
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

Form 20-F

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED ON DECEMBER 31, 2014

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM _____ TO _____

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report _____

COMMISSION FILE NUMBER: 001-35575

Cencosud S.A.

(Exact name of Registrant as specified in its charter)

N/A

(Translation of Registrant's name into English)

Republic of Chile

(Jurisdiction of incorporation or organization)

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(Name, Telephone, E-Mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Name of Each Exchange on Which Registered</u>
American Depositary Shares	New York Stock Exchange
Common Shares, no par value	New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

The number of outstanding shares of each of the issuer's classes of capital stock as of December 31, 2014: 2,828,723,963 Common Shares, no par value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 Yes No

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP International Financial Reporting Standards as issued by the International Accounting Standards Board Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the Registrant has elected to follow: Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

TABLE OF CONTENTS

	Page
Forward-Looking Statements	1
Presentation of Financial and Other Information	2
Item 1. Identity of Directors, Senior Management and Advisers	9
Item 2. Offer Statistics and Expected Timetable	9
Item 3. Key Information	9
A. Selected financial data	9
B. Capitalization and indebtedness	19
C. Reasons for the offer and use of proceeds	19
D. Risk factors	19
Item 4. Information on the Company	47
A. History and development of the company	47
B. Business overview	50
C. Organizational structure	97
D. Property, plants and equipment	99
Item 4A. Unresolved Staff Comments	99
Item 5. Operating and Financial Review and Prospects	99
A. Operating results	99
B. Liquidity and capital resources	124
C. Research and development, patents and licenses, etc.	132
D. Trend information	132
E. Off-balance sheet arrangements	132
F. Tabular disclosure of contractual obligations	133
G. Safe harbor	133
Item 6. Directors, Senior Management and Employees	133
A. Directors and senior management	133
B. Compensation	136
C. Board practices	137
D. Employees	138
E. Share ownership	139
Item 7. Major Shareholders and Related Party Transactions	139
A. Major shareholders	139
B. Related party transactions	141
C. Interests of experts and counsel	143
Item 8. Financial Information	143
A. Consolidated statements and other financial information	143
B. Significant changes	144
Item 9. The Offer and Listing	144
A. Offer and listing details	144
B. Plan of distribution	144
C. Markets	144
D. Selling shareholders	146
E. Dilution	146
F. Expenses of the issue	146
Item 10. Additional Information	146
A. Share capital	146
B. Memorandum and articles of association	147
C. Material contracts	152
D. Exchange controls	152
E. Taxation	158
F. Dividends and paying agents	164
G. Statement by experts	164
H. Documents on display	164
I. Subsidiary information	164

Table of Contents

	Page	
Item 11.	Quantitative and Qualitative Disclosures About Market Risk	164
Item 12.	Description of Securities Other than Equity Securities	167
	A. Debt Securities	167
	B. Warrants and Rights	167
	C. Other Securities	167
	D. American Depositary Shares	167
Item 13.	Defaults, Dividend Arrearages and Delinquencies	174
Item 14.	Material Modifications to the Rights of Security Holders and Use of Proceeds	174
Item 15.	Controls and Procedures	174
	A. Disclosure Controls and Procedures	174
	B. Management’s Annual Report on Internal Control Over Financial Reporting	174
	C. Attestation Report of the Registered Public Accounting Firm	174
	D. Changes in Internal Control Over Financial Reporting	175
Item 16A.	Audit Committee Financial Expert	175
Item 16B.	Code of Ethics	175
Item 16C.	Principal Accountant Fees and Services	175
Item 16D.	Exemptions from the Listing Standards for Audit Committees	176
Item 16E.	Purchases of Equity Securities by the Issuer and Affiliated Purchasers	176
Item 16F.	Change in Registrant’s Certifying Accountant	176
Item 16G.	Corporate Governance	176
Item 16H.	Mine Safety Disclosure	178
Item 17.	Financial Statements	178
Item 18.	Financial Statements	178
Item 19.	Exhibits	178

FORWARD-LOOKING STATEMENTS

This annual report contains forward-looking statements that are based on our current expectations, assumptions, estimates and projections about us and our industry. These forward-looking statements can be identified by words or phrases such as “anticipate,” “believe,” “continue,” “estimate,” “expect,” “intend,” “is/are likely to,” “may,” “plan,” “should,” “would,” or other similar expressions. The forward-looking statements included in this annual report relate to, among others:

- changes in general economic, business or political or other conditions in Chile, Argentina, Brazil, Peru, Colombia or elsewhere in Latin America or the global markets;
- changes in capital markets in general that may affect policies or attitudes towards investing in Chile, Argentina, Brazil, Peru, Colombia or securities issued by companies in such countries;
- the monetary and interest rate policