exchange Differences | Interest Accrued | Other Changes (a) | 12.31.2019           |
|   | ThCLP\$            | ThCLP\$                              | ThCLP\$                                  | ThCLP\$                      | ThCLP\$          | ThCLP\$           | ThCLP\$              |
| Finance leases                                    | 33,133,072         | (5,376,897)                          | 2,739,271                                | 590,762                      | -                | 2,213,655         | 33,299,864           |
| Bank loans  | 304,010,624        | 114,927,824                          | -  | 6,222,297                    | 1,112,637        | 1,792,275         | 428,065,659          |
| Bonds issued                                      | 654,488,896        | (34,536,952)                         | -  | 14,179,201                   | 7,056,449        | 10,587,288        | 651,774,882          |
| Hedging liabilities                               | 4,500,751          | (2,752,318)                          | -  | 446,065                      | (3,837)          | (470,731)         | 1,719,930            |
| <b>Total</b>                                      | <b>996,133,343</b> | <b>72,261,658</b>                    | <b>2,739,271</b>                         | <b>21,438,325</b>            | <b>8,165,249</b> | <b>14,122,488</b> | <b>1,114,860,334</b> |

| Liabilities Originating from Financing Activities | Opening Balance    | Cash Flows from Financing Activities | Changes that Do Not Represent Cash Flows |                              |                   |                   | Closing Balance    |
|---|--------------------|--------------------------------------|--|------------------------------|-------------------|-------------------|--------------------|
|   | 01.01.2018         | Total                                | Acquisition of Subsidiaries              | Foreign Exchange Differences | Interest Accrued  | Other Changes (a) | 12.31.2018         |
|   | ThCLP\$            | ThCLP\$                              | ThCLP\$                                  | ThCLP\$                      | ThCLP\$           | ThCLP\$           | ThCLP\$            |
| Finance leases                                    | 34,569,431         | (3,488,204)                          | -  | 579,830                      | -                 | 1,472,014         | 33,133,072         |
| Bank loans  | 296,408,466        | (4,763,212)                          | -  | 10,642,608                   | (2,368,038)       | 4,090,802         | 304,010,624        |
| Bonds issued                                      | 494,091,321        | 127,524,064                          | -  | 12,532,200                   | 11,167,494        | 9,173,818         | 654,488,897        |
| Hedging liabilities                               | 42,846,885         | (38,982,999)                         | -  | 525,061                      | 1,612,897         | (1,501,093)       | 4,500,751          |
| <b>Total</b>                                      | <b>867,916,103</b> | <b>80,289,648</b>                    | <b>-</b>                                 | <b>24,279,698</b>            | <b>10,412,353</b> | <b>13,235,541</b> | <b>996,133,343</b> |

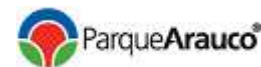
(a) Includes movements from foreign exchange differences

**Note 17 - Other Provisions**

Details of other current provisions as of December 31, 2019 and 2018, are as follows:

| Concept          | 12.31.2019<br>ThCLP\$ | 12.31.2018<br>ThCLP\$ |
|------------------|-----------------------|-----------------------|
| Other provisions | 1,224,669             | 2,260,853             |
| <b>Total</b>     | <b>1,224,669</b>      | <b>2,260,853</b>      |

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**Note 17 - Other Provisions (continued)**

Details of movements in provisions for the years ended December 31, 2019 and 2018, are as follows:

| 12.31.2019                   | Provisions for<br>Legal Proceedings<br>ThCLP\$ | Other<br>Miscellaneous<br>Provisions<br>ThCLP\$ | Total<br>ThCLP\$ |
|------------------------------|--|---|------------------|
| Opening balance              | 2,184,981                                      | 75,872  | 2,260,853        |
| Additions                    | 137,873  | -   | 137,873          |
| Provisions used              | (235,079)                                      | -   | (235,079)        |
| Provisions released          | (985,704)                                      | -   | (985,704)        |
| Decrease in foreign currency | 39,449   | 7,277   | 46,726           |
| Changes in provisions        | (1,043,461)                                    | 7,277   | (1,036,184)      |
| Closing balance              | 1,141,520                                      | 83,149  | 1,224,669        |

| 12.31.2018                   | Provisions for<br>Legal Proceedings<br>ThCLP\$ | Other<br>Miscellaneous<br>Provisions<br>ThCLP\$ | Total<br>ThCLP\$ |
|------------------------------|--|---|------------------|
| Opening balance              | 1,632,351                                      | 263,352   | 1,895,703        |
| Additions                    | 2,437,454                                      | -   | 2,437,454        |
| Provisions used              | (958,027)                                      | -   | (958,027)        |
| Provisions released          | (930,874)                                      | -   | (930,874)        |
| Other movements              | -  | (210,626)                                       | (210,626)        |
| Decrease in foreign currency | 4,077  | 23,146  | 27,223           |
| Changes in provisions        | 552,630  | (187,480)                                       | 365,150          |
| Closing balance              | 2,184,981                                      | 75,872  | 2,260,853        |

**Note 18 - Employee Benefit Provisions**

Details of current employee benefit provisions as of December 31, 2019 and 2018, are as follows:

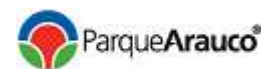
| Current                     | 12.31.2019<br>ThCLP\$ | 12.31.2018<br>ThCLP\$ |
|-----------------------------|-----------------------|-----------------------|
| Profit sharing and bonuses  | 3,493,951             | 3,229,582             |
| Vacation                    | 1,209,009             | 864,448               |
| Other employee benefits     | 317,789               | 440,287               |
| Employee benefit provisions | 5,020,749             | 4,534,317             |

**Note 19 - Trade and Other Payables**

Details of trade and other payables as of December 31, 2019 and 2018, are as follows:

| Current           | 12.31.2019<br>ThCLP\$ | 12.31.2018<br>ThCLP\$ |
|-------------------|-----------------------|-----------------------|
| Suppliers         | 26,360,101            | 19,756,749            |
| Withholding       | 279,516               | 225,139               |
| Sundry creditors  | 6,146,452             | 7,225,799             |
| Dividends payable | 16,677,758            | 24,109,184            |
| Total             | 49,463,827            | 51,316,871            |

**PARQUE ARAUCO S.A. AND SUBSIDIARIES**  
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**Note 19 - Trade and Other Payables (continued)**

Up-to-date and past due trade payables as of December 31, 2019 and 2018, are as follows:

a) Up-to-date trade payables

| Type of Supplier | Amount by Payment Terms  |                  |                  |                   |                    |                        | Total ThCLP\$     |
|------------------|--------------------------|------------------|------------------|-------------------|--------------------|------------------------|-------------------|
|                  | Up to 30 days<br>ThCLP\$ | 31-60<br>ThCLP\$ | 61-90<br>ThCLP\$ | 91-120<br>ThCLP\$ | 121-365<br>ThCLP\$ | 366 or more<br>ThCLP\$ | 12.31.2019        |
| Goods            | 2,554,733                | -                | -                | -                 | -                  | -                      | 2,554,733         |
| Services         | 22,816,682               | -                | -                | -                 | -                  | -                      | 22,816,682        |
| <b>Total</b>     | <b>25,371,415</b>        | <b>-</b>         | <b>-</b>         | <b>-</b>          | <b>-</b>           | <b>-</b>               | <b>25,371,415</b> |

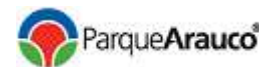
| Type of Supplier | Amount by Payment Terms  |                  |                  |                   |                    |                        | Total ThCLP\$     |
|------------------|--------------------------|------------------|------------------|-------------------|--------------------|------------------------|-------------------|
|                  | Up to 30 days<br>ThCLP\$ | 31-60<br>ThCLP\$ | 61-90<br>ThCLP\$ | 91-120<br>ThCLP\$ | 121-365<br>ThCLP\$ | 366 or more<br>ThCLP\$ | 12.31.2018        |
| Goods            | 3,554,247                | 677,556          | -                | -                 | -                  | -                      | 4,231,803         |
| Services         | 11,044,396               | 3,528,799        | -                | -                 | -                  | -                      | 14,573,195        |
| <b>Total</b>     | <b>14,598,643</b>        | <b>4,206,355</b> | <b>-</b>         | <b>-</b>          | <b>-</b>           | <b>-</b>               | <b>18,804,998</b> |

b) Past due trade payables

| Type of Supplier | Amount by Payment Terms  |                  |                  |                   |                    |                        | Total ThCLP\$  |
|------------------|--------------------------|------------------|------------------|-------------------|--------------------|------------------------|----------------|
|                  | Up to 30 days<br>ThCLP\$ | 31-60<br>ThCLP\$ | 61-90<br>ThCLP\$ | 91-120<br>ThCLP\$ | 121-365<br>ThCLP\$ | 366 or more<br>ThCLP\$ | 12.31.2019     |
| Goods            | 49,906                   | -                | -                | -                 | -                  | -                      | 49,906         |
| Services         | 938,780                  | -                | -                | -                 | -                  | -                      | 938,780        |
| <b>Total</b>     | <b>988,686</b>           | <b>-</b>         | <b>-</b>         | <b>-</b>          | <b>-</b>           | <b>-</b>               | <b>988,686</b> |

| Type of Supplier | Amount by Payment Terms  |                  |                  |                   |                    |                        | Total ThCLP\$  |
|------------------|--------------------------|------------------|------------------|-------------------|--------------------|------------------------|----------------|
|                  | Up to 30 days<br>ThCLP\$ | 31-60<br>ThCLP\$ | 61-90<br>ThCLP\$ | 91-120<br>ThCLP\$ | 121-365<br>ThCLP\$ | 366 or more<br>ThCLP\$ | 12.31.2018     |
| Goods            | 32,679                   | 30,111           | -                | -                 | -                  | -                      | 62,790         |
| Services         | 497,396                  | 391,565          | -                | -                 | -                  | -                      | 888,960        |
| <b>Total</b>     | <b>530,075</b>           | <b>421,676</b>   | <b>-</b>         | <b>-</b>          | <b>-</b>           | <b>-</b>               | <b>951,751</b> |

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**Note 20 - Other Non-Financial Liabilities**

Details of other non-financial liabilities as of December 31, 2019 and 2018, are as follows:

| Concept                                    | Current<br>ThCLP\$ |                  | Non-Current<br>ThCLP\$ |                   |
|--|--------------------|------------------|------------------------|-------------------|
|  | 12.31.2019         | 12.31.2018       | 12.31.2019             | 12.31.2018        |
| Deferred income from leases and guarantees | 3,400,066          | 1,053,007        | 5,094,685              | 2,260,274         |
| Cash guarantees                            | -                  | -                | 10,372,362             | 9,655,219         |
| Other liabilities                          | 9,048,023          | 6,382,888        | 6,198,425              | 3,649,956         |
| <b>Total</b>                               | <b>12,448,089</b>  | <b>7,435,895</b> | <b>21,665,472</b>      | <b>15,565,449</b> |

**Note 21 - Lease Liabilities**

Lease liabilities are detailed as follows:

| Lease related to:                              | Current             | Non-Current                  |                              |                              |                              |                      | Total               |                   |
|--|---------------------|------------------------------|------------------------------|------------------------------|------------------------------|----------------------|---------------------|-------------------|
|  | Subtotal<br>ThCLP\$ | More than 1<br>up to 2 years | More than 2<br>up to 3 years | More than 3<br>up to 4 years | More than 4<br>up to 5 years | More than<br>5 Years | Subtotal<br>ThCLP\$ | Total<br>ThCLP\$  |
| Office lease agreements                        | 687,817             | 648,303                      | 564,344                      | 565,136                      | 425,396                      | 3,918,110            | 6,121,289           | 6,809,106         |
| Land lease agreements                          | 300,550             | 406,305                      | 434,031                      | 466,360                      | 509,740                      | 38,564,799           | 40,381,235          | 40,681,785        |
| <b>Closing balance as of December 31, 2019</b> | <b>988,367</b>      | <b>1,054,608</b>             | <b>998,376</b>               | <b>1,031,495</b>             | <b>935,136</b>               | <b>42,482,910</b>    | <b>46,502,524</b>   | <b>47,490,891</b> |

As of December 31, 2019, liquidity risk related to these maturities is hedged with the Company's operating cash flows.

The following table reports movements during the year of our lease liability obligations and cash flows:

| Lease Liabilities  | Total Cash Flows for the Year<br>Ended December 31, 2019<br>ThCLP\$ |
|--|---|
| <b>Net balances as of 01.01.2019</b>   | <b>41,374,075</b>   |
| Lease liabilities generated  | 6,964,211   |
| Interest expense   | 2,267,051   |
| Principal payments   | (703,753)   |
| Interest payments  | (2,267,051)   |
| Foreign exchange differences   | (143,642)   |
| <b>Closing balance as of December 31, 2019</b>   | <b>47,490,891</b>   |
| <b>Total cash flows for the year ended December 31, 2019, related to lease liabilities</b> | <b>(703,753)</b>  |

**Note 22 - Equity**

Details of equity accounts as shown in the statement of changes in equity are as follows.

**i) Capital**

The Company invests its unrestricted cash flows in financial instruments such as repo agreements, mutual funds, time deposits, among others, based on which offers the most convenient risk-return ratio and the Company's liquidity needs. The Company's financing policy consists of raising funds from capital markets in order to finance projects that allow the Company to grow, complying with the restrictions (covenants) stipulated in the obligations in force. Financial



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**Note 22 - Equity (continued)**

liabilities mainly consist of bank loans and long-term structured institutional bonds designed to match the maturity of its assets and liabilities. Paid-in capital as of December 31, 2019 and 2018, totals ThCLP\$ 423,575,312 and ThCLP\$ 420,016,646, respectively.

**ii) Capital Management Objectives, Policies and Processes**

**Investment and Financing Policies**

The Company has an investment program designed to maintain its industry leadership and develop profitable projects by incorporating differentiating factors and developing new business areas, while maintaining an appropriate level of working capital and indebtedness levels in line with its cash flows.

| Description   | 12.31.2019        |                   |
|---|-------------------|-------------------|
|   | 12.31.2019        | 12.31.2018        |
| Profit attributable to equity holders of the parent   | 93,393,722        | 117,863,488       |
| Fair value adjustment to investment property (net of deferred taxes) of ThCLP\$15,641,636 and ThCLP\$12,932,850 in 2019 and 2018, respectively. | (49,003,564)      | (40,859,987)      |
| <b>Distributable net profits attributable to equity holders of the parent</b>   | <b>44,390,159</b> | <b>77,003,501</b> |

At an annual general shareholders' meeting on April 26, 2019, shareholders agreed to pay a final dividend of CHP\$39 per share for a total of ThCLP\$35,184,000, or approximately 46% of net distributable profit for 2018. This amount of CLP\$39 is comprised of a minimum mandatory dividend of CLP\$25.61 and an additional dividend of CLP\$13.39. In the statement of changes in equity, the line item dividends includes the additional dividend from 2018 profit of ThCLP\$12,083,081 and the minimum dividend of 30% of net distributable profit, or ThCLP\$13,317,048, mentioned in Note 3.18 and included in Note 19 as dividends payable.

**iii) Movements in Common Shares**

| Description of Classes of Capital       | Sole Series        |                    |
|---|--------------------|--------------------|
|   | 12.31.2019         | 12.31.2018         |
| Opening balance of common shares        | 902,157,216        | 897,746,765        |
| Shares issued during the period / year  | -                  | -                  |
| Subscribed and paid-in shares           | 3,558,666          | 4,410,451          |
| <b>Closing balance of common shares</b> | <b>905,715,882</b> | <b>902,157,216</b> |

**iv) Share-Based Compensation Plans**

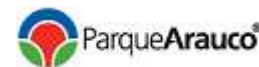
In accordance with agreements made at the extraordinary shareholders' meeting held November 19, 2015, stock options were granted to the Company's main executives to purchase a total of 7,800,000 shares (2015 Plan). The Board was authorized to set the final placement price in accordance with article 23 of the Corporations Law Regulations. Under this compensation plan, the shares must be issued, subscribed and paid in by November 19, 2020. At a meeting of the Company's Board

on November 30, 2016, the Board set the exercise price for the options at the Chilean peso equivalent of 0.0469 UF per share and agreed that 50% of the options would vest on June 1, 2019, with the final 50% vesting on June 1, 2020.

Inputs used in valuation model for options granted:

| Plan | Weighted Average Price of Shares | Exercise Price | Expected Volatility % | Life of Option | Expected Dividends % | Risk-Free Interest Rate % |
|------|----------------------------------|----------------|-----------------------|----------------|----------------------|---------------------------|
| 2015 | 1,534.90                         | 1,235.04       | 20.00                 | 4.0 years      | 2.0                  | 3.32                      |

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**Note 22 - Equity (continued)**

The accounting effect is accrued in the income statement account "compensation" on a straight-line basis from the granting date to the expiration date. That plan is in force from September 2018 to November 2020. The effect on income for the years ended December 31, 2019 and 2018, is ThCLP\$ 622,730 and ThCLP\$ 1,042,268, respectively. The balancing entry is recorded in the equity account other reserves.

In the period from January to December 2019, a total of ThCLP\$ 4,637,686 in options have been exercised.

**v) Unrealized Fair Value Adjustment (Net of Deferred Taxes)**

As of December 31, 2019, the Company's equity includes gains from the fair value adjustment of its investment properties, which are not part of distributable net profits until they are realized. The table below details the amount accumulated as of December 31, 2019, net of deferred taxes:

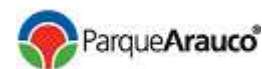
| Period  | Amount<br>(ThCLP\$) |
|---|---------------------|
| First application (01.01.2009)                                  | 61,027,858          |
| Year 2009   | 28,434,100          |
| Year 2010   | 12,028,082          |
| Year 2011   | 9,692,241           |
| Year 2012   | 5,054,461           |
| Year 2013   | 14,763,320          |
| Year 2014   | 13,674,210          |
| Year 2015   | 26,906,230          |
| Year 2016   | 30,566,121          |
| Year 2017   | 36,230,680          |
| Year 2018   | 40,859,987          |
| Year 2019   | 49,003,564          |
| <b>Total fair value adjustment accumulated as of 12.31.2019</b> | <b>328,240,854</b>  |

**vi) Equity Movements**

| Other Miscellaneous Reserves     | 12.31.2019<br>ThCLP\$ | 12.31.2018<br>ThCLP\$ |
|----------------------------------|-----------------------|-----------------------|
| <b>Opening balance</b>           | <b>8,771,582</b>      | <b>9,696,008</b>      |
| Interests in Chilean companies   | (21,627)              | (6,273)               |
| Interests in Peruvian companies  | (327,259)             | 488,875               |
| Interests in Colombian companies | 307                   | (2,997,790)           |
| Other                            | 1,701,517             | 1,590,761             |
| <b>Movement</b>                  | <b>1,352,937</b>      | <b>(924,426)</b>      |
| <b>Closing balance</b>           | <b>10,124,519</b>     | <b>8,771,582</b>      |

| Translation adjustment reserve   | 12.31.2019<br>ThCLP\$ | 12.31.2018<br>ThCLP\$ |
|----------------------------------|-----------------------|-----------------------|
| <b>Opening balance</b>           | <b>(8,673,670)</b>    | <b>(45,558,393)</b>   |
| Interests in Chilean companies   | 42,428,117            | 58,495,785            |
| Interests in Peruvian companies  | 7,149,655             | (13,380,960)          |
| Interests in Colombian companies | (2,630,037)           | (8,180,168)           |
| <b>Movement</b>                  | <b>46,947,734</b>     | <b>36,884,723</b>     |
| <b>Closing balance</b>           | <b>38,274,064</b>     | <b>(8,673,670)</b>    |

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**Note 22 - Equity (continued)**

| Increase (decrease) due to transfers and other changes | 12.31.2019                         |                      |                                 | 12.31.2018                         |                      |                                 |
|--|------------------------------------|----------------------|---------------------------------|------------------------------------|----------------------|---------------------------------|
|  | Other<br>Miscellaneous<br>Reserves | Retained<br>Earnings | Non-<br>Controlling<br>Interest | Other<br>Miscellaneous<br>Reserves | Retained<br>Earnings | Non-<br>Controlling<br>Interest |
|  | ThCLP\$                            | ThCLP\$              | ThCLP\$                         | ThCLP\$                            | ThCLP\$              | ThCLP\$                         |
| Interests in Chilean companies                         | (21,627)                           | 24,452,780           | (58,641,956)                    | (6,273)                            | 1,503,995            | 10,080,941                      |
| Interests in Peruvian companies                        | (327,259)                          | -                    | -                               | 488,875                            | -                    | -                               |
| Interests in Colombian companies                       | 307                                | -                    | -                               | (2,997,790)                        | -                    | -                               |
| Other  | 1,701,517                          | -                    | -                               | 1,590,761                          | -                    | -                               |
| <b>Movement</b>  | <b>1,352,937</b>                   | <b>24,452,780</b>    | <b>(58,641,956)</b>             | <b>(924,426)</b>                   | <b>1,503,995</b>     | <b>10,080,941</b>               |

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**Note 22 - Equity (continued)**

**vi) Changes in Equity (continued)**

Details of movements in non-controlling interest for the years ended December 31, 2019 and 2018, are as follows:

| Taxpayer ID No. | Company Name                                      | Country  | Functional Currency | Ownership | Total Assets | Total Liabilities | Company's Equity in Investee | Non-Controlling Interest in Equity | Company's Share of Profit (Loss) of Investee | Non-Controlling Interest in Profit (Loss) |
|-----------------|---|----------|---------------------|-----------|--------------|-------------------|------------------------------|------------------------------------|--|---|
|                 |   |          |                     | %         | ThCLP\$      | ThCLP\$           | ThCLP\$                      | ThCLP\$                            | ThCLP\$                                      | ThCLP\$                                   |
| 20547203608     | Nisa Malls S.A.                                   | Peru     | Peruvian sol        | 1.82%     | 6,030,228    | 2,445,033         | 3,585,196                    | 65,111                             | (558,208)                                    | (576)                                     |
| 20538494233     | Inmobiliaria Botafogo S.A.C.                      | Peru     | Peruvian sol        | 2.67%     | 14,790,437   | 6,660,008         | 8,130,430                    | 434,387                            | (193,104)                                    | (5,519)                                   |
| 20548925861     | Inmobiliaria Eburns S.A.C.                        | Peru     | Peruvian sol        | 5.36%     | 13,566,326   | 879,568           | 12,686,758                   | 1,360,495                          | (2,365,220)                                  | (124,079)                                 |
| 900.079.790-5   | Eje Construcciones S.A.                           | Colombia | Colombian peso      | 45.00%    | 54,621,105   | 6,638,336         | 47,982,769                   | 21,592,246                         | 11,923,683                                   | 5,365,657                                 |
| 830.054.539-0   | Fideicomiso PA Alegria Barranquilla               | Colombia | Colombian peso      | 47.50%    | 100,907,905  | 5,927,993         | 40,358,807                   | 19,170,433                         | (18,676)                                     | (8,871)                                   |
| 76.111.950-8    | Desarrollos Inmobiliarios San Antonio S.A.        | Chile    | Chilean peso        | 30.00%    | 45,640,183   | 20,210,447        | 25,429,736                   | 7,628,921                          | 12,038,284                                   | 3,608,745                                 |
| 96.547.010-7    | Inmobiliaria Paseo de la Estación S.A.            | Chile    | Chilean peso        | 17.00%    | 102,792,447  | 26,269,059        | 76,347,967                   | 12,942,031                         | (7,356,098)                                  | (1,225,624)                               |
| 76.187.012-2    | Centros Comerciales Vecinales Arauco Express S.A. | Chile    | Chilean peso        | 49.00%    | 70,504,944   | 57,512,204        | 12,992,698                   | 6,366,422                          | (4,210,208)                                  | (2,063,002)                               |
| 76.459.763-K    | Parque Angamos SPA                                | Chile    | Chilean peso        | 45.00%    | 19,023,405   | 13,123,105        | 5,900,301                    | 2,655,135                          | (6,407,501)                                  | (2,883,375)                               |
| 76.939.541-5    | Arauco Centros Comerciales Regionales SpA         | Chile    | Chilean peso        | 49.00%    | 177,928,242  | 116,345,497       | 53,928,018                   | 26,424,729                         | 5,242,814                                    | 2,568,979                                 |
| 76.939.551-2    | Arauco Chillán SpA                                | Chile    | Chilean peso        | 48.51%    | 72,137,540   | 47,303,974        | 24,833,566                   | 12,168,448                         | 12,383,828                                   | 6,016,206                                 |
|                 |   |          |                     |           |              |                   |                              | <b>110,808,359</b>                 |  | <b>11,248,901</b>                         |

| Taxpayer ID No. | Company Name   | Country  | Functional Currency | Ownership | Total Assets | Total Liabilities | Company's Equity in Investee | Non-Controlling Interest in Equity | Company's Share of Profit (Loss) of Investee | Non-Controlling Interest in Profit (Loss) |
|-----------------|--|----------|---------------------|-----------|--------------|-------------------|------------------------------|------------------------------------|--|---|
|                 |  |          |                     | %         | ThCLP\$      | ThCLP\$           | ThCLP\$                      | ThCLP\$                            | ThCLP\$                                      | ThCLP\$                                   |
| 20423264617     | Inmuebles Panamericana S.A.                                | Peru     | Peruvian sol        | 50.00%    | 347,022,012  | 160,046,516       | 186,975,496                  | 93,499,723                         | (555,464)                                    | (271,333)                                 |
| 20513561106     | Sociedad de Inversión y Gestión S.A.C                      | Peru     | Peruvian sol        | 50.00%    | 17,048,968   | 6,822,760         | 10,226,209                   | 5,113,104                          | (133,339)                                    | (66,669)                                  |
| 20524082374     | Inversiones Bairiki S.A.C                                  | Peru     | Peruvian sol        | 50.00%    | 3,191,933    | 4,665,275         | (1,473,342)                  | (736,671)                          | (1,205,444)                                  | (602,722)                                 |
| 20543346218     | Inmobiliaria Kotare S.A.C                                  | Peru     | Peruvian sol        | 50.00%    | 1,213,602    | 272,150           | 941,453                      | 470,726                            | (65,221)                                     | (32,611)                                  |
| 20514833088     | Inmob. Nueva Centuria SAC                                  | Peru     | Peruvian sol        | 50.00%    | 1,550,393    | 2,621,570         | (1,071,178)                  | (535,589)                          | (266,337)                                    | (133,169)                                 |
| 20550016690     | Inv. Inmob. Pto Pizarro                                    | Peru     | Peruvian sol        | 50.00%    | 16,296       | 109,610           | (93,314)                     | (46,657)                           | (9,565)                                      | (4,783)                                   |
| 900.079.790-5   | Eje Construcciones S.A.                                    | Colombia | Colombian peso      | 45.00%    | 42,086,365   | 5,524,814         | 36,561,551                   | 16,452,698                         | 3,431,318                                    | 1,544,093                                 |
| 76.111.950-8    | Desarrollo Inmobiliarios San Antonio S.A.                  | Chile    | Chilean peso        | 30.00%    | 33,806,781   | 15,999,667        | 17,807,114                   | 5,342,426                          | 1,817,905                                    | 545,401                                   |
| 96.547.010-7    | Inmobiliaria Paseo Estación S.A.                           | Chile    | Chilean peso        | 17.00%    | 119,670,213  | 32,836,289        | 86,833,924                   | 14,736,736                         | 11,986,459                                   | 2,037,698                                 |
| 76.187.012-2    | Centros Comerciales Vecinales Arauco Express S.A.          | Chile    | Chilean peso        | 46.66%    | 62,971,618   | 26,190,400        | 36,781,218                   | 17,162,116                         | 5,052,767                                    | 2,357,621                                 |
| 76.263.221-7    | Centros Comerciales Arauco Express Ciudad Empresarial S.A. | Chile    | Chilean peso        | 20.00%    | 6,300,342    | 1,626,564         | 4,673,778                    | 934,756                            | 1,535,054                                    | 307,011                                   |
| 76.459.763-K    | Parque Angamos SPA   | Chile    | Chilean peso        | 45.00%    | 27,523,544   | 14,616,776        | 12,906,769                   | 5,808,046                          | (343,586)                                    | (154,614)                                 |
|                 |  |          |                     |           |              |                   |                              | <b>158,201,415</b>                 |  | <b>5,525,925</b>                          |



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**Note 23 - Earnings Per Share**

Basic earnings per share is calculated by dividing profit for the year attributable to the parent company by the weighted average number of outstanding common shares during the year.

Details of basic and diluted earnings per share for the years ended December 31, 2019 and 2018, are as follows:

| Concept  | 12.31.2019       | 12.31.2019         | 12.31.2018       | 12.31.2018         |
|--|------------------|--------------------|------------------|--------------------|
|  | ThCLP\$<br>Basic | ThCLP\$<br>Diluted | ThCLP\$<br>Basic | ThCLP\$<br>Diluted |
| Profit attributable to equity holders of the company | 93,393,722       | 93,393,722         | 117,863,488      | 117,863,488        |
| Profit available to common shareholders              | 93,393,722       | 93,393,722         | 117,863,488      | 117,863,488        |
| Weighted average number of shares                    | 904,233          | 909,957            | 899,956          | 910,171            |
| <b>Basic earnings per share</b>                      | <b>103.29</b>    | <b>102.64</b>      | <b>130.97</b>    | <b>129.50</b>      |

**Note 24 - Revenue and Operating Expenses**

Revenue comes from invoicing of minimum and percentage rent, utilities and other services provided as of each year end. It is recorded on a straight-line basis based on the duration of each client contract.

Details of revenue and operating expenses for the years ended December 31, 2019 and 2018, are as follows:

| Revenue and Operating Expenses | 12.31.2019<br>ThCLP\$ | 12.31.2018<br>ThCLP\$ |
|--------------------------------|-----------------------|-----------------------|
| Revenue                        | 205,612,761           | 189,618,287           |
| Operating expenses             | (39,962,704)          | (39,437,276)          |
| <b>Gross margin</b>            | <b>165,650,057</b>    | <b>150,181,012</b>    |

Details of revenue for these years are as follows:

| Revenue              | 12.31.2019<br>ThCLP\$ | 12.31.2018<br>ThCLP\$ |
|----------------------|-----------------------|-----------------------|
| Lease income         | 174,234,449           | 162,503,421           |
| Other income         | 31,378,312            | 27,114,866            |
| <b>Total revenue</b> | <b>205,612,761</b>    | <b>189,618,287</b>    |

For the year ended December 31, 2019, total lease income was comprised of 88% fixed lease income and 12% variable lease income (87% and 13%, respectively, in 2018).

The main categories of operating and administrative expenses are as follows:

| Costs and Expenses              | 12.31.2019<br>ThCLP\$ | 12.31.2018<br>ThCLP\$ |
|---------------------------------|-----------------------|-----------------------|
| Depreciation                    | (1,914,072)           | (982,518)             |
| Amortization                    | (2,844,490)           | (2,361,061)           |
| Compensation                    | (24,406,498)          | (22,990,803)          |
| Allowance for doubtful accounts | (1,696,924)           | (1,232,937)           |
| Other (*)                       | (28,947,781)          | (27,677,469)          |
| <b>Total costs and expenses</b> | <b>(59,809,764)</b>   | <b>(55,245,101)</b>   |

(\*) Includes mainly the net amount of income, costs and expenses related to collecting common area maintenance charges from tenants.

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**Note 24 - Revenue and Operating Expenses (continued)**

Details of revenue and expenses for operating assets versus assets under development for the years ended December 31, 2019 and 2018, are as follows:

| Concept                         | Operating Assets | Assets under Development | 12.31.2019<br>ThCLP\$ |
|---------------------------------|------------------|--------------------------|-----------------------|
| Revenue                         | 205,612,761      | -                        | 205,612,761           |
| Administrative expenses / costs | (59,165,180)     | (644,584)                | (59,809,764)          |

| Concept                         | Operating Assets | Assets under Development | 12.31.2018<br>ThCLP\$ |
|---------------------------------|------------------|--------------------------|-----------------------|
| Revenue                         | 189,618,287      | -                        | 189,618,287           |
| Administrative expenses / costs | (55,102,064)     | (143,037)                | (55,245,101)          |

**Note 25 - Employee Benefits and Expenses**

Details of employee benefits and expenses for the years ended December 31, 2019 and 2018, are as follows:

| Employee Expenses            | 12.31.2019<br>ThCLP\$ | 12.31.2018<br>ThCLP\$ |
|------------------------------|-----------------------|-----------------------|
| Wages and salaries           | (20,842,508)          | (19,266,703)          |
| Short-term employee benefits | (2,561,080)           | (2,274,242)           |
| Other employee expenses      | (1,002,910)           | (1,449,857)           |
| <b>Total</b>                 | <b>(24,406,498)</b>   | <b>(22,990,803)</b>   |

**Note 26 - Financial Income and Expenses**

Financial income comes from investing the Company's cash surpluses mainly in time deposits, interest-earning accounts, repo agreements, mutual funds and trusts. For the years ended December 31, 2019 and 2018, Parque Arauco S.A., had average cash surpluses of ThCLP\$ 310,589,868 and ThCLP\$ 238,284,040, with an annual effective interest rate of 3.68% and 3.35%, generating finance income of ThCLP\$ 11,444,462 and ThCLP\$ 7,975,774, respectively.

As of December 31, 2019 and 2018, the Company had financial obligations in inflation-indexed units of ThCLP\$ 808,321,035 and ThCLP\$ 736,813,359, in Chilean pesos of ThCLP\$ 254,281 and ThCLP\$ 47,782,400, in Colombian pesos of ThCLP\$ 95,362,092 and ThCLP\$ 86,780,970 and in Peruvian soles of ThCLP\$ 210,187,300 and ThCLP\$ 124,756,616. For the years ended December 31, 2019 and 2018, these financial liabilities averaged ThCLP\$ 1,059,877,859 and ThCLP\$ 913,888,008, with an annual effective interest rate of 3.78% and 4.01%, generating finance costs of ThCLP\$ (40,046,031) and ThCLP\$ (36,627,127), respectively.

| Concept            | 12.31.2019<br>ThCLP\$ | 12.31.2018<br>ThCLP\$ |
|--------------------|-----------------------|-----------------------|
| Financial income   | 11,444,462            | 7,975,774             |
| Financial expenses | (40,046,031)          | (36,627,127)          |

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**Note 27 - Effect of Exchange Rate Changes**

Gain (loss) for foreign exchange differences corresponds to the weighted gain (loss) of asset and liability movements in foreign currency generated during the year.

| Concepts                           | 12.31.2019<br>ThCLP\$ | 12.31.2018<br>ThCLP\$ |
|------------------------------------|-----------------------|-----------------------|
| Foreign exchange differences       | 809,663               | (5,862)               |
| Translation adjustment reserve (1) | 46,947,734            | 36,884,723            |

| Foreign Exchange Differences | 12.31.2019<br>ThCLP\$ | 12.31.2018<br>ThCLP\$ |
|------------------------------|-----------------------|-----------------------|
| Financial liabilities        | 708,364               | (1,504)               |
| Related party transactions   | 151,830               | 159,925               |
| Other                        | (50,531)              | (164,282)             |
| <b>Total</b>                 | <b>809,663</b>        | <b>(5,862)</b>        |

(1) Movements in the translation adjustment reserve are detailed in Note 22 vi).

**Note 28 - Depreciation and Amortization**

Balances of depreciation and amortization for the years ended December 31, 2019 and 2018, are as follows:

| Concept                          | 12.31.2019<br>ThCLP\$ | 12.31.2018<br>ThCLP\$ |
|----------------------------------|-----------------------|-----------------------|
| Depreciation                     | (1,914,072)           | (982,518)             |
| Amortization                     | (2,076,602)           | (1,594,696)           |
| Amortization of other rights (1) | (767,888)             | (766,678)             |
| <b>Total</b>                     | <b>(4,758,562)</b>    | <b>(3,343,892)</b>    |

(1) Amortization of other rights also considers amortization of rights of use related to IFRS 16

**Note 29 - Gain (Loss) on Indexed Assets and Liabilities**

Gain (loss) on indexed assets and liabilities corresponds mainly to bank loans, finance leases and bond issuances in indexation units detailed in Note 16 Other Financial Liabilities.

Details of the gain (loss) on indexed assets and liabilities for the years ended December 31, 2019 and 2018, are as follows:

| Concept                                | 12.31.2019<br>ThCLP\$ | 12.31.2018<br>ThCLP\$ |
|--|-----------------------|-----------------------|
| Loss on indexed assets and liabilities | (21,873,481)          | (18,148,557)          |

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**Note 30 - Other Income and Expenses**

30.1 Other income for the years ended December 31, 2019 and 2018, is as follows:

| Concept   | 12.31.2019<br>ThCLP\$ | 12.31.2018<br>ThCLP\$ |
|---|-----------------------|-----------------------|
| Gain on sale of property, plant and equipment (1) | -                     | 29,949,323            |
| Insurance compensation or refund                  | -                     | 163,462               |
| Gain on IP revaluation (2)                        | 47,820,191            | 50,325,495            |
| Other income                                      | 1,311,169             | 2,533,927             |
| <b>Total other income, by function</b>            | <b>49,131,361</b>     | <b>82,972,207</b>     |

(1) This is for the sale of a non-current asset held for sale. See Note 42.

(2) Includes reclassification (see note 3.21) for 2018 and ThCLP\$6,276,699 for effect of IFRS 16 in 2019

30.2 Other expenses for the years ended December 31, 2019 and 2018, are as follows:

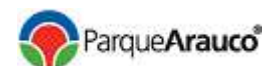
| Concept   | 12.31.2019<br>ThCLP\$ | 12.31.2018<br>ThCLP\$ |
|---|-----------------------|-----------------------|
| Extraordinary taxes (3)                         | (979,058)             | (1,673,324)           |
| Penalties and fines (4)                         | -                     | (321,465)             |
| Research and project expenses                   | (5,624,279)           | (2,172,569)           |
| De-recognition of property, plant and equipment | (1,776,755)           | (4,314,216)           |
| Insurance claim deductible                      | -                     | (387,325)             |
| Termination benefits and severance expenses     | (171,257)             | (166,949)             |
| Other expenses                                  | (2,441,969)           | (985,233)             |
| <b>Total other expenses, by function</b>        | <b>(10,993,318)</b>   | <b>(10,021,080)</b>   |

(3) Includes mainly taxes for business permits and taxes from the Chamber of Commerce in Colombia

(4) Corresponds to withholding for urban construction tax (Colombia).



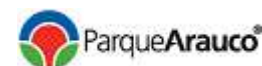
**PARQUE ARAUCO S.A. AND SUBSIDIARIES**  
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**Note 31 - Foreign Currency**

| <b>Liquid Assets</b>                                     | <b>12.31.2019</b>    | <b>12.31.2018</b>    |
|--|----------------------|----------------------|
| <b>Liquid Assets</b>                                     | <b>315,437,439</b>   | <b>287,830,151</b>   |
| Non-indexed CLP\$  | 177,086,566          | 199,926,218          |
| US dollar  | 87,195,176           | 5,066,951            |
| Peruvian sol   | 18,845,735           | 67,020,163           |
| Colombian peso   | 32,309,961           | 15,816,819           |
| <b>Cash and cash equivalents</b>                         | <b>315,434,937</b>   | <b>281,223,537</b>   |
| Non-indexed CLP\$  | 177,086,566          | 199,926,218          |
| US dollar  | 87,330,893           | 5,066,951            |
| Peruvian sol   | 18,843,234           | 67,017,774           |
| Colombian peso   | 32,174,244           | 9,212,594            |
| <b>Other current financial assets</b>                    | <b>2,501</b>         | <b>6,606,614</b>     |
| Peruvian sol   | -                    | 2,389                |
| Colombian peso   | 2,501                | 6,604,225            |
| <b>Short- and Long-Term Receivables</b>                  | <b>35,327,047</b>    | <b>30,274,080</b>    |
| Indexed CLP\$  | 42,485               | 61,903               |
| Non-indexed CLP\$  | 22,269,346           | 17,647,954           |
| US dollar  | 1,605,942            | 2,179,604            |
| Peruvian sol   | 8,972,809            | 7,866,620            |
| Colombian peso   | 2,436,465            | 2,517,999            |
| <b>Trade and other receivables, current</b>              | <b>35,040,712</b>    | <b>30,216,487</b>    |
| Indexed CLP\$  | -                    | 7,170                |
| Non-indexed CLP\$  | 22,259,784           | 17,647,954           |
| US dollar  | 1,604,291            | 2,179,604            |
| Peruvian sol   | 8,740,171            | 7,863,760            |
| Colombian peso   | 2,436,465            | 2,517,999            |
| <b>Rights receivable, non-current</b>                    | <b>52,047</b>        | <b>54,733</b>        |
| Indexed CLP\$  | 42,485               | 54,733               |
| Non-indexed CLP\$  | 9,562                | -                    |
| <b>Accounts receivable from related parties, current</b> | <b>234,289</b>       | <b>2,860</b>         |
| US dollar  | 1,651                | -                    |
| Peruvian sol   | 232,638              | 2,860                |
| Colombian peso   | -                    | -                    |
| <b>Related party receivables, non-current</b>            | <b>2,027,164</b>     | <b>6,614,830</b>     |
| US dollar  | 3,183                | 83,503               |
| Peruvian sol   | 2,023,981            | 6,531,327            |
| Colombian peso   | -                    | -                    |
| <b>Remaining assets</b>                                  | <b>2,339,565,964</b> | <b>2,053,380,988</b> |
| Indexed CLP\$  | 27,302,350           | 4,988,116            |
| Non-indexed CLP\$  | 1,363,058,683        | 1,213,715,252        |
| US dollar  | 41,422,431           | 11,746,246           |
| Peruvian sol   | 578,098,175          | 580,604,916          |
| Colombian peso   | 329,684,324          | 242,326,458          |
| <b>Total assets</b>                                      | <b>2,692,357,614</b> | <b>2,378,100,049</b> |
| Indexed CLP\$  | 27,344,835           | 5,050,019            |
| Non-indexed CLP\$  | 1,562,414,595        | 1,431,289,424        |
| US dollar  | 130,226,733          | 19,076,304           |
| Peruvian sol   | 607,940,701          | 662,023,026          |
| Colombian peso   | 364,430,750          | 260,661,276          |

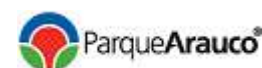
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**Note 31 - Foreign Currency (continued)**

|   | 12.31.2019        |                    | 12.31.2018        |                    |
|---|-------------------|--------------------|-------------------|--------------------|
|   | Up to 90 Days     | 91 Days to 1 Year  | Up to 90 Days     | 91 Days to 1 Year  |
| <b>Total Current Liabilities</b>            | <b>93,041,868</b> | <b>228,204,367</b> | <b>84,515,332</b> | <b>105,816,659</b> |
| Indexed CLP\$                               | 6,178,670         | 99,149,613         | 17,956,786        | 9,725,386          |
| Non-indexed CLP\$                           | 29,294,708        | 23,424,460         | 44,001,811        | 4,258,487          |
| US dollar                                   | 1,702,046         | 1,169,439          | 6,026,503         | 296,949            |
| Peruvian sol                                | 47,194,166        | 6,205,067          | 10,658,503        | 4,754,867          |
| Colombian peso                              | 8,672,278         | 98,255,789         | 5,871,729         | 86,780,970         |
| <b>Other financial liabilities, current</b> | <b>39,959,562</b> | <b>195,063,459</b> | <b>19,922,762</b> | <b>99,953,637</b>  |
| Indexed CLP\$                               | 5,971,135         | 98,520,726         | 17,955,541        | 9,725,386          |
| Non-indexed CLP\$                           | -                 | 254,281            | -                 | -                  |
| Peruvian sol                                | 33,988,427        | 725,561            | 1,967,221         | 3,447,281          |
| Colombian peso                              | -                 | 95,562,891         | -                 | 86,780,970         |
| <b>Bank loans</b>                           | <b>32,102,012</b> | <b>115,744,383</b> | <b>3,704,819</b>  | <b>93,312,757</b>  |
| Indexed CLP\$                               | 974,260           | 19,927,211         | 3,704,819         | 4,757,919          |
| Non-indexed CLP\$                           | -                 | 254,281            | -                 | -                  |
| Peruvian sol                                | 31,127,752        | -                  | -                 | 1,773,868          |
| Colombian peso                              | -                 | 95,562,891         | -                 | 86,780,970         |
| <b>Secured liabilities</b>                  | <b>7,410,666</b>  | <b>78,099,606</b>  | <b>15,490,475</b> | <b>5,375,746</b>   |
| Indexed CLP\$                               | 4,783,187         | 78,099,606         | 14,097,181        | 4,509,201          |
| Peruvian sol                                | 2,627,479         | -                  | 1,393,294         | 866,545            |
| <b>Finance leases</b>                       | <b>446,885</b>    | <b>1,219,471</b>   | <b>727,468</b>    | <b>1,265,134</b>   |
| Indexed CLP\$                               | 213,688           | 493,910            | 153,541           | 458,266            |
| Peruvian sol                                | 233,197           | 725,561            | 573,927           | 806,868            |
| <b>Other current liabilities</b>            | <b>53,082,306</b> | <b>33,140,907</b>  | <b>64,592,570</b> | <b>5,863,022</b>   |
| Indexed CLP\$                               | 207,535           | 628,887            | 1,245             | -                  |
| Non-indexed CLP\$                           | 29,294,708        | 23,170,179         | 44,001,811        | 4,258,487          |
| US dollar                                   | 1,702,046         | 1,169,439          | 6,026,503         | 296,949            |
| Peruvian sol                                | 13,205,739        | 5,479,505          | 8,691,282         | 1,307,586          |
| Colombian peso                              | 8,672,278         | 2,692,897          | 5,871,729         | -                  |

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**Note 31 - Foreign Currency (continued)**

|  | 12.31.2019           |                    | 12.31.2018           |                    |
|--|----------------------|--------------------|----------------------|--------------------|
|  | 13 Months to 5 Years | More than 5 Years  | 13 Months to 5 Years | More than 5 Years  |
| <b>Total Non-Current Liabilities</b>           | <b>631,379,172</b>   | <b>564,475,373</b> | <b>448,108,517</b>   | <b>661,631,802</b> |
| Indexed CLP\$                                  | 321,869,440          | 413,012,034        | 286,307,920          | 431,648,795        |
| Non-indexed CLP\$                              | 160,183,466          | 3,358,903          | 69,736,215           | 110,022,723        |
| US dollar                                      | 802,793              | 17,547,640         | 3,162,306            | 1,813,950          |
| Peruvian sol                                   | 131,253,241          | 130,556,795        | 79,555,166           | 117,632,998        |
| Colombian peso                                 | 17,270,232           | -                  | 9,346,910            | 513,336            |
| <b>Other non-current financial liabilities</b> | <b>382,791,050</b>   | <b>497,046,263</b> | <b>350,018,437</b>   | <b>526,238,507</b> |
| Indexed CLP\$                                  | 317,218,377          | 388,129,929        | 284,302,972          | 424,829,458        |
| Non-indexed CLP\$                              | -                    | -                  | 47,782,400           | -                  |
| Peruvian sol                                   | 65,572,673           | 108,916,334        | 17,933,065           | 101,409,049        |
| <b>Bank loans</b>                              | <b>282,115,091</b>   | <b>-</b>           | <b>174,252,468</b>   | <b>37,241,332</b>  |
| Indexed CLP\$                                  | 221,221,379          | -                  | 126,470,068          | 37,241,332         |
| Non-indexed CLP\$                              | -                    | -                  | 47,782,400           | -                  |
| Peruvian sol                                   | 60,893,712           | -                  | -                    | -                  |
| <b>Secured liabilities</b>                     | <b>92,969,692</b>    | <b>473,119,022</b> | <b>166,471,981</b>   | <b>467,150,693</b> |
| Indexed CLP\$                                  | 92,969,692           | 368,629,134        | 155,137,473          | 370,354,474        |
| Peruvian sol                                   | -                    | 104,489,888        | 11,334,508           | 96,796,219         |
| <b>Finance leases</b>                          | <b>7,706,267</b>     | <b>23,927,241</b>  | <b>9,293,989</b>     | <b>21,846,482</b>  |
| Indexed CLP\$                                  | 3,027,306            | 19,500,795         | 2,695,432            | 17,233,652         |
| Peruvian sol                                   | 4,678,961            | 4,426,446          | 6,598,557            | 4,612,830          |
| <b>Other non-current liabilities</b>           | <b>248,588,121</b>   | <b>67,429,109</b>  | <b>98,090,080</b>    | <b>135,393,295</b> |
| Indexed CLP\$                                  | 4,651,062            | 24,882,104         | 2,004,948            | 6,819,337          |
| Non-indexed CLP\$                              | 160,183,466          | 3,358,903          | 21,953,815           | 110,022,723        |
| US dollar                                      | 802,793              | 17,547,640         | 3,162,306            | 1,813,950          |
| Peruvian sol                                   | 65,680,568           | 21,640,461         | 61,622,101           | 16,223,949         |
| Colombian peso                                 | 17,270,232           | -                  | 9,346,910            | 513,336            |

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**Note 32 - Summarized Financial Statements of Main Subsidiaries**

The financial statements of the Company's main subsidiaries as of December 31, 2019 and 2018, are summarized as follows:

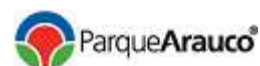
| Subsidiaries   | 12.31.2019     |                    |               |                     |                         |                   |             |               |                     |
|--|----------------|--------------------|---------------|---------------------|-------------------------|-------------------|-------------|---------------|---------------------|
|  | Current Assets | Non-Current Assets | Total Assets  | Current Liabilities | Non-Current Liabilities | Total Liabilities | Revenue     | Expenses      | Profit for the Year |
|  | ThCLP\$        | ThCLP\$            | ThCLP\$       | ThCLP\$             | ThCLP\$                 | ThCLP\$           | ThCLP\$     | ThCLP\$       | ThCLP\$             |
| Todo Arauco S.A.   | 6,092,618      | 127,134,381        | 133,226,999   | 19,407,640          | 22,947,393              | 42,355,033        | 14,818,932  | (5,790,862)   | 9,028,070           |
| Comercial Arauco Ltda.                                   | -              | -                  | -             | 10,649              | -                       | 10,649            | -           | (4,073)       | (4,073)             |
| Nueva Arauco SpA   | 25,665         | 415,015            | 440,680       | 4,568               | -                       | 4,568             | 51,691      | -             | 51,691              |
| Desarrollos Inmobiliarios San Antonio S.A.               | 2,121,693      | 45,715,759         | 47,837,452    | 2,007,519           | 19,021,705              | 21,029,224        | 18,710,409  | (6,770,782)   | 11,939,627          |
| Inversiones Parque Arauco Uno S.A.                       | 208,709        | 7,082,815          | 7,291,524     | 329,498             | -                       | 329,498           | 21,969      | (12,124)      | 9,845               |
| Parque Angamos SpA                                       | 2,322,475      | 16,700,930         | 19,023,405    | 1,013,203           | 12,109,902              | 13,123,105        | 1,417,740   | (7,825,241)   | (6,407,501)         |
| Arauco Chillán SpA                                       | 3,280,148      | 70,970,950         | 74,251,098    | 2,737,268           | 46,680,264              | 49,417,532        | 20,928,153  | (7,532,070)   | 13,396,082          |
| Arauco Malls Chile S.A.                                  | 7,344,124      | 160,851,819        | 168,195,943   | 3,847,455           | 29,285,983              | 33,133,438        | 33,679,706  | (9,746,537)   | 23,933,169          |
| Inmobiliaria Paseo de la Estación S.A. and subsidiary    | 11,061,643     | 91,730,804         | 102,792,447   | 6,697,612           | 19,571,447              | 26,269,059        | 16,067,513  | (23,418,400)  | (7,350,887)         |
| Arauco Express S.A. and subsidiary                       | 2,266,420      | 71,325,505         | 73,591,924    | 2,016,104           | 58,583,080              | 60,599,184        | 6,572,595   | (10,697,758)  | (4,125,163)         |
| Arauco Centros Comerciales Regionales SpA and subsidiary | 20,384,611     | 162,826,693        | 183,211,303   | 19,793,858          | 101,834,700             | 121,628,558       | 34,267,588  | (24,571,815)  | 9,695,772           |
| Parque Arauco Internacional S.A. and subsidiaries        | 185,729,421    | 925,480,191        | 1,111,209,612 | 134,800,834         | 334,848,230             | 469,649,065       | 135,934,204 | (122,339,892) | 13,594,312          |

| Subsidiaries   | 12.31.2018     |                    |              |                     |                         |                   |            |              |                     |
|--|----------------|--------------------|--------------|---------------------|-------------------------|-------------------|------------|--------------|---------------------|
|  | Current Assets | Non-Current Assets | Total Assets | Current Liabilities | Non-Current Liabilities | Total Liabilities | Revenue    | Expenses     | Profit for the Year |
|  | ThCLP\$        | ThCLP\$            | ThCLP\$      | ThCLP\$             | ThCLP\$                 | ThCLP\$           | ThCLP\$    | ThCLP\$      | ThCLP\$             |
| Todo Arauco S.A.   | 1,878,151      | 20,956,480         | 22,834,631   | 1,461,667           | 9,273,778               | 10,735,445        | 8,521,721  | (3,650,142)  | 4,871,579           |
| Comercial Arauco Ltda.                                   | -              | -                  | -            | 6,576               | -                       | 6,576             | -          | (1,363)      | (1,363)             |
| Nueva Arauco SpA   | 450,418        | 435,264            | 885,682      | 954,941             | -                       | 954,941           | 107,085    | (8,661)      | 98,424              |
| Desarrollos Inmobiliarios San Antonio S.A.               | 3,495,868      | 32,025,844         | 35,521,712   | 1,290,218           | 14,947,232              | 16,237,450        | 4,783,391  | (3,064,410)  | 1,718,981           |
| Inversiones Parque Arauco Uno S.A.                       | 236,706        | 6,942,496          | 7,179,202    | 226,356             | -                       | 226,356           | 28,485     | (308,148)    | (279,663)           |
| Parque Angamos SpA                                       | 4,535,949      | 22,987,596         | 27,523,545   | 2,899,914           | 11,716,862              | 14,616,776        | 381,612    | (725,198)    | (343,586)           |
| Arauco Chillán SpA                                       | 1,618,853      | 51,552,784         | 53,171,637   | 384,031             | 3,155,994               | 3,540,025         | 9,302,230  | (3,240,890)  | 6,061,340           |
| Arauco Malls Chile S.A.                                  | 8,346,938      | 140,616,734        | 148,963,672  | 3,575,329           | 25,576,882              | 29,152,212        | 41,019,917 | (19,239,749) | 21,780,168          |
| Inmobiliaria Paseo de la Estación S.A. and subsidiary    | 7,705,605      | 112,501,931        | 120,207,536  | 7,038,202           | 25,871,255              | 32,909,457        | 16,225,998 | (4,231,089)  | 11,994,909          |
| Arauco Express S.A. and subsidiary                       | 2,419,908      | 63,108,236         | 65,528,144   | 5,178,050           | 22,634,120              | 27,812,170        | 10,437,611 | (5,077,833)  | 5,359,778           |
| Arauco Centros Comerciales Regionales SpA and subsidiary | 9,938,368      | 92,024,156         | 101,962,524  | 57,290,455          | 966,453                 | 58,256,908        | 1,990,014  | (1,450,107)  | 539,907             |
| Parque Arauco Internacional S.A. and subsidiaries        | 126,230,520    | 815,504,044        | 941,734,565  | 114,408,320         | 212,024,667             | 326,432,987       | 77,443,856 | (36,043,589) | 41,400,267          |



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**Note 33 - Operating Segments**

The Company's management has decided to segment its business geographically with operations in Chile, Peru and Colombia. This choice was made because the business is controlled separately by country division. The determining factors in this decision include the measurement of each country's participation with respect to Chile and other specific commercial factors such as contractual conditions set with operators in each country, the operating currency of each division and the maturity of the business.

The segment others includes the holding companies for the Company's foreign operations. which are the investment vehicles that hold the largest interests in foreign companies and their assets mainly correspond to advances to develop projects.

| <b>12.31.2019</b>                      | <b>CHILE</b>   | <b>PERU</b>    | <b>COLOMBIA</b> | <b>OTHER</b>   | <b>TOTAL</b>   |
|--|----------------|----------------|-----------------|----------------|----------------|
| <b>Statement of Financial Position</b> | <b>ThCLP\$</b> | <b>ThCLP\$</b> | <b>ThCLP\$</b>  | <b>ThCLP\$</b> | <b>ThCLP\$</b> |
| Current assets                         | 220,327,007    | 87,956,652     | 46,296,751      | 55,341,628     | 409,922,039    |
| Non-current assets                     | 1,369,996,475  | 599,760,463    | 303,825,346     | 8,853,290      | 2,282,435,575  |
| Current liabilities                    | 158,283,349    | 56,668,396     | 106,417,624     | (123,136)      | 321,246,234    |
| Non-current liabilities                | 898,423,842    | 280,160,469    | 17,270,232      | -              | 1,195,854,543  |

| <b>12.31.2018</b>                      | <b>CHILE</b>   | <b>PERU</b>    | <b>COLOMBIA</b> | <b>OTHER</b>   | <b>TOTAL</b>   |
|--|----------------|----------------|-----------------|----------------|----------------|
| <b>Statement of Financial Position</b> | <b>ThCLP\$</b> | <b>ThCLP\$</b> | <b>ThCLP\$</b>  | <b>ThCLP\$</b> | <b>ThCLP\$</b> |
| Current assets                         | 237,950,460    | 105,507,865    | 20,581,120      | 128,139        | 364,167,584    |
| Non-current assets                     | 1,198,428,421  | 566,567,788    | 240,722,300     | 8,213,956      | 2,013,932,465  |
| Current liabilities                    | 79,692,106     | 17,914,560     | 92,714,240      | 11,085         | 190,331,991    |
| Non-current liabilities                | 897,715,652    | 202,161,248    | 9,863,108       | 310            | 1,109,740,318  |

The main items are: Current assets: cash and cash equivalents, trade and other receivables, current tax assets; Non-current assets: investment properties; Liabilities: other current and non-current financial liabilities.

| <b>12.31.2019</b>                 | <b>CHILE</b>       | <b>PERU</b>        | <b>COLOMBIA</b>   | <b>OTHER</b>     | <b>TOTAL</b>       |
|-----------------------------------|--------------------|--------------------|-------------------|------------------|--------------------|
| <b>Statement of Income</b>        | <b>ThCLP\$</b>     | <b>ThCLP\$</b>     | <b>ThCLP\$</b>    | <b>ThCLP\$</b>   | <b>ThCLP\$</b>     |
| Revenue                           | 118,496,566        | 57,767,617         | 29,348,579        | -                | 205,612,761        |
| Operating expenses                | (22,406,608)       | (11,903,499)       | (5,652,597)       | -                | (39,962,704)       |
| <b>Gross profit</b>               | <b>96,089,958</b>  | <b>45,864,118</b>  | <b>23,695,981</b> | <b>-</b>         | <b>165,650,057</b> |
| Administrative expenses           | (11,015,929)       | (5,101,550)        | (3,729,581)       | -                | (19,847,060)       |
| Financial income                  | 9,026,300          | 1,912,439          | 419,571           | 86,153           | 11,444,462         |
| Financial expenses                | (20,728,015)       | (14,757,455)       | (4,549,220)       | (11,340)         | (40,046,031)       |
| Other income and expenses         | 62,727,114         | (36,548,625)       | 8,347,055         | 1,062,990        | 35,588,534         |
| Income tax expense                | (31,556,061)       | (271,525)          | (5,232,693)       | 240,627          | (36,819,653)       |
| <b>Profit (loss) for the year</b> | <b>104,543,367</b> | <b>(8,902,599)</b> | <b>18,951,112</b> | <b>1,378,430</b> | <b>115,970,310</b> |

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**Note 33 - Operating Segments (continued)**

| 12.31.2018<br>Statement of Income | CHILE<br>ThCLP\$  | PERU<br>ThCLP\$   | COLOMBIA<br>ThCLP\$ | OTHER<br>ThCLP\$ | TOTAL<br>ThCLP\$   |
|-----------------------------------|-------------------|-------------------|---------------------|------------------|--------------------|
| Revenue                           | 112,289,428       | 50,718,710        | 26,610,149          | -                | 189,618,287        |
| Operating expenses                | (22,298,290)      | (11,681,502)      | (5,456,620)         | (864)            | (39,437,276)       |
| <b>Gross profit</b>               | <b>88,991,138</b> | <b>39,037,208</b> | <b>21,153,530</b>   | <b>(864)</b>     | <b>150,181,012</b> |
| Administrative expenses           | (8,482,340)       | (4,462,572)       | (2,849,980)         | (12,934)         | (15,807,825)       |
| Financial income                  | 5,608,784         | 2,109,305         | 252,880             | 4,804            | 7,975,774          |
| Financial expenses                | (20,453,495)      | (9,118,272)       | (7,055,337)         | (22)             | (36,627,127)       |
| Other income and expenses         | 42,970,751        | 22,012,689        | 357,938             | (214,619)        | 65,126,759         |
| Income tax expense                | (27,433,775)      | (15,995,517)      | (4,076,106)         | 96,219           | (47,459,179)       |
| <b>Profit (loss) for the year</b> | <b>82,151,063</b> | <b>33,582,840</b> | <b>7,782,926</b>    | <b>(127,416)</b> | <b>123,389,413</b> |

Other Concepts

| 12.31.2019   | CHILE<br>ThCLP\$ | PERU<br>ThCLP\$ | COLOMBIA<br>ThCLP\$ | Total<br>ThCLP\$ |
|--------------|------------------|-----------------|---------------------|------------------|
| Depreciation | (767,299)        | (690,599)       | (456,174)           | (1,914,072)      |
| Amortization | (1,588,000)      | (1,253,786)     | (2,703)             | (2,844,490)      |

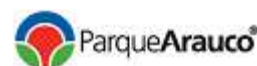
| 12.31.2018   | CHILE<br>ThCLP\$ | PERU<br>ThCLP\$ | COLOMBIA<br>ThCLP\$ | Total<br>ThCLP\$ |
|--------------|------------------|-----------------|---------------------|------------------|
| Depreciation | (209,071)        | (424,170)       | (349,277)           | (982,518)        |
| Amortization | (1,162,928)      | (1,188,473)     | (9,972)             | (2,361,374)      |

Statement of Cash Flows by Segment:

| 12.31.2019   | CHILE<br>ThCLP\$  | PERU<br>ThCLP\$     | COLOMBIA<br>ThCLP\$ | Total<br>ThCLP\$  |
|--|-------------------|---------------------|---------------------|-------------------|
| Net cash flows provided by (used in) operating activities                                      | 87,451,912        | 44,742,439          | 15,388,320          | 147,582,670       |
| Total net cash flows provided by (used in) investing activities                                | (57,045,655)      | (19,953,693)        | (15,269,477)        | (92,268,825)      |
| Net cash flows provided by (used in) financing activities                                      | (5,893,832)       | (49,724,637)        | 24,061,130          | (31,557,339)      |
| <b>Increase (decrease) in cash and cash equivalents before effect of exchange rate changes</b> | <b>24,512,796</b> | <b>(24,935,892)</b> | <b>24,179,972</b>   | <b>23,756,506</b> |
| Effect of exchange rate changes on cash and cash equivalents                                   | 9,986,904         | 769,634             | (301,695)           | 10,454,843        |
| <b>Increase (decrease) in cash and cash equivalents</b>  | <b>34,499,329</b> | <b>(24,166,258)</b> | <b>23,878,278</b>   | <b>34,211,348</b> |
| Cash and cash equivalents at beginning of year   | 200,076,613       | 71,920,709          | 9,226,267           | 281,223,589       |
| Cash and cash equivalents at end of year   | 234,575,942       | 47,754,451          | 33,104,544          | 315,434,937       |

| 12.31.2018   | CHILE<br>ThCLP\$  | PERU<br>ThCLP\$   | COLOMBIA<br>ThCLP\$ | Total<br>ThCLP\$   |
|--|-------------------|-------------------|---------------------|--------------------|
| Net cash flows provided by (used in) operating activities                                      | 81,728,134        | 40,064,070        | 13,955,760          | 135,747,964        |
| Total net cash flows provided by (used in) investing activities                                | (47,801,167)      | 28,768,223        | (4,144,833)         | (23,177,778)       |
| Net cash flows provided by (used in) financing activities                                      | 38,287,982        | (10,253,494)      | (8,850,099)         | 19,184,389         |
| <b>Increase (decrease) in cash and cash equivalents before effect of exchange rate changes</b> | <b>72,214,948</b> | <b>58,578,799</b> | <b>960,827</b>      | <b>131,754,575</b> |
| Effect of exchange rate changes on cash and cash equivalents                                   | 1,520,134         | 1,023,148         | 326,710             | 2,869,941          |
| <b>Increase (decrease) in cash and cash equivalents</b>  | <b>73,735,083</b> | <b>59,601,948</b> | <b>1,287,538</b>    | <b>134,624,568</b> |
| Cash and cash equivalents at beginning of year   | 126,341,531       | 12,318,761        | 7,938,729           | 146,599,021        |
| Cash and cash equivalents at end of year   | 200,076,613       | 71,920,709        | 9,226,267           | 281,223,537        |

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**Note 34 - Operating Leases**

Parque Arauco S.A. and its subsidiaries have operating leases with operators and shopping center tenants. These agreements produce minimum rental income and variable income. Variable income is determined based on sales made by the leased stores.

Minimum future payments receivable under non-cancellable operating leases as of December 31, 2019 and 2018, have been estimated as follows:

| Minimum Payments      | 12.31.2019<br>ThCLP\$ | 12.31.2018<br>ThCLP\$ |
|-----------------------|-----------------------|-----------------------|
| Less than one year    | 183,645,155           | 168,526,324           |
| Between 1 and 5 Years | 771,072,235           | 700,011,108           |
| More than five years  | 1,047,207,459         | 932,292,033           |
| <b>Total</b>          | <b>2,001,924,850</b>  | <b>1,800,829,465</b>  |

**Note 35 - Financial Risk Management**

The Corporate Finance Department is responsible for obtaining financing for each company's activities and managing exchange rate, interest rate, liquidity, inflation and credit risk. These duties are carried out using a framework of policies and procedures reviewed regularly in order to meet the objective of managing financial risks arising from business needs.

Based on the Company's risk management policies, it uses derivative instruments only to hedge exposures to exchange and interest rate risks from the Company's operations and sources of financing.

The Company does not have any derivative instruments for speculative purposes.

**Exchange Rate Risks**

The Company is exposed to exchange rate risk from: a) its net exposure to assets and liabilities in foreign currency and b) cash flows received from subsidiaries in Peru and Colombia as dividends. Its greatest exposure to exchange rate risk comes from variations in the Chilean peso with respect to the US dollar, Colombian peso and Peruvian sol.

As of December 31, 2019, the Company has financial liabilities in Peruvian soles totaling ThCLP\$ 210,187,300, which account for 19% of its total financial liabilities. It has debt in Colombian pesos of ThCLP\$ 95,362,092. Of the rest of its debt, the remaining ThCLP\$ 808,321,035 is indexed to inflation.

The main effects on accounting of a variation in the US dollar with respect to the Chilean peso (1% appreciation) are as follows:

| Net Amount (Asset - Liability) | ThCLP\$            | Currency of Origin (Th) | ThUS\$         | 1% Variation + CLP\$/US\$ (ThCLP\$) |
|--------------------------------|--------------------|-------------------------|----------------|-------------------------------------|
| USD                            | 109,061,662        | 145,660                 | 145,660        | 1,090,617                           |
| Peruvian sol                   | 292,731,432        | 88,411,789              | 390,965        | 2,927,314                           |
| Colombian peso                 | 237,861,673        | 72,706                  | 317,683        | 2,378,617                           |
| <b>Total</b>                   | <b>639,654,767</b> | <b>-</b>                | <b>854,308</b> | <b>6,396,548</b>                    |

The S\$/US\$, and COL/US\$ exchange rates are assumed to remain constant.

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**Note 35 - Financial Risk Management (continued)**

The main effects on accounting of a variation in the Peruvian sol and Colombian peso with respect to the dollar (1% increase in exchange rates), are as follows:

| Net Amount (Asset - Liability) | ThCLP\$            | Currency of Origin<br>(Th) | ThUS\$         | 1% Variation +<br>S\$/US\$ | 1% Variation +<br>COL/US\$ |
|--------------------------------|--------------------|----------------------------|----------------|----------------------------|----------------------------|
| USD                            | 109,061,663        | 145,660                    | 145,660        | -                          |                            |
| Peruvian sol                   | 292,731,432        | 88,411,789                 | 390,965        | 2,927,314                  |                            |
| Colombian peso                 | 237,861,673        | 72,706                     | 317,683        | -                          | 2,378,617                  |
| <b>Total</b>                   | <b>639,654,767</b> | <b>-</b>                   | <b>854,308</b> | <b>2,927,314</b>           | <b>2,378,617</b>           |

This considers net values in foreign currency as of December 31, 2019, which can vary significantly over time.

**Exchange Rate Sensitivity Analysis**

A gain of ThCLP\$ 809,663 was recognized in the consolidated statements of comprehensive income for the year ended December 31, 2019, for exchange differences related to assets and liabilities denominated in foreign currency.

**Interest Rate Risk**

Interest rate risk comes mainly from the Company's financing sources and its investments in marketable securities.

In prior years, its main exposure to interest rate risk has been related to interest-bearing liabilities. However, as of December 31, 2019, less than 10% of its liabilities have variable rates. As a result, the Company's financing structure as of December 2019, is comprised of more than 90% fixed-rate debt. A 0.5% rise in interest rates could affect the variable-rate portion of the Company's debt. The estimated annualized effect on profit and loss is approximately (ThCLP\$ 42,644).

The terms and conditions of the Company's obligations as of December 31, 2019, including exchange rates, interest rate, maturities and effective interest rates, are detailed in Other Financial Liabilities.

**Inflation Risk**

Inflation risk comes mainly from the Company's financing sources. Its main exposure is related to debt denominated in UF with fixed interest rates. As of December 31, 2019, the Company has a total of ThCLP\$ 77,955,370 in debt with inflation-indexed interest rates. However, the Company's revenue is also indexed to inflation, creating a natural match. The Company does not actively hedge any potential changes in expected cash flows due to variations in inflation.

**Credit Risk**

The Company's credit risk comes mainly from receivables from clients.

**Receivables**

Credit risk related to receivables from clients is managed and monitored by the Credit and Collections Committee. The Company has a broad client base that is managed using policies, procedures and controls defined by the Company. Receivables pending payment are monitored regularly. The Company also established a policy of requiring guarantees from clients. These guarantees are almost entirely in the form of performance bonds or cash.

The Company uses the simplified approach described in IFRS 9 for expected credit losses, which permits the use of an estimate of expected credit losses over the life of the instrument for all trade receivables.



**Note 35 - Financial Risk Management (continued)**

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To do this, trade receivables have been grouped by shared credit risk characteristics and days past due.

**Credit Risk from Financial Instruments from Financial Institutions**

The Company has policies to limit its exposure to counterparty credit risk from financial institutions. This risk is monitored frequently. As a result, the Company does not have significant concentrations of credit risk with financial institutions as of December 31, 2019. Its maximum exposure to credit risk from these financial assets is the carrying amount of these assets presented in the statement of financial position. Financial instruments maintained with banks and financial institutions, such as time deposits, investments in mutual funds, instruments purchased with repo agreements and derivative financial instruments, are very low risk.

**Liquidity Risk**

The Company manages liquidity risk on a consolidated level. Its main source of liquidity is cash flows from operating activities. In addition, the Company has unused lines of credit and cash equivalents available to meet its short- and long-term obligations.

In order to manage its short-term liquidity, the Company uses projected cash flows for a rolling period of 36 months. As of December 31, 2019, the Company has unused lines of credit with banks for a total of ThCLP\$ 70,000,000, and cash and cash equivalents of ThCLP\$ 311,166,108 to manage its short-term liquidity needs.

Based on its current operating performance and liquidity position, the Company estimates that cash flows from operating activities and cash and cash equivalents will sufficiently fund working capital, maintenance capex, interest payments, dividend payments, debt repayment requirements and investments for the next 12 months and the foreseeable future.

**Regulatory and Socio-political Risk**

Changes in regulatory, security and/or socio-political conditions in the countries where the Company operates may affect its financial results, the value of its real estate assets and its capacity to send or receive funds to or from foreign markets. Governments and regulatory entities can exercise influence through changes to tax, labor, environmental, urban planning and other laws as well as through adjustments to monetary policy, public spending and other aspects that can affect macroeconomic stability.

Therefore, social and security conditions and the changes listed above can impact operations, returns on existing and future projects and savings and cash flows used to finance investments or can lengthen the time needed to develop projects, among other effects.

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**Note 36 - Investments in Associates Accounted for Using the Equity Method**

As of December 31, 2019 and 2018, in accordance with IFRS 11, the investments under joint control in Inmobiliaria Mall Viña del Mar S.A., and Desarrollos Panamericana S.A.C., are presented as investments in associates accounted for using the equity method (IAS 28). Details are as follows:

| Taxpayer ID No. | Associate                      | % Ownership | Balance as of 01.01.2019 | Additional Dividends | Share of Profit (Loss) | Provision for Dividends | Balance as of 31.12.2019 |
|-----------------|--------------------------------|-------------|--------------------------|----------------------|------------------------|-------------------------|--------------------------|
| 96.863.570-0    | Inmob. Mall Viña del Mar S.A.  | 50%         | 89,928,275               | (2,211,387)          | 7,792,029              | -                       | 95,508,917               |
| 20604463174     | Desarrollos Panamericana S.A.C | 50%         | -                        | -                    | (409,900)              | -                       | 15,842,902               |
| 20513561106     | Soc. de Inv. y Gestión S.A.C.  | 50%         | -                        | -                    | (177,506)              | -                       | 5,368,988                |
| 20543349403     | Inmobiliaria Kotare S.A.C.     | 50%         | -                        | -                    | (18,000)               | -                       | 488,982                  |
| <b>Total</b>    |                                |             |                          |                      |                        |                         | <b>117,209,789</b>       |

| Taxpayer ID No. | Associate                     | % Ownership | Balance as of 01.01.2018 | Additional Dividends | Share of Profit (Loss) | Provision for Dividends | Balance as of 12.31.2018 |
|-----------------|-------------------------------|-------------|--------------------------|----------------------|------------------------|-------------------------|--------------------------|
| 96.863.570-0    | Inmob. Mall Viña del Mar S.A. | 50%         | 113,466,856              | (31,239,139)         | 10,330,051             | (2,629,493)             | 89,928,275               |
| <b>Total</b>    |                               |             |                          |                      |                        |                         | <b>89,928,275</b>        |

| Taxpayer ID No. | Associate                           | Country | Currency     | Ownership Interest % | Profit (Loss) of Associate ThCLP\$ | 12.31.2019 ThCLP\$ |
|-----------------|-------------------------------------|---------|--------------|----------------------|------------------------------------|--------------------|
| 96.863.570-0    | Inmobiliaria Mall Viña del Mar S.A. | Chile   | Chilean peso | 50.00%               | 15,584,058                         | 7,792,029          |
| 20604463174     | Desarrollos Panamericana S.A.C      | Peru    | Peruvian sol | 50.00%               | (819,800)                          | (409,900)          |
| 20513561106     | Soc. de Inv. y Gestión S.A.C.       | Peru    | Peruvian sol | 50.00%               | (355,013)                          | (177,506)          |
| 20543349403     | Inmobiliaria Kotare S.A.C.          | Peru    | Peruvian sol | 50.00%               | (36,001)                           | (18,000)           |
|                 |                                     |         |              |                      |                                    | <b>7,186,623</b>   |

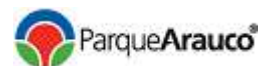
| Taxpayer ID No. | Associate                           | Country | Currency     | Ownership Interest % | Profit (Loss) of Associate ThCLP\$ | 12.31.2018 ThCLP\$ |
|-----------------|-------------------------------------|---------|--------------|----------------------|------------------------------------|--------------------|
| 96.863.570-0    | Inmobiliaria Mall Viña del Mar S.A. | Chile   | Chilean peso | 50.00%               | 20,660,102                         | 10,330,051         |
|                 |                                     |         |              |                      |                                    | <b>10,330,051</b>  |

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**Note 36 - Investments in Associates Accounted for Using the Equity Method (continued)**

Summarized financial information for associates as of December 31, 2019 and 2018, is as follows:

| Investments                             | Inmobiliaria Viña del Mar S.A. |             | Desarrollos Panamericana S.A.C. |            | Soc.de Invers.y Gestión S.A.C. |            | Inmobiliaria Kotare S.A.C |            |
|---|--------------------------------|-------------|---------------------------------|------------|--------------------------------|------------|---------------------------|------------|
|   | 12.31.2019                     | 12.31.2018  | 12.31.2019                      | 12.31.2018 | 12.31.2019                     | 12.31.2018 | 12.31.2019                | 12.31.2018 |
| Statement of Financial Position         | ThCLP\$                        | ThCLP\$     | ThCLP\$                         | ThCLP\$    | ThCLP\$                        | ThCLP\$    | ThCLP\$                   | ThCLP\$    |
| Total assets                            | 558,392,785                    | 349,877,729 | 32,155,537                      | -          | 15,756,348                     | -          | 1,333,356                 | -          |
| Total Liabilities                       | 400,407,544                    | 225,709,142 | 471,089                         | -          | 5,018,373                      | -          | 355,391                   | -          |
| Cash and cash equivalents               | 22,042,874                     | 11,150,948  | 99,973                          | -          | 135,534                        | -          | 8,646                     | -          |
| Other financial liabilities, current    | 62,489,979                     | 35,198,195  | -                               | -          | -                              | -          | -                         | -          |
| Other non-current financial liabilities | 263,416,672                    | 125,681,275 | -                               | -          | -                              | -          | -                         | -          |
| <b>Profit for the year</b>              |                                |             |                                 |            |                                |            |                           |            |
| Income                                  | 45,614,664                     | 33,973,901  | -                               | -          | -                              | -          | -                         | -          |
| Expenses                                | (8,793,224)                    | (4,756,178) | -                               | -          | (29,598)                       | -          | (19,230)                  | -          |
| Depreciation and amortization           | (436,477)                      | (346,290)   | -                               | -          | (8,305)                        | -          | -                         | -          |
| Financial income                        | 190,261                        | 946,147     | -                               | -          | 381,593                        | -          | -                         | -          |
| Financial expenses                      | (6,214,570)                    | (3,072,433) | -                               | -          | (225,266)                      | -          | (1,372)                   | -          |
| Other income and expenses               | 1,075,980                      | 188,361     | (819,800)                       | -          | (473,437)                      | -          | (15,399)                  | -          |
| Income tax expense                      | (16,289,045)                   | (6,619,695) | -                               | -          | -                              | -          | -                         | -          |

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**Note 37 - Financial Derivative Instruments**

Details of cash flow hedges as of December 31, 2019 and 2018, presented in other financial assets and liabilities, are as follows:

| Type of Derivative        | Company                     | Bank       | Contract Value | Maturity | Account Affected         | Total              |
|---------------------------|-----------------------------|------------|----------------|----------|--------------------------|--------------------|
|                           |                             |            | ThCLP\$        |          |                          | Total MTM          |
| Cross Currency Swap       | Plaza Estación S.A.         | BCI        | 14,199,789     | 3Q 2022  | Liability                | (1,519,131)        |
| Cross Currency Swap       | Parque Arauco Colombia S.A. | Davivienda | 22,657,535     | 2Q 2020  | Liability                | (200,800)          |
| <b>Balance 12.31.2019</b> |                             |            |                |          | <b>Total liabilities</b> | <b>(1,719,930)</b> |
|                           |                             |            |                |          | <b>Total assets</b>      |                    |
|                           |                             |            |                |          | <b>Net total</b>         | <b>(1,719,930)</b> |

| Type of Derivative        | Company                       | Bank       | Contract Value | Maturity | Account Affected         | Total              |
|---------------------------|-------------------------------|------------|----------------|----------|--------------------------|--------------------|
|                           |                               |            | ThCLP\$        |          |                          | Total MTM          |
| Cross Currency Swap       | Plaza Estación S.A.           | BCI        | 14,199,789     | 3Q 2022  | Liability                | (1,685,269)        |
| Cross Currency Swap       | Arauco Express S.A.           | Security   | 9,104,808      | 2Q 2020  | Liability                | (2,411,952)        |
| Cross Currency Swap       | Arauco Express S.A.           | BCI        | 3,067,500      | 3Q 2019  | Liability                | (381,164)          |
| Cross Currency Swap       | Inv. Inm. Bucaramanga S.A.S.  | Davivienda | 18,248,315     | 2Q 2019  | Liability                | (22,366)           |
| Cross Currency Swap       | Inmobiliaria La Colina S.A.S. | Santander  | 61,668,903     | 2Q 2019  | Asset                    | 6,604,226          |
| <b>Balance 12.31.2018</b> |                               |            |                |          | <b>Total liabilities</b> | <b>(4,500,751)</b> |
|                           |                               |            |                |          | <b>Total assets</b>      | <b>6,604,226</b>   |
|                           |                               |            |                |          | <b>Net total</b>         | <b>2,103,475</b>   |

**Note 38 - Business Combination**

As of December 31, 2019, the following business combination took place:

On July 29, 2019, Parque Arauco S.A., announced its acquisition of 52.5% of Fideicomiso Patrimonio Autónomo Alegria Barranquilla, which owns the project under construction Parque Alegria Centro Comercial. The project is being developed on a 46,427 M<sup>2</sup> plot located south of the city of Barranquilla, Colombia.

On October 9, 2019, an agreement was signed confirming the acquisition of 52.5% of the trust. The agreement also establishes options for the parties to buy or sell the non-controlling interest once construction has been completed on the shopping center and a series of requirements and milestones set forth in the agreement have been fulfilled. As of December 31, 2019, 10% progress had been made on shopping center construction.

Taking control of Parque Arauco Colombia S.A. will enable Parque Arauco, through its subsidiaries, to increase its market share in that country and, once construction is completed on the shopping center, to increase the GLA maintained by the Group in Colombia by 50,000 M<sup>2</sup>.

As of the date of acquisition, Patrimonio Autónomo Alegria Barranquilla has not provided the Group's operating results since it is using December 31, 2019, as the date of purchase for financial-accounting purposes.

- a) **Consideration transferred:** This increase in the interest in Patrimonio Autónomo Alegria Barranquilla will involve a total cash disbursement of ThCLP\$26,066,925.
- b) **Costs related to the acquisition, recorded as an expense:** The costs related to the acquisition of Patrimonio Autónomo Alegria Barranquilla recorded as an expense totaled ThCLP \$235,973. Those costs consist mainly of fees for financial, tax and legal advising and were recorded in the consolidated statement of comprehensive income.



#### Note 38 - Business Combination (continued)

- c) **Identifiable assets acquired and identifiable liabilities assumed:** The following table summarizes the amounts recorded for assets acquired and liabilities assumed as of the date of acquisition (December 31, 2019):

| Net Identifiable Assets and Liabilities Acquired | Fair Value<br>ThCLP\$ |
|--|-----------------------|
| Cash and cash equivalents                        | 88,513                |
| Investment property                              | 21,332,669            |
| Other non-financial assets                       | 2,370,824             |
| Total net identifiable assets acquired           | 19,050,358            |

#### Valuation of business combination:

| Goodwill  | ThCLP\$          |
|---|------------------|
| Participation in equity of acquiring company at fair value (a)                | 21,134,890       |
| Consideration transferred (2)   | 26,066,925       |
| <b>Preliminary goodwill determined as of the acquisition date = (2) - (1)</b> | <b>4,932,035</b> |

Management has preliminarily determined that 100% of the goodwill identified in the business combination corresponds to investment properties.

#### Note 39 - Fair Value Determination

Several of the Group's accounting policies and disclosures require it to determine the fair value of financial and non-financial assets and liabilities. Fair values have been determined for valuation and/or disclosure purposes using the following methods:

##### 1. Intangible Assets

Intangible assets are measured at fair value upon acquisition. These fair values are reviewed regularly and re-measured if there is any evidence of impairment.

##### a) Commercial Trademarks:

The fair value of trademarks acquired in a business combination is based on the estimated value that the intangible asset contributes to cash flows. For these purposes, the value of the trademark has been estimated using a combination of two valuation methods. The first determines the incremental value from owning the trademark, comparing discounted cash flows with and without it (the with and without approach). The second method is based on a current estimate of obtaining and/or creating that intangible asset based on the resources that will be consumed or handed over to obtain the asset (the cost method).

##### b) Client Portfolio:

The fair value of the client portfolio acquired in a business combination is determined using the excess earnings method for several periods. Based on this method, the asset is accounted for after deducting a reasonable rate of return on the assets that are part of the creation of related cash flows.

##### c) Other Intangible Assets:

The fair value of backlog contracts has been determined based on the revenue generated by current contracts with their respective maturity dates. The Company defined a percentage of credit risk to be applied as cost and the cash flows were discounted at a rate close to a risk-free rate.

**Note 39 - Fair Value Determination (continued)**

**2. Investment Properties**

Fair values are based on market values, which are the estimated amount at which the properties could be exchanged at the valuation date between knowledgeable, willing parties in an arm's length transaction after a proper trade in which both parties acted voluntarily.

When there are no current prices in an active market, the valuation is prepared based on the total estimated cash flows that the Company expects to receive from the property lease. In calculating the valuation of the property, the Company uses a rate of return that reflects the specific risks inherent to the net annual cash flows.

a) Sensitivity to net cash flows

A reduction in the estimated net cash flows that the Company expects to receive whether because of a decrease in income, a rise in costs, an increase in tax rates or a combination of these effects, would result in a decrease in an asset's fair value. An increase in the estimated net cash flows that the Company expects to receive would have the opposite effect.

b) Sensitivity to rates of return

An increase in the rate of return that reflects the specific risks inherent to the net cash flows the Company expects to receive, whether because of an increase in risk-free rates, a rise in the risk premium demanded by the market or a combination of both, would result in a decrease in an asset's fair value. A decrease in the rate of return that reflects the specific risks inherent to the net cash flows it expects to receive would have the opposite effect.

The fair value of investment properties is not based on an appraisal from an independent expert.

**3. Derivatives**

The fair value of foreign currency forwards is based on the quoted market price, if available. The fair value of interest rate swaps is based on broker quotes.

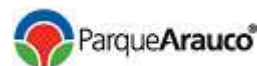
**4. Interest Rates Used to Determine Fair Value**

Interest rates used to determine estimated cash flows, for valuing both investment properties and intangible assets, are as follows:

| Assets/Liabilities    | Nominal Interest Rate<br>12.31.2019 | Nominal Interest Rate<br>12.31.2018 |
|-----------------------|-------------------------------------|-------------------------------------|
| Investment properties | 8.5% - 10.5%                        | 8.5% - 10.5%                        |
| Intangible assets     | 8.5% - 10.5%                        | 8.5% - 10.5%                        |

Cash flows used to determine the fair value of assets consider tax effects contemplated in the operations of the shopping centers (the rates presented are after tax).

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**Note 39 - Fair Value Determination (continued)**

**5. Fair Value Hierarchy**

For the fair value measurements recorded in the statement of financial position, the entity discloses the level on the fair value hierarchy with which all fair value measurements are classified.

Details of financial instruments at fair value by valuation method are as follows:

| Assets/Liabilities                    | Level 1<br>ThCLP\$ | Level 2<br>ThCLP\$ | Level 3<br>ThCLP\$ | 12.31.2019<br>ThCLP\$ |
|---------------------------------------|--------------------|--------------------|--------------------|-----------------------|
| Intangible assets (note 11)           | -                  | -                  | 18,105,057         | 18,105,057            |
| Investment properties (note 14)       | -                  | -                  | 2,029,497,746      | 2,029,497,746         |
| Derivatives (net liability) (note 37) | -                  | (1,719,930)        | -                  | (1,719,930)           |

| Assets/Liabilities                | Level 1<br>ThCLP\$ | Level 2<br>ThCLP\$ | Level 3<br>ThCLP\$ | 12.31.2018<br>ThCLP\$ |
|-----------------------------------|--------------------|--------------------|--------------------|-----------------------|
| Intangible assets (note 11)       | -                  | -                  | 16,170,952         | 16,170,952            |
| Investment properties (note 14)   | -                  | -                  | 1,794,029,825      | 1,794,029,825         |
| Derivatives (net asset) (note 37) | -                  | 2,103,475          | -                  | 2,103,475             |

**Level 1:** Quoted (unadjusted) prices in active markets for identical assets and liabilities.

**Level 2:** Inputs other than the quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. price derivatives).

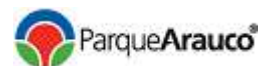
**Level 3:** Unobservable inputs for the asset or liability.

**Note 40 - Environment**

As required by Circular No. 1,901 issued by the Financial Market Commission, Parque Arauco S.A., and its subsidiaries have made the following disbursements between January 1 and December 31, 2019, related to protecting the environment:

| Parent Company or Subsidiary         | Project Related to Disbursement                      | Reason for Disbursement | Asset or Expense | Description of Asset or Expense  | Amount Disbursed ThCLP\$ | Certain or Estimated Date of Future Disbursement | Project Completed or Underway |
|--------------------------------------|--|-------------------------|------------------|--|--------------------------|--|-------------------------------|
| Parque Arauco S.A.                   | Recycling services in offices                        | Waste management        | Expense          | Recycling in offices   | 6,544                    | -  | Completed                     |
| Parque Arauco S.A.                   | Recycling program at Parque Arauco Kennedy           | Waste management        | Expense          | Recycling at Parque Arauco Kennedy, including Ecoventing machine and pick-up   | 164,354                  | Dec-19   | In Progress                   |
| Arauco Malls Chile S.A.              | Recycling program at Arauco Maipú                    | Waste management        | Expense          | Recycling at Arauco Maipú, pick-up   | 103,381                  | Dec-19   | In Progress                   |
| Inmobiliaria La Colina Arauco S.A.S. | Recycling and compost program                        | Waste management        | Expense          | Waste recycling and composting at Parque La Colina                             | 7,015                    | -  | Completed                     |
| Inmobiliaria La Colina Arauco S.A.S. | Park maintenance and green walls at Parque La Colina | Landscaping             | Expense          | Maintaining park bordering Parque La Colina and green walls in shopping center | 26,815                   | Dec-19   | In Progress                   |

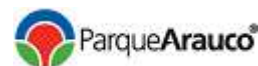
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| Parent Company or Subsidiary           | Project Related to Disbursement                                 | Reason for Disbursement | Asset or Expense | Description of Asset or Expense  | Amount Disbursed ThCLP\$ | Certain or Estimated Date of Future Disbursement | Project Completed or Underway |
|--|---|-------------------------|------------------|--|--------------------------|--|-------------------------------|
| Inv. Inmob. Barranquilla Arauco S.A.S. | Maintenance of vertical gardens and plants at Parque Caracolí   | Landscaping             | Expense          | Maintaining vertical gardens and other plants at Parque Caracolí   | 19,261                   | Dec-19   | In Progress                   |
| Parque Arauco S.A.                     | Capacitor bank  | Energy efficiency       | Expense          | Installing a capacitor bank at Parque Arauco Kennedy to eliminate reactive power losses.   | 13,367                   | -  | Completed                     |
| Parque Arauco S.A.                     | Busbar coupler at PAK   | Energy efficiency       | Expense          | Installing a busbar coupler at Parque Arauco Kennedy to eliminate magnetic losses in electrical transformers.  | 21,142                   | -  | Completed                     |
| Arauco Malls Chile S.A.                | Busbar coupler at MAM   | Energy efficiency       | Expense          | Installing a busbar coupler at Mall Arauco Maipú to eliminate magnetic losses in electrical transformers.  | 19,778                   | -  | Completed                     |
| Arauco Malls Chile S.A.                | Lighting upgrades at MAQ  | Energy efficiency       | Expense          | Changing bulbs with LED lighting in parking lots at Mall Arauco Quilicura to reduce energy consumption.  | 11,271                   | -  | Completed                     |
| Plaza Estación S.A.                    | Busbar coupler at MAE   | Energy efficiency       | Expense          | Installing a busbar coupler at Mall Arauco Estación to eliminate magnetic losses in electrical transformers.   | 15,611                   | -  | Completed                     |
| Bulevar Rentas Inmobiliarias S.A.      | Lighting upgrades at ACO  | Energy efficiency       | Expense          | Changing bulbs with LED lighting in parking lots at Mall Arauco Coronel to reduce energy consumption.  | 9,443                    | -  | Completed                     |
| El Quinde Shopping Plaza S.A.C.        | Design system to use rainwater                                  | Water efficiency        | Expense          | Designing a system to harvest, store and treat rainwater to be used for toilets and hygienic services.   | 2,607                    | Dec-19   | In Progress                   |
| Inv. La Colina S.A.                    | Securing vertical gardens                                       | Water efficiency        | Expense          | Repairing programmable automated drip irrigation system for green walls, securing and dismantling current walls, checking geotextiles and PVC sheets and modifying anchoring system. | 58,071                   | Dec-19   | In Progress                   |
| Parque Arauco S.A.                     | Evaluation of risks and opportunities related to climate change | Climate change          | Expense          | Identifying and evaluating financial risks and opportunities related to climate change.  | 16,197                   | -  | Completed                     |
| Altek Trading S.A.C.                   | Lighting upgrades at ALT  | Energy efficiency       | Expense          | Upgrading to LED lighting in bathrooms at Megaplaza Chimbote to reduce energy consumption.   | 2,099                    | Dec-19   | In Progress                   |
| Inv. Alameda Sur S.A.C.                | Lighting upgrades at IAS  | Energy efficiency       | Expense          | Upgrading to LED lighting in parking lots at Megaplaza Chimbote to reduce energy consumption.  | 3,342                    | Dec-19   | In Progress                   |



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| Parent Company or Subsidiary           | Project Related to Disbursement                 | Reason for Disbursement  | Asset or Expense | Description of Asset or Expense   | Amount Disbursed ThCLP\$ | Certain or Estimated Date of Future Disbursement | Project Completed or Underway |
|--|---|--------------------------|------------------|---|--------------------------|--|-------------------------------|
| Inversiones Lendipo S.A.C.             | Lighting upgrades at LEN                        | Energy efficiency        | Expense          | Upgrading to LED lighting in parking lots at Megaplaza Huaral to reduce energy consumption.                               | 1,749                    | Oct-19   | In Progress                   |
| Parque Lambramani S.A.C.               | Making improvements to environmental management | Environmental management | Expense          | Waste management plan and improvements in water use, lighting and signage at Larcomar.                                    | 19,148                   | Dec-19   | In Progress                   |
| Parque Lambramani S.A.C.               | Making improvements to environmental management | Environmental management | Expense          | Waste management plan and improvements in water use, lighting and signage at InOutlet Lurín.                              | 5,611                    | Dec-19   | In Progress                   |
| Strip Centers del Perú S.A.C.          | Making improvements to environmental management | Environmental management | Expense          | Waste management plan and improvements in water use, lighting and signage at InOutlet Faucett.                            | 5,177                    | Dec-19   | In Progress                   |
| Strip Centers del Perú S.A.C.          | Making improvements to environmental management | Environmental management | Expense          | Waste management plan and improvements in water use, lighting and signage at Viamix Chorrillos.                           | 2,913                    | Dec-19   | In Progress                   |
| Inmuebles Panamericana S.A.            | Making improvements to environmental management | Environmental management | Expense          | Waste management plan and improvements in water use, lighting and signage at Megaplaza Norte.                             | 6,853                    | Dec-19   | In Progress                   |
| Inmobiliaria Paseo de la Estación S.A. | Lighting upgrades at MAE                        | Energy efficiency        | Expense          | Upgrading to LED lighting to reduce energy consumption.   | 31,141                   | -  | Completed                     |
| Arauco Malls Chile S.A.                | Lighting upgrades at MAM                        | Energy efficiency        | Expense          | Upgrading to LED lighting to reduce energy consumption.   | 53,789                   | -  | Completed                     |
| Bulevar Rentas Inmobiliarias S.A.      | Lighting upgrades at ACO                        | Energy efficiency        | Expense          | Upgrading to LED lighting to reduce energy consumption.   | 20,270                   | -  | Completed                     |
| Arauco Malls Chile S.A.                | Energy Management System (ISO 50001)            | Energy management        | Expense          | Implementation of an energy management system based on ISO 50001:2018 in common areas at shopping centers MAM - MAQ - ACH | 6,426                    | Dec-19   | In Progress                   |
| Inmuebles Panamericana S.A.            | Lighting upgrades at CAJ                        | Energy efficiency        | Expense          | Changing bulbs with LED lighting in parking lots at El Quinde de Cajamarca to reduce energy consumption.                  | 20,603                   | Dec-19   | In Progress                   |
| Inmuebles Panamericana S.A.            | Making improvements to environmental management | Environmental management | Expense          | Waste management plan and improvements in water use, lighting and signage at Megaplaza Norte.                             | 6,853                    | Dec-19   | In Progress                   |

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**Note 41 - Contingencies, Commitments and Restrictions**

**1. Contingent Liabilities**

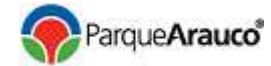
As of December 31, 2019, the consolidated companies are party to pending lawsuits and proceedings related to their normal operations. The Company has recorded provisions for some lawsuits and proceedings that, in the opinion of its legal counsel, may result in a loss. They are presented in note 17.

| Subject      | No. of Cases | Amount Involved (ThCLP\$) |
|--------------|--------------|---------------------------|
| Civil        | 3            | 54,658                    |
| Criminal     | 2            | -                         |
| Other        | 4            | -                         |
| <b>Total</b> | <b>9</b>     | <b>54,658</b>             |

**2. Direct Guarantees**

| Guarantee Creditor | Name                        | Relationship             | Guarantee | Assets   | Carrying Amount | Balance Outstanding as of 12.31.2019 | Balance Outstanding as of 12.31.2018 |
|--------------------|-----------------------------|--------------------------|-----------|--|-----------------|--------------------------------------|--------------------------------------|
| Itaú               | Inv.Inmob.Bucaramaga S.A.S. | Subsidiary of subsidiary | Trust     | Parque Caracolí shopping center                              | -               | -                                    | 17,887,738                           |
| Davivienda         | Parque Arauco Colombia S.A. | Subsidiary of subsidiary | Trust     | Parque La Colina shopping center                             | 165,029,049     | 22,507,331                           | -                                    |
| Bondholders        | Inmuebles Panamericana S.A. | Subsidiary of subsidiary | Trust     | Megaplaza shopping center                                    | 293,090,710     | 136,490,238                          | 73,827,848                           |
| Scotiabank         | Inmuebles Panamericana S.A. | Subsidiary of subsidiary | Trust     | Real estate in Barranca, Pisco, Chinchá, Cañete and Chimbote | 54,191,000      | 37,901,000                           | 31,767,086                           |

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**Note 41 - Contingencies, Commitments and Restrictions (continued)**

**3. Indirect Guarantees**

Details of performance bonds in force as of December 31, 2019, are as follows:

| Company   | Bank  | Bond Number | Origin     | Term | Maturity   | Rate  | Currency | Amount       | Status  | Payment       | Beneficiary   | Taxpayer ID No. | Reason / Reference   |
|---|-------|-------------|------------|------|------------|-------|----------|--------------|---------|---------------|---|-----------------|--|
| Parque Arauco S.A.                                | Chile | 000.259-9   | 7/24/2018  | 1105 | 8/2/2021   | 0.40% | UF       | 1,000.00     | Current | 30-day notice | Municipality of Chillan   | 69.140.900-7    | To guarantee the correct use and conservation, functioning and maintenance of pedestrian overpasses during concession term. -  |
| Parque Arauco S.A.                                | Chile | 009.157-2   | 8/21/2018  | 730  | 8/20/2020  | 0.40% | CLP\$    | 1,142,971.00 | Current | 30-day notice | Ministry of Public Works - Highway Department - Coquimbo Region | 61.202.000-0    | To guarantee faithful compliance with MOP decree 1,319 of 1977 of 12.07-77   |
| Parque Arauco S.A.                                | Chile | 502.647-5   | 2/22/2019  | 374  | 3/2/2020   | 0.40% | UF       | 100          | Current | On demand     | Municipality of Las Condes                                      | 69.070.400-5    | To guarantee faithful and timely compliance with all obligations imposed by permit no. 591 for installing, managing and operating an elevator on the southern sidewalk along Avenida Presidente Kennedy - Parque Arauco. |
| Centros Comerciales Vecinales Arauco Express S.A. | Chile | 506.378-6   | 8/1/2019   | 378  | 8/13/2020  | 0.40% | UF       | 1,440.00     | Current | On demand     | Empresa de Transporte de Pasajeros Metro S.A.                   | 61.219.000-3    | To guarantee faithful and timely fulfillment of the obligations arising from lease agreement CO-188-2014-I between Empresa de Transporte de Pasajeros S.A., and Centros Comerciales Vecinales Arauco Express S.A.        |
| Parque Arauco S.A.                                | Chile | 356.278-4   | 8/28/2019  | 343  | 8/5/2020   | 0.40% | UF       | 1,000.00     | Current | On demand     | Municipality of Las Condes                                      | 69.070.400-5    | To respond for damages that may arise in public spaces during construction of entrances at Parque Arauco, based on permit issued in municipal decree section 1° no. 5126 of 11.14.2016.                                  |
| Parque Arauco S.A.                                | Chile | 508.565-7   | 11/22/2019 | 397  | 12/23/2020 | 0.40% | UF       | 9,000.00     | Current | 30-day notice | Municipality of Las Condes                                      | 69.070.400-5    | To guarantee urban development works along Avda. Presidente Kennedy, Boulevard 2 Parque Arauco S.A., P.E. 245/05 and plan S/7321   |
| Parque Arauco S.A.                                | Chile | 508.561-5   | 11/22/2019 | 397  | 12/23/2020 | 0.40% | UF       | 9,610.00     | Current | 30-day notice | Municipality of Las Condes                                      | 69.070.400-5    | To guarantee sidewalk pavement, green area and public lighting works on Lot C-5-B on street Cerro Colorado S-7321.   |
| Parque Arauco S.A.                                | Chile | 358.877-0   | 12/13/2019 | 189  | 6/19/2020  | 0.40% | UF       | 364.46       | Current | 30-day notice | Chilquinta Energía S.A.   | 96.813.520-1    | To guarantee faithful compliance with payment and use of power   |
| Parque Arauco S.A.                                | Chile | 358.878-8   | 12/13/2019 | 189  | 6/19/2020  | 0.40% | UF       | 364.46       | Current | 30-day notice | Chilquinta Energía S.A.   | 96.813.520-1    | To guarantee faithful compliance with payment and use of power   |

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**Note 41 - Contingencies, Commitments and Restrictions (continued)**

**4. Other Restrictions**

Details of bonds payable and their associated covenants as of December 31, 2019, are as follows:

| Bank           | Company   | Start     | Maturity  | Covenant / Restriction                   | Limit   | Current | Clearance |
|----------------|---|-----------|-----------|--|---------|---------|-----------|
| Series K bonds | Parque Arauco S.A.                                      | 9/1/2014  | 9/1/2039  | Net financial debt / equity              | <= 1.50 | 0.68    | 0.82      |
|                |   |           |           | EBITDA / Financial Expenses              | >= 2.50 | 3.64    | 1.14      |
| Series L bonds | Parque Arauco S.A.                                      | 3/1/2015  | 3/1/2020  | Net financial debt / equity              | <= 1.50 | 0.68    | 0.82      |
| Series O bonds | Parque Arauco S.A.                                      | 3/1/2015  | 3/1/2040  | Net financial debt / equity              | <= 1.50 | 0.68    | 0.82      |
| Series P bonds | Parque Arauco S.A.                                      | 10/1/2016 | 10/1/2023 | Net financial debt / equity              | <= 1.50 | 0.68    | 0.82      |
| Series R bonds | Parque Arauco S.A.                                      | 10/1/2016 | 10/1/2037 | Net financial debt / equity              | <= 1.50 | 0.68    | 0.82      |
| Series T bonds | Parque Arauco S.A.                                      | 8/5/2018  | 8/5/2025  | Net financial debt / equity              | <= 1.50 | 0.68    | 0.82      |
| Series V bonds | Parque Arauco S.A.                                      | 8/5/2018  | 8/5/2028  | Net financial debt / equity              | <= 1.50 | 0.68    | 0.82      |
| Estado         | Parque Arauco S.A.                                      | 4/3/2006  | 4/3/2021  | Net financial debt / equity              | <= 1.50 | 0.68    | 0.82      |
| Estado         | Parque Arauco S.A.                                      | 6/12/2007 | 6/12/2027 | Net financial debt / equity              | <= 1.50 | 0.68    | 0.82      |
| Banco de Chile | Parque Arauco S.A.                                      | 5/13/2019 | 5/13/2020 | Net financial debt / equity              | <= 1.50 | 0.68    | 0.82      |
| Scotiabank     | Centro Comercial Arauco Express Ciudad Empresarial S.A. | 12/1/2017 | 12/1/2021 | Net financial debt / equity              | <= 1.10 | 0.16    | 0.94      |
|                |   |           |           | Investment Property / Net Financial Debt | >= 1.50 | 8.68    | 7.18      |
| BCI            | Plaza Estación S.A.                                     | 7/3/2012  | 7/3/2022  | (Ebitda-Dividends)/(FE+Amort. Bank Debt) | > 1.20  | 6.34    | 5.14      |
|                |   |           |           | Net Financial Debt/ Ebitda               | < 4.00  | -0.11   | 4.11      |
| Scotiabank     | Arauco Centros Comerciales Regionales S.A.              | 1/30/2019 | 1/30/2024 | Bank Debt/Collateral                     | <= 0.85 | 0.49    | 0.36      |
| Scotiabank     | Arauco Chillán SpA                                      | 4/29/2019 | 4/29/2024 | Bank Debt ACCR + ACH/Collateral          | <= 0.85 | 0.83    | 0.02      |



**PARQUE ARAUCO S.A. AND SUBSIDIARIES**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2019 AND 2018  
AND FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018



**Note 41 - Contingencies, Commitments and Restrictions (continued)**

**4. Other Restrictions**

| Bank                                   | Company                      | Start     | Maturity  | Covenant / Restriction      | Limit   | Current | Clearance |
|--|------------------------------|-----------|-----------|-----------------------------|---------|---------|-----------|
| BCP                                    | Inmobiliaria El Quinde S.A.C | 5/4/2015  | 5/2/2025  | Debt coverage               | > 1.20  | 2.83    | 1.63      |
|  |                              |           |           | Leverage                    | < 1.50  | 0.40    | 1.10      |
|  |                              |           |           | Contracted income           | > 1.50  | 3.26    | 1.76      |
| Bonds (second issuance) BCP            | Inmuebles Panamericana S.A.  | 1/20/2012 | 1/20/2032 | Rental income/debt service  | >= 2.00 | 3.80    | 1.80      |
|  |                              |           |           | Deferred liabilities/equity | <= 1.75 | 0.98    | 0.77      |
|  |                              |           |           | EBITDA/debt service         | >= 1.75 | 2.79    | 1.04      |
| Bonds (third issuance) BCP             | Inmuebles Panamericana S.A.  | 1/20/2012 | 1/20/2032 | Rental income/debt service  | >= 2.00 | 3.80    | 1.80      |
|  |                              |           |           | Deferred liabilities/equity | <= 1.75 | 0.98    | 0.77      |
|  |                              |           |           | EBITDA/debt service         | >= 1.75 | 2.79    | 1.04      |
| Bonds (fourth issuance) BCP            | Inmuebles Panamericana S.A.  | 9/10/2015 | 9/10/2045 | Rental income/debt service  | >= 2.00 | 3.80    | 1.80      |
|  |                              |           |           | Deferred liabilities/equity | <= 1.75 | 0.98    | 0.77      |
|  |                              |           |           | EBITDA/debt service         | >= 1.75 | 2.79    | 1.04      |
| Bonds (fifth issuance) BCP             | Inmuebles Panamericana S.A.  | 9/10/2015 | 9/10/2040 | Rental income/debt service  | >= 2.00 | 3.80    | 1.80      |
|  |                              |           |           | Deferred liabilities/equity | <= 1.75 | 0.98    | 0.77      |
|  |                              |           |           | EBITDA/debt service         | >= 1.75 | 2.79    | 1.04      |
| Bonds (sixth issuance)<br>Scotiabank   | Inmuebles Panamericana S.A.  | 1/19/2017 | 1/20/2042 | Rental income/debt service  | >= 2.00 | 3.51    | 1.51      |
|  |                              |           |           | Deferred liabilities/equity | <= 1.75 | 1.28    | 0.47      |
|  |                              |           |           | EBITDA/debt service         | >= 1.75 | 2.79    | 1.04      |
| Bonds (seventh issuance)<br>Scotiabank | Inmuebles Panamericana S.A.  | 1/19/2017 | 1/19/2042 | Rental income/debt service  | >= 2.00 | 3.51    | 1.51      |
|  |                              |           |           | Deferred liabilities/equity | <= 1.75 | 1.28    | 0.47      |
|  |                              |           |           | EBITDA/debt service         | >= 1.75 | 2.79    | 1.04      |

#### Note 41 - Contingencies, Commitments and Restrictions (continued)

#### 4. Other Restrictions

##### Covenants

The covenants in the table above have been met by the different companies restricted by them.

The restriction of GLA greater than 400,000 m2 set for the bond series K, L, O, P, R, T and V has also been met.

Details of guarantees in force as of December 31, 2019, are as follows:

- The covenant for Arauco Centros Comerciales Regionales SpA and Arauco Chillán SpA is based on an appraisal dated January 14, 2019, which is valid for two years.
- The properties Mall Arauco Quilicura and Mall Arauco El Bosque are mortgaged in favor of Scotiabank Chile to guarantee all loans taken out by Arauco Centros Comerciales Regionales SpA and Arauco Chillán SpA with that bank.
- The property Mall Parque Angamos is mortgaged in favor of Banco de Chile to guarantee all loans taken out by Parque Angamos SpA with that bank.
- The loan taken out by Desarrollos Inmobiliarios San Antonio S.A., restricts that company's debt to 650,000 UF.
- The property Mall Arauco Coronel is financed with a lease.
- The loan taken out by Inversiones Inmobiliarias Bucaramanga S.A.S is guaranteed through a mortgage on the shopping center Comercial Parque Caracolí, which is constituted through a trust.
- The syndicated loan taken out by PACSA is co-signed and guaranteed by Parque Arauco Internacional S.A.
- The derivative taken out by PACSA is co-signed and guaranteed by Arauco Malls Chile S.A.
- The second, third, fourth, fifth, sixth and seventh issuances of bonds by Inmuebles Panamericana S.A., are guaranteed by the trust of the shopping center Megaplaza Norte.
- The property Stripcenter el Peñon is financed with a lease.

For calculations:

EBITDA = Revenue – Costs of sale – Administrative expenses + Depreciation + Amortization

Net Financial Debt = Other current financial liabilities + Other non-current financial liabilities – Cash and cash equivalents

Equity = Equity attributable to equity holders of the parent + Non-controlling interest

Total Equity = Total current liabilities + Total non-current liabilities

Debt = (Ebitda - Capex - Income Tax) / (Debt amortization + Debt interest)

Leverage = (Total liabilities - Deferred liabilities - Minority interest - Subordinated debt) / Equity

Contracted income = Income / (Amortization + Financial expenses)

**Note 41 - Contingencies, Commitments and Restrictions (continued)**

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**5.- Fines**

As of December 31, 2019, regulators and other administrative authorities have not issued any fines to the Company or its Directors.

**Note 42 - Non-Current Assets Held for Sale**

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On January 16, 2018, a share purchase agreement was signed between Arauco Holding Perú S.A.C and Parque El Golf S.A.C., as sellers, and Inversiones Centenario S.A.A. and Inmobiliaria San Silvestre S.A., as buyers. The sale price was US\$ 78.6 million, which generated a net gain of US\$32.4 million; taxes on the transaction totaled US\$ 16.7 million.

**Note 43 - Subsequent Events**

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No subsequent events have occurred between January 1, 2020, and the date of issuance of these consolidated financial statements that may significantly affect the Company's and its subsidiaries' financial situation or results as of December 31, 2019.



## 6.3 Financial statements of subsidiaries





# SUMMARIZED FINANCIAL STATEMENTS OF SUBSIDIARIES

| TODO ARAUCO S.A.                                    |                    |                   |
|---|--------------------|-------------------|
|   |                    |                   |
| STATEMENT OF FINANCIAL POSITION                     | 2019               | 2018              |
|   | THCLP\$            | THCLP\$           |
| <b>Assets</b>                                       |                    |                   |
| Current assets                                      | 6,106,216          | 1,878,151         |
| Non-current assets                                  | 124,952,276        | 90,180,859        |
| <b>Total assets</b>                                 | <b>131,058,492</b> | <b>92,059,010</b> |
| <b>Liabilities and equity</b>                       |                    |                   |
| Current liabilities                                 | 19,421,238         | 1,461,667         |
| Non-current liabilities                             | 21,331,491         | 9,064,361         |
| Equity attributable to equity holders of the parent | 90,305,763         | 81,532,982        |
| Non-controlling interest                            |                    |                   |
| <b>Total Liabilities</b>                            | <b>131,058,492</b> | <b>92,059,010</b> |

| SUMMARIZED STATEMENT OF INCOME                             | 2019              | 2018             |
|--|-------------------|------------------|
|  | THCLP\$           | THCLP\$          |
| Revenue  | 10,106,686        | 9,584,351        |
| Cost of sales  | (1,263,786)       | (1,957,870)      |
| <b>Gross profit</b>  | <b>8,845,900</b>  | <b>7,626,481</b> |
| Administrative expenses                                    | (699,368)         | (565,613)        |
| Other income   | 4,675,008         | 16,243           |
| Other expenses   | (378,657)         | (1,279,692)      |
| <b>Net operating income (loss)</b>                         | <b>12,439,882</b> | <b>5,797,419</b> |
| Finance income   | 37,238            | 38,422           |
| Financial expenses   | (594,792)         | (20,239)         |
| Exchange differences                                       | (1,188)           | 72               |
| Share of profit (loss)                                     |                   |                  |
| Gain (loss) on indexed assets and liabilities              | 19,241            | 4,620            |
| Income tax benefit (expense)                               | (2,872,312)       | (945,715)        |
| <b>Profit (loss) for the year</b>                          | <b>9,028,070</b>  | <b>4,874,579</b> |
| Profit (loss) attributable to equity holders of the parent | 9,028,070         | 4,874,579        |
| Profit (loss) attributable to non-controlling interest     | 0                 | 0                |
| <b>Profit (loss) for the year</b>                          | <b>9,028,070</b>  | <b>4,874,579</b> |

| SUMMARIZED STATEMENT OF CASH FLOWS   | 2019             | 2018           |
|--|------------------|----------------|
|  | THCLP\$          | THCLP\$        |
| Net cash flows provided by (used in) operating activities                                      | 7,238,153        | 7,021,701      |
| Net cash flows provided by (used in) investing activities                                      | (39,902,420)     | (19,393,212)   |
| Net cash flows provided by (used in) financing activities                                      | 32,460,561       | 12,521,459     |
| <b>Increase (decrease) in cash and cash equivalents before effect of exchange rate changes</b> | <b>(203,707)</b> | <b>149,948</b> |
| Effect of exchange rate changes on cash and cash equivalents                                   | 10,849           | 12,014         |
| <b>Net increase (decrease) in cash and cash equivalents</b>                                    | <b>(192,858)</b> | <b>161,962</b> |
| Cash and cash equivalents at beginning of period   | 309,389          | 147,427        |
| <b>Cash and cash equivalents at end of period</b>  | <b>116,531</b>   | <b>309,389</b> |

# SUMMARIZED FINANCIAL STATEMENTS OF SUBSIDIARIES

| COMERCIAL ARAUCO LIMITADA                           |                 |                 |
|---|-----------------|-----------------|
| STATEMENT OF FINANCIAL POSITION                     |                 |                 |
|   | 2018<br>THCLP\$ | 2018<br>THCLP\$ |
| <b>Assets</b>                                       |                 |                 |
| Current assets                                      | 0               | 0               |
| Non-current assets                                  | 0               | 0               |
| <b>Total assets</b>                                 | <b>0</b>        | <b>0</b>        |
| <b>Liabilities and equity</b>                       |                 |                 |
| Current liabilities                                 | 10,648          | 6,575           |
| Non-current liabilities                             | 0               | 0               |
| Equity attributable to equity holders of the parent | (10,648)        | (6,575)         |
| Non-controlling interest                            |                 |                 |
| <b>Total Liabilities</b>                            | <b>0</b>        | <b>0</b>        |

| SUMMARIZED STATEMENT OF INCOME                             |                 |                 |
|--|-----------------|-----------------|
|  | 2019<br>THCLP\$ | 2018<br>THCLP\$ |
| Revenue  |                 | 0               |
| Cost of sales  |                 | 0               |
| <b>Gross profit</b>  |                 | <b>0</b>        |
| Administrative expenses                                    | (4,073)         | (1,363)         |
| Other income   |                 |                 |
| Other expenses   |                 |                 |
| <b>Net operating income (loss)</b>                         | <b>(4,073)</b>  | <b>(1,363)</b>  |
| Finance income   |                 |                 |
| Financial expenses   |                 |                 |
| Exchange differences                                       |                 |                 |
| Share of profit (loss)                                     |                 |                 |
| Gain (loss) on indexed assets and liabilities              |                 |                 |
| Income tax benefit (expense)                               |                 |                 |
| <b>Profit (loss) for the year</b>                          | <b>(4,073)</b>  | <b>(1,363)</b>  |
| Profit (loss) attributable to equity holders of the parent | (4,073)         | (1,363)         |
| Profit (loss) attributable to non-controlling interest     | 0               | 0               |
| <b>Profit (loss) for the year</b>                          | <b>(4,073)</b>  | <b>(1,363)</b>  |

| SUMMARIZED STATEMENT OF CASH FLOWS   |                 |                 |
|--|-----------------|-----------------|
|  | 2019<br>THCLP\$ | 2018<br>THCLP\$ |
| Net cash flows provided by (used in) operating activities                                      | 0               | 0               |
| Net cash flows provided by (used in) investing activities                                      | 0               | 0               |
| Net cash flows provided by (used in) financing activities                                      | 0               | 0               |
| <b>Increase (decrease) in cash and cash equivalents before effect of exchange rate changes</b> | <b>0</b>        | <b>0</b>        |
| Effect of exchange rate changes on cash and cash equivalents                                   | 0               | 0               |
| <b>Net increase (decrease) in cash and cash equivalents</b>                                    | <b>0</b>        | <b>0</b>        |
| Cash and cash equivalents at beginning of period   | 0               | 0               |
| <b>Cash and cash equivalents at end of period</b>  | <b>0</b>        | <b>0</b>        |

# SUMMARIZED FINANCIAL STATEMENTS OF SUBSIDIARIES

| NUEVA ARAUCO SPA                                    |                |                |
|---|----------------|----------------|
|   |                |                |
| STATEMENT OF FINANCIAL POSITION                     | 2019           | 2018           |
|   | THCLP\$        | THCLP\$        |
| <b>Assets</b>                                       |                |                |
| Current assets                                      | 25,665         | 450,418        |
| Non-current assets                                  | 405,790        | 412,142        |
| <b>Total assets</b>                                 | <b>431,502</b> | <b>862,560</b> |
| <b>Liabilities and equity</b>                       |                |                |
| Current liabilities                                 | 4,568          | 954,940        |
| Non-current liabilities                             | 0              | 0              |
| Equity attributable to equity holders of the parent | 426,934        | (92,380)       |
| Non-controlling interest                            |                |                |
| <b>Total Liabilities</b>                            | <b>431,502</b> | <b>862,560</b> |

| SUMMARIZED STATEMENT OF INCOME                             | 2019           | 2018           |
|--|----------------|----------------|
|  | THCLP\$        | THCLP\$        |
| Revenue  | 0              | 0              |
| Cost of sales  | 0              | 0              |
| <b>Gross profit</b>  | <b>0</b>       | <b>0</b>       |
| Administrative expenses                                    | -              | (1,743)        |
| Other income   |                |                |
| Other expenses   | (4,704)        | -              |
| <b>Net operating income (loss)</b>                         | <b>(4,704)</b> | <b>(1,743)</b> |
| Finance income   |                |                |
| Financial expenses   |                |                |
| Exchange differences                                       |                |                |
| Share of profit (loss)                                     | 63,997         | 83,992         |
| Gain (loss) on indexed assets and liabilities              |                |                |
| Income tax benefit (expense)                               | (7,601)        | (6,918)        |
| <b>Profit (loss) for the year</b>                          | <b>51,691</b>  | <b>75,331</b>  |
| Profit (loss) attributable to equity holders of the parent | 51,691         | 75,331         |
| Profit (loss) attributable to non-controlling interest     | 0              | 0              |
| <b>Profit (loss) for the year</b>                          | <b>51,691</b>  | <b>75,331</b>  |

| SUMMARIZED STATEMENT OF CASH FLOWS   | 2019         | 2018         |
|--|--------------|--------------|
|  | THCLP\$      | THCLP\$      |
| Net cash flows provided by (used in) operating activities                                      | (9,365)      | (7,002)      |
| Net cash flows provided by (used in) investing activities                                      | (500,739)    | (84,950)     |
| Net cash flows provided by (used in) financing activities                                      | 514,306      | 93,050       |
| <b>Increase (decrease) in cash and cash equivalents before effect of exchange rate changes</b> | <b>4,202</b> | <b>1,098</b> |
| Effect of exchange rate changes on cash and cash equivalents                                   | 0            | 0            |
| <b>Net increase (decrease) in cash and cash equivalents</b>                                    | <b>4,202</b> | <b>1,098</b> |
| Cash and cash equivalents at beginning of period   | 2,960        | 1,862        |
| <b>Cash and cash equivalents at end of period</b>  | <b>7,163</b> | <b>2,960</b> |

## SUMMARIZED FINANCIAL STATEMENTS OF SUBSIDIARIES

| ARAUCO MALLS CHILE S.A. AND SUBSIDIARY              |                    |                    |
|---|--------------------|--------------------|
|   | 2019               | 2018               |
| STATEMENT OF FINANCIAL POSITION                     | THCLP\$            | THCLP\$            |
| <b>Assets</b>                                       |                    |                    |
| Current assets                                      | 7,222,859          | 10,818,386         |
| Non-current assets                                  | 160,851,819        | 140,616,733        |
| <b>Total assets</b>                                 | <b>168,074,678</b> | <b>151,435,119</b> |
| <b>Liabilities and equity</b>                       |                    |                    |
| Current liabilities                                 | 3,726,190          | 6,046,777          |
| Non-current liabilities                             | 29,285,983         | 25,576,882         |
| Equity attributable to equity holders of the parent | 135,062,505        | 119,811,460        |
| Non-controlling interest                            |                    |                    |
| <b>Total Liabilities</b>                            | <b>168,074,678</b> | <b>151,435,119</b> |

|  | 2019              | 2018              |
|--|-------------------|-------------------|
| SUMMARIZED STATEMENT OF INCOME                             | THCLP\$           | THCLP\$           |
| Revenue  | 16,023,899        | 22,236,181        |
| Cost of sales  | (603,258)         | (188,244)         |
| <b>Gross profit</b>  | <b>15,420,641</b> | <b>22,047,937</b> |
| Administrative expenses                                    | (1,050,809)       | (1,674,273)       |
| Other income   | 18,161,874        | 6,280,691         |
| Other expenses   | (127,887)         | (214,208)         |
| <b>Net operating income (loss)</b>                         | <b>32,403,819</b> | <b>26,440,147</b> |
| Finance income   | 129,727           | 782,030           |
| Financial expenses   | (113)             | (1,810)           |
| Exchange differences                                       | 3,399             | (4,165)           |
| Share of profit (loss)                                     | 0                 | 716,137           |
| Gain (loss) on indexed assets and liabilities              | 61,958            | (35,562)          |
| Income tax benefit (expense)                               | (8,665,622)       | (5,956,733)       |
| <b>Profit (loss) for the year</b>                          | <b>23,933,168</b> | <b>21,940,044</b> |
| Profit (loss) attributable to equity holders of the parent | 23,933,168        | 21,940,044        |
| Profit (loss) attributable to non-controlling interest     | 0                 | 0                 |
| <b>Profit (loss) for the year</b>                          | <b>23,933,168</b> | <b>21,940,044</b> |

|  | 2019               | 2018                |
|--|--------------------|---------------------|
| SUMMARIZED STATEMENT OF CASH FLOWS   | THCLP\$            | THCLP\$             |
| Net cash flows provided by (used in) operating activities                                      | 12,415,776         | 19,373,398          |
| Net cash flows provided by (used in) investing activities                                      | (52,906,050)       | (89,400,422)        |
| Net cash flows provided by (used in) financing activities                                      | 36,136,721         | 51,022,950          |
| <b>Increase (decrease) in cash and cash equivalents before effect of exchange rate changes</b> | <b>(4,353,553)</b> | <b>(19,004,074)</b> |
| Effect of exchange rate changes on cash and cash equivalents                                   | 21,917             | 23,397              |
| <b>Net increase (decrease) in cash and cash equivalents</b>                                    | <b>(4,331,637)</b> | <b>(18,980,677)</b> |
| Cash and cash equivalents at beginning of period   | 6,208,215          | 25,188,892          |
| <b>Cash and cash equivalents at end of period</b>  | <b>1,876,578</b>   | <b>6,208,215</b>    |



## SUMMARIZED FINANCIAL STATEMENTS OF SUBSIDIARIES

| INMOBILIARIA PASEO DE LA ESTACIÓN S.A. AND SUBSIDIARY |                    |                    |
|---|--------------------|--------------------|
| STATEMENT OF FINANCIAL POSITION                       | 2019               | 2018               |
|   | THCLP\$            | THCLP\$            |
| <b>Assets</b>   |                    |                    |
| Current assets  | 11,061,643         | 7,705,605          |
| Non-current assets                                    | 91,264,540         | 111,964,608        |
| <b>Total assets</b>                                   | <b>102,326,183</b> | <b>119,670,213</b> |
| <b>Liabilities and equity</b>                         |                    |                    |
| Current liabilities                                   | 6,697,612          | 7,038,202          |
| Non-current liabilities                               | 19,517,465         | 25,798,087         |
| Equity attributable to equity holders of the parent   | 75,935,685         | 86,686,681         |
| Non-controlling interest                              | 175,421            | 147,243            |
| <b>Total liabilities</b>                              | <b>102,326,183</b> | <b>119,670,213</b> |

| SUMMARIZED STATEMENT OF INCOME                             | 2019                | 2018              |
|--|---------------------|-------------------|
|  | THCLP\$             | THCLP\$           |
| Revenue  | 15,846,146          | 15,974,248        |
| Cost of sales  | (1,308,727)         | (1,763,824)       |
| <b>Gross profit</b>  | <b>14,537,419</b>   | <b>14,210,424</b> |
| Administrative expenses                                    | (1,915,840)         | (1,868,734)       |
| Other income   | 25,855              | 4,754,141         |
| Other expenses   | (22,822,828)        | (327,126)         |
| <b>Net operating income (loss)</b>                         | <b>(10,175,394)</b> | <b>16,723,705</b> |
| Finance income   | 195,512             | 174,640           |
| Financial expenses   | (334,081)           | (394,478)         |
| Exchange differences                                       | (185)               | (684)             |
| Share of profit (loss)                                     |                     |                   |
| Gain (loss) on indexed assets and liabilities              | (164,627)           | (235,207)         |
| Income tax benefit (expense)                               | 3,179,761           | (4,221,100)       |
| <b>Profit (loss) for the year</b>                          | <b>(7,299,014)</b>  | <b>12,091,876</b> |
| Profit (loss) attributable to equity holders of the parent | (7,356,098)         | 11,986,459        |
| Profit (loss) attributable to non-controlling interest     | 57,084              | 60,417            |
| <b>Profit (loss) for the year</b>                          | <b>(7,299,014)</b>  | <b>12,046,876</b> |

| SUMMARIZED STATEMENT OF CASH FLOWS   | 2019             | 2018             |
|--|------------------|------------------|
|  | THCLP\$          | THCLP\$          |
| Net cash flows provided by (used in) operating activities                                      | 10,983,825       | 11,693,800       |
| Net cash flows provided by (used in) investing activities                                      | (34,212,336)     | (29,995,473)     |
| Net cash flows provided by (used in) financing activities                                      | 27,486,093       | 21,168,947       |
| <b>Increase (decrease) in cash and cash equivalents before effect of exchange rate changes</b> | <b>4,257,582</b> | <b>2,867,274</b> |
| Effect of exchange rate changes on cash and cash equivalents                                   | 14,566           | 9,287            |
| <b>Net increase (decrease) in cash and cash equivalents</b>                                    | <b>4,272,147</b> | <b>2,876,561</b> |
| Cash and cash equivalents at beginning of period   | 3,061,560        | 184,999          |
| <b>Cash and cash equivalents at end of period</b>  | <b>7,333,707</b> | <b>3,061,560</b> |

## SUMMARIZED FINANCIAL STATEMENTS OF SUBSIDIARIES

| DESARROLLOS INMOBILIARIOS SAN ANTONIO S.A.          |                   |                   |
|---|-------------------|-------------------|
| STATEMENT OF FINANCIAL POSITION                     |                   |                   |
|   | 2019              | 2018              |
|   | THCLP\$           | THCLP\$           |
| <b>Assets</b>                                       |                   |                   |
| Current assets                                      | 2,121,693         | 3,495,868         |
| Non-current assets                                  | 43,518,490        | 30,310,913        |
| <b>Total assets</b>                                 | <b>45,640,183</b> | <b>33,806,781</b> |
| <b>Liabilities and equity</b>                       |                   |                   |
| Current liabilities                                 | 2,007,519         | 1,290,218         |
| Non-current liabilities                             | 18,202,928        | 14,709,449        |
| Equity attributable to equity holders of the parent | 25,429,736        | 17,807,114        |
| Non-controlling interest                            |                   |                   |
| <b>Total liabilities</b>                            | <b>45,640,183</b> | <b>33,806,781</b> |

| SUMMARIZED STATEMENT OF INCOME                             |                   |                  |
|--|-------------------|------------------|
|  | 2019              | 2018             |
|  | THCLP\$           | THCLP\$          |
| Revenue  | 4,850,340         | 4,709,158        |
| Cost of sales  | (1,275,912)       | (1,224,463)      |
| <b>Gross profit</b>  | <b>3,574,428</b>  | <b>3,484,695</b> |
| Administrative expenses                                    | (242,901)         | (478,578)        |
| Other income   | 13,835,469        | 56,247           |
| Other expenses   | (48,923)          | (46,051)         |
| <b>Net operating income (loss)</b>                         | <b>17,118,074</b> | <b>3,016,313</b> |
| Finance income   | 24,600            | 68,030           |
| Financial expenses   | (386,505)         | (368,609)        |
| Exchange differences                                       |                   |                  |
| Share of profit (loss)                                     |                   |                  |
| Gain (loss) on indexed assets and liabilities              | (376,717)         | (405,027)        |
| Income tax benefit (expense)                               | (4,341,164)       | (492,802)        |
| <b>Profit (loss) for the year</b>                          | <b>12,038,284</b> | <b>1,817,905</b> |
| Profit (loss) attributable to equity holders of the parent | 12,038,284        | 1,817,905        |
| Profit (loss) attributable to non-controlling interest     |                   |                  |
| <b>Profit (loss) for the year</b>                          | <b>12,038,284</b> | <b>1,817,905</b> |

| SUMMARIZED STATEMENT OF CASH FLOWS   |                    |                  |
|--|--------------------|------------------|
|  | 2019               | 2018             |
|  | THCLP\$            | THCLP\$          |
| Net cash flows provided by (used in) operating activities                                      | 2,702,424          | 2,691,375        |
| Net cash flows provided by (used in) investing activities                                      | (9,127,083)        | (8,833,812)      |
| Net cash flows provided by (used in) financing activities                                      | 5,146,029          | 8,436,548        |
| <b>Increase (decrease) in cash and cash equivalents before effect of exchange rate changes</b> | <b>(1,278,629)</b> | <b>2,294,111</b> |
| Effect of exchange rate changes on cash and cash equivalents                                   | 1,648              | 1,421            |
| <b>Net increase (decrease) in cash and cash equivalents</b>                                    | <b>(1,276,981)</b> | <b>2,295,532</b> |
| Cash and cash equivalents at beginning of period   | 2,305,583          | 10,051           |
| <b>Cash and cash equivalents at end of period</b>  | <b>1,028,602</b>   | <b>2,305,583</b> |

## SUMMARIZED FINANCIAL STATEMENTS OF SUBSIDIARIES

| INVERSIONES PARQUE ARAUCO UNO S.A.                  |                  |                  |
|---|------------------|------------------|
|   |                  |                  |
| STATEMENT OF FINANCIAL POSITION                     | 2019             | 2018             |
|   | THCLP\$          | THCLP\$          |
| <b>Assets</b>                                       |                  |                  |
| Current assets                                      | 208,709          | 236,706          |
| Non-current assets                                  | 7,082,815        | 6,942,496        |
| <b>Total assets</b>                                 | <b>7,291,524</b> | <b>7,179,202</b> |
| <b>Liabilities and equity</b>                       |                  |                  |
| Current liabilities                                 | 329,428          | 226,356          |
| Non-current liabilities                             | 0                | 0                |
| Equity attributable to equity holders of the parent | 6,962,026        | 6,952,846        |
| Non-controlling interest                            |                  |                  |
| <b>Total liabilities</b>                            | <b>7,291,524</b> | <b>7,179,202</b> |

| SUMMARIZED STATEMENT OF INCOME                             | 2019             | 2018             |
|--|------------------|------------------|
|  | THCLP\$          | THCLP\$          |
| Revenue  | 0                | 0                |
| Cost of sales  | 0                | 0                |
| <b>Gross profit</b>  | <b>0</b>         | <b>0</b>         |
| Administrative expenses                                    | 0                | (840)            |
| Other income   | 19,431           | 22,565           |
| Other expenses   | (156,829)        | (355,347)        |
| <b>Net operating income (loss)</b>                         | <b>(137,399)</b> | <b>(333,622)</b> |
| Finance income   | 2,539            | 5,919            |
| Financial expenses   | 2,576            | (37)             |
| Exchange differences                                       |                  |                  |
| Share of profit (loss)                                     |                  |                  |
| Gain (loss) on indexed assets and liabilities              | 2,775            | 344              |
| Income tax benefit (expense)                               | 139,534          | 47,732           |
| <b>Profit (loss) for the year</b>                          | <b>9,845</b>     | <b>(279,664)</b> |
| Profit (loss) attributable to equity holders of the parent | 9,845            | (279,664)        |
| Profit (loss) attributable to non-controlling interest     |                  |                  |
| <b>Profit (loss) for the year</b>                          | <b>9,845</b>     | <b>(279,664)</b> |

| SUMMARIZED STATEMENT OF CASH FLOWS   | 2019            | 2018           |
|--|-----------------|----------------|
|  | THCLP\$         | THCLP\$        |
| Net cash flows provided by (used in) operating activities                                      | (31,749)        | (27,433)       |
| Net cash flows provided by (used in) investing activities                                      | (192,464)       | (7,024,805)    |
| Net cash flows provided by (used in) financing activities                                      | 189,709         | 7,228,928      |
| <b>Increase (decrease) in cash and cash equivalents before effect of exchange rate changes</b> | <b>(34,504)</b> | <b>176,690</b> |
| Effect of exchange rate changes on cash and cash equivalents                                   |                 |                |
| <b>Net increase (decrease) in cash and cash equivalents</b>                                    | <b>(34,504)</b> | <b>176,690</b> |
| Cash and cash equivalents at beginning of period   | 177,798         | 1,108          |
| <b>Cash and cash equivalents at end of period</b>  | <b>143,293</b>  | <b>177,798</b> |

# SUMMARIZED FINANCIAL STATEMENTS OF SUBSIDIARIES

| PARQUE ANGAMOS SPA                                  |                   |                   |
|---|-------------------|-------------------|
|   |                   |                   |
| STATEMENT OF FINANCIAL POSITION                     | 2019              | 2018              |
|   | THCLP\$           | THCLP\$           |
| <b>Assets</b>                                       |                   |                   |
| Current assets                                      | 2,309,871         | 4,535,948         |
| Non-current assets                                  | 16,700,930        | 22,987,596        |
| <b>Total assets</b>                                 | <b>19,010,801</b> | <b>27,523,544</b> |
| <b>Liabilities and equity</b>                       |                   |                   |
| Current liabilities                                 | 1,000,599         | 2,899,914         |
| Non-current liabilities                             | 12,109,902        | 11,716,861        |
| Equity attributable to equity holders of the parent | 5,900,301         | 12,906,769        |
| Non-controlling interest                            |                   |                   |
| <b>Total liabilities</b>                            | <b>19,010,801</b> | <b>27,523,544</b> |

| SUMMARIZED STATEMENT OF INCOME                             | 2019               | 2018             |
|--|--------------------|------------------|
|  | THCLP\$            | THCLP\$          |
| Revenue  | 1,367,468          | 361,935          |
| Cost of sales  | (500,568)          | (129,596)        |
| <b>Gross profit</b>  | <b>866,900</b>     | <b>232,339</b>   |
| Administrative expenses                                    | (137,433)          | (207,639)        |
| Other income   | 1,286              | 2                |
| Other expenses   | (9,608,924)        | 0                |
| <b>Net operating income (loss)</b>                         | <b>(8,878,171)</b> | <b>24,702</b>    |
| Finance income   | 48,987             | 19,675           |
| Financial expenses   | (312,148)          | (352,695)        |
| Exchange differences                                       | (18)               |                  |
| Share of profit (loss)                                     |                    |                  |
| Gain (loss) on indexed assets and liabilities              | (304,801)          | (20,856)         |
| Income tax benefit (expense)                               | 3,038,652          | (14,412)         |
| <b>Profit (loss) for the year</b>                          | <b>(6,407,501)</b> | <b>(343,586)</b> |
| Profit (loss) attributable to equity holders of the parent | (6,407,501)        | (343,586)        |
| Profit (loss) attributable to non-controlling interest     |                    |                  |
| <b>Profit (loss) for the year</b>                          | <b>(6,407,501)</b> | <b>(343,586)</b> |

| SUMMARIZED STATEMENT OF CASH FLOWS   | 2019             | 2018           |
|--|------------------|----------------|
|  | THCLP\$          | THCLP\$        |
| Net cash flows provided by (used in) operating activities                                      | 3,215,525        | 111,081        |
| Net cash flows provided by (used in) investing activities                                      | (5,139,239)      | (18,893,087)   |
| Net cash flows provided by (used in) financing activities                                      | 3,251,965        | 19,077,525     |
| <b>Increase (decrease) in cash and cash equivalents before effect of exchange rate changes</b> | <b>1,328,251</b> | <b>295,519</b> |
| Effect of exchange rate changes on cash and cash equivalents                                   | 1,802            |                |
| <b>Net increase (decrease) in cash and cash equivalents</b>                                    | <b>1,330,053</b> | <b>295,519</b> |
| Cash and cash equivalents at beginning of period   | 296,300          | 781            |
| <b>Cash and cash equivalents at end of period</b>  | <b>1,626,354</b> | <b>296,300</b> |



# SUMMARIZED FINANCIAL STATEMENTS OF SUBSIDIARIES

| CENTROS COMERCIALES VECINALES ARAUCO EXPRESS S.A. AND SUBSIDIARY |                   |                   |
|--|-------------------|-------------------|
| STATEMENT OF FINANCIAL POSITION                                  | 2019              | 2018              |
|  | THCLP\$           | THCLP\$           |
| <b>Assets</b>  |                   |                   |
| Current assets   | 2,412,939         | 2,419,908         |
| Non-current assets   | 68,092,006        | 63,108,236        |
| <b>Total assets</b>  | <b>70,504,944</b> | <b>65,528,144</b> |
| <b>Liabilities and equity</b>                                    |                   |                   |
| Current liabilities  | 2,162,622         | 5,178,050         |
| Non-current liabilities  | 55,349,582        | 22,634,120        |
| Equity attributable to equity holders of the parent              | 12,992,698        | 36,781,218        |
| Non-controlling interest   | 42                | 934,756           |
| <b>Total liabilities</b>   | <b>70,504,944</b> | <b>65,528,144</b> |

| SUMMARIZED STATEMENT OF INCOME                             | 2019               | 2018             |
|--|--------------------|------------------|
|  | THCLP\$            | THCLP\$          |
| Revenue  | 6,467,272          | 5,431,002        |
| Cost of sales  | (1,681,734)        | (1,761,653)      |
| <b>Gross profit</b>  | <b>4,785,538</b>   | <b>3,669,349</b> |
| Administrative expenses                                    | (523,334)          | (674,371)        |
| Other income   | 28,872             | 5,022,024        |
| Other expenses   | (7,260,810)        | (18,731)         |
| <b>Net operating income (loss)</b>                         | <b>(2,969,733)</b> | <b>7,998,271</b> |
| Finance income   | 76,450             | 20,363           |
| Financial expenses   | (1,450,811)        | (733,852)        |
| Exchange differences                                       | 322                | 546              |
| Share of profit (loss)                                     |                    |                  |
| Gain (loss) on indexed assets and liabilities              | (1,222,613)        | (598,152)        |
| Income tax benefit (expense)                               | 1,441,221          | (1,327,399)      |
| <b>Profit (loss) for the year</b>                          | <b>(4,125,163)</b> | <b>5,359,777</b> |
| Profit (loss) attributable to equity holders of the parent | (4,210,208)        | 5,052,767        |
| Profit (loss) attributable to non-controlling interest     | 85,045             | 307,010          |
| <b>Profit (loss) for the year</b>                          | <b>(4,125,163)</b> | <b>5,359,777</b> |

| SUMMARIZED STATEMENT OF CASH FLOWS   | 2019            | 2018           |
|--|-----------------|----------------|
|  | THCLP\$         | THCLP\$        |
| Net cash flows provided by (used in) operating activities                                      | 5,029,479       | 3,761,393      |
| Net cash flows provided by (used in) investing activities                                      | (44,379,353)    | (9,549,090)    |
| Net cash flows provided by (used in) financing activities                                      | 39,335,180      | 6,423,813      |
| <b>Increase (decrease) in cash and cash equivalents before effect of exchange rate changes</b> | <b>(14,693)</b> | <b>636,116</b> |
| Effect of exchange rate changes on cash and cash equivalents                                   | 6,973           | 3,014          |
| <b>Net increase (decrease) in cash and cash equivalents</b>                                    | <b>(7,721)</b>  | <b>639,130</b> |
| Cash and cash equivalents at beginning of period   | 663,239         | 24,109         |
| <b>Cash and cash equivalents at end of period</b>  | <b>655,519</b>  | <b>663,239</b> |

# SUMMARIZED FINANCIAL STATEMENTS OF SUBSIDIARIES

| ARAUCO CENTROS COMERCIALES REGIONALES SPA AND SUBSIDIARY |                    |                    |
|--|--------------------|--------------------|
| STATEMENT OF FINANCIAL POSITION                          | 2019               | 2018               |
|  | THCLP\$            | THCLP\$            |
| <b>Assets</b>  |                    |                    |
| Current assets   | 17,228,870         | 10,617,870         |
| Non-current assets                                       | 160,699,372        | 124,067,600        |
| <b>Total assets</b>                                      | <b>177,928,242</b> | <b>134,685,470</b> |
| <b>Liabilities and equity</b>                            |                    |                    |
| Current liabilities                                      | 15,823,914         | 60,643,436         |
| Non-current liabilities                                  | 99,707,380         | 30,336,138         |
| Equity attributable to equity holders of the parent      | 54,742,222         | 43,705,603         |
| Non-controlling interest                                 | 7,654,726          | 293                |
| <b>Total liabilities</b>                                 | <b>177,928,242</b> | <b>134,685,470</b> |

| SUMMARIZED STATEMENT OF INCOME                             | 2019              | 2018             |
|--|-------------------|------------------|
|  | THCLP\$           | THCLP\$          |
| Revenue  | 15,970,022        | 5,383,617        |
| Cost of sales  | (2,486,325)       | (1,129,967)      |
| <b>Gross profit</b>  | <b>13,483,697</b> | <b>4,253,650</b> |
| Administrative expenses                                    | (1,081,223)       | (664,090)        |
| Other income   | 4,919,648         | 237,811          |
| Other expenses   | (241,370)         | (25,513)         |
| <b>Net operating income (loss)</b>                         | <b>17,080,752</b> | <b>3,801,858</b> |
| Finance income   | 124,207           | 635              |
| Financial expenses   | (2,783,978)       | (1,380,392)      |
| Exchange differences                                       | (565)             | 73               |
| Share of profit (loss)                                     |                   | (716,149)        |
| Gain (loss) on indexed assets and liabilities              | (2,320,179)       | (587,173)        |
| Income tax benefit (expense)                               | (2,505,037)       | (578,940)        |
| <b>Profit (loss) for the year</b>                          | <b>9,595,200</b>  | <b>539,912</b>   |
| Profit (loss) attributable to equity holders of the parent | 6,004,325         | 539,894          |
| Profit (loss) attributable to non-controlling interest     | 3,590,875         | 18               |
| <b>Profit (loss) for the year</b>                          | <b>9,595,200</b>  | <b>539,912</b>   |

| SUMMARIZED STATEMENT OF CASH FLOWS   | 2019             | 2018          |
|--|------------------|---------------|
|  | THCLP\$          | THCLP\$       |
| Net cash flows provided by (used in) operating activities                                      | 13,176,151       | 2,869,130     |
| Net cash flows provided by (used in) investing activities                                      | 682,109          | (5,600,107)   |
| Net cash flows provided by (used in) financing activities                                      | (11,001,792)     | 2,732,441     |
| <b>Increase (decrease) in cash and cash equivalents before effect of exchange rate changes</b> | <b>2,856,559</b> | <b>1,464</b>  |
| Effect of exchange rate changes on cash and cash equivalents                                   | 3,119            | 9             |
| <b>Net increase (decrease) in cash and cash equivalents</b>                                    | <b>2,859,678</b> | <b>1,473</b>  |
| Cash and cash equivalents at beginning of period   | 2,330,618        | 23,563        |
| <b>Cash and cash equivalents at end of period</b>  | <b>5,190,296</b> | <b>25,036</b> |

## SUMMARIZED FINANCIAL STATEMENTS OF SUBSIDIARIES

| ARAUCO CHILLAN SPA                                  |                   |                   |
|---|-------------------|-------------------|
|   |                   |                   |
|   | 2019              | 2018              |
| STATEMENT OF FINANCIAL POSITION                     | THCLP\$           | THCLP\$           |
| <b>Assets</b>                                       |                   |                   |
| Current assets                                      | 3,280,148         | 1,618,853         |
| Non-current assets                                  | 68,277,387        | 51,552,785        |
| <b>Total assets</b>                                 | <b>71,557,535</b> | <b>53,171,638</b> |
| <b>Liabilities and equity</b>                       |                   |                   |
| Current liabilities                                 | 2,737,268         | 384,031           |
| Non-current liabilities                             | 44,492,487        | 3,155,995         |
| Equity attributable to equity holders of the parent | 24,327,780        | 49,631,612        |
| Non-controlling interest                            |                   |                   |
| <b>Total liabilities</b>                            | <b>71,557,535</b> | <b>53,171,638</b> |

|  | 2019              | 2018             |
|--|-------------------|------------------|
| SUMMARIZED STATEMENT OF INCOME                             | THCLP\$           | THCLP\$          |
| Revenue  | 6,899,037         | 2,421,227        |
| Cost of sales  | (532,278)         | (706,438)        |
| <b>Gross profit</b>  | <b>6,366,759</b>  | <b>1,714,789</b> |
| Administrative expenses                                    | (653,821)         | (300,095)        |
| Other income   | 13,992,209        | 6,880,043        |
| Other expenses   | (26,879)          | (11,570)         |
| <b>Net operating income (loss)</b>                         | <b>19,678,268</b> | <b>8,283,167</b> |
| Finance income   | 36,906            | 960              |
| Financial expenses   | (707,996)         | (5,395)          |
| Exchange differences                                       |                   |                  |
| Share of profit (loss)                                     |                   |                  |
| Gain (loss) on indexed assets and liabilities              | (889,400)         | (7,592)          |
| Income tax benefit (expense)                               | (4,691,314)       | (2,209,800)      |
| <b>Profit (loss) for the year</b>                          | <b>13,426,618</b> | <b>6,061,340</b> |
| Profit (loss) attributable to equity holders of the parent | 13,426,618        | 6,061,340        |
| Profit (loss) attributable to non-controlling interest     |                   |                  |
| <b>Profit (loss) for the year</b>                          | <b>13,426,618</b> | <b>6,061,340</b> |

|  | 2019             | 2018     |
|--|------------------|----------|
| SUMMARIZED STATEMENT OF CASH FLOWS   | THCLP\$          | THCLP\$  |
| Net cash flows provided by (used in) operating activities                                      | 5,336,326        |          |
| Net cash flows provided by (used in) investing activities                                      | (62,559,134)     |          |
| Net cash flows provided by (used in) financing activities                                      | 59,215,354       |          |
| <b>Increase (decrease) in cash and cash equivalents before effect of exchange rate changes</b> | <b>1,992,546</b> | <b>0</b> |
| Effect of exchange rate changes on cash and cash equivalents                                   | (55)             |          |
| <b>Net increase (decrease) in cash and cash equivalents</b>                                    | <b>1,992,491</b> | <b>0</b> |
| Cash and cash equivalents at beginning of period   |                  |          |
| <b>Cash and cash equivalents at end of period</b>  | <b>1,992,491</b> | <b>0</b> |

## SUMMARIZED FINANCIAL STATEMENTS OF SUBSIDIARIES

| PARQUE ARAUCO INTERNACIONAL S.A. AND SUBSIDIARY     |                         |                         |
|---|-------------------------|-------------------------|
| STATEMENT OF FINANCIAL POSITION                     | 2019                    | 2018                    |
|   | USD                     | Unidad de fomento (USD) |
| <b>Assets</b>                                       |                         |                         |
| Current assets                                      | 253,426,998.53          | 181,686,775.54          |
| Non-current assets                                  | 1,218,632,770.49        | 1,173,775,557.10        |
| <b>Total assets</b>                                 | <b>1,472,059,769.02</b> | <b>1,355,462,332.64</b> |
| <b>Liabilities and equity</b>                       |                         |                         |
| Current liabilities                                 | 217,964,558.61          | 164,670,782.61          |
| Non-current liabilities                             | 397,241,633.28          | 305,172,455.51          |
| Equity attributable to equity holders of the parent | 798,977,457.44          | 720,967,222.78          |
| Non-controlling interest                            | 57,876,119.69           | 164,651,871.74          |
| <b>Total liabilities</b>                            | <b>1,472,059,769.02</b> | <b>1,355,462,332.64</b> |

| SUMMARIZED STATEMENT OF INCOME                             | 2019                 | 2018                    |
|--|----------------------|-------------------------|
|  | USD                  | Unidad de fomento (USD) |
| Revenue  | 123,351,591.45       | 120,710,147.86          |
| Cost of sales  | (25,046,063.06)      | (26,753,911.83)         |
| <b>Gross profit</b>  | <b>98,305,528.39</b> | <b>93,956,236.03</b>    |
| Administrative expenses                                    | (13,104,864.46)      | (12,177,077.36)         |
| Other income   | 1,504,287.16         | 49,307,950.19           |
| Other expenses   | (36,522,562.64)      | (12,629,951.06)         |
| <b>Net operating income (loss)</b>                         | <b>50,182,388.45</b> | <b>118,457,157.80</b>   |
| Finance income   | 3,498,217.02         | 3,698,940.87            |
| Financial expenses   | (27,402,901.99)      | (25,295,481.71)         |
| Exchange differences                                       | 1,001,066.99         | 869,008.41              |
| Share of profit (loss)                                     | (809,257.11)         |                         |
| Gain (loss) on indexed assets and liabilities              | (1,522,607.83)       | (1,333,987.72)          |
| Income tax benefit (expense)                               | (8,304,000.64)       | (31,769,928.60)         |
| <b>Profit (loss) for the year</b>                          | <b>16,642,904.89</b> | <b>64,625,709.05</b>    |
| Profit (loss) attributable to equity holders of the parent | 9,574,914.35         | 63,919,693.89           |
| Profit (loss) attributable to non-controlling interest     | 7,067,990.54         | 706,015.17              |
| <b>Profit (loss) for the year</b>                          | <b>16,642,904.89</b> | <b>64,625,709.06</b>    |

| SUMMARIZED STATEMENT OF CASH FLOWS   | 2019                  | 2018                    |
|--|-----------------------|-------------------------|
|  | USD                   | Unidad de fomento (USD) |
| Net cash flows provided by (used in) operating activities                                      | 80,049,809.80         | 76,404,449.30           |
| Net cash flows provided by (used in) investing activities                                      | (64,881,936.62)       | 11,409,632.55           |
| Net cash flows provided by (used in) financing activities                                      | 50,681,527.32         | (13,118,769.27)         |
| <b>Increase (decrease) in cash and cash equivalents before effect of exchange rate changes</b> | <b>66,049,397.50</b>  | <b>74,695,312.58</b>    |
| Effect of exchange rate changes on cash and cash equivalents                                   | 1,724,106.33          | (667,181.82)            |
| <b>Net increase (decrease) in cash and cash equivalents</b>                                    | <b>67,773,503.83</b>  | <b>74,028,130.76</b>    |
| Cash and cash equivalents at beginning of period   | 116,956,453.89        | 42,928,323.13           |
| <b>Cash and cash equivalents at end of period</b>  | <b>184,729,956.75</b> | <b>116,956,453.89</b>   |



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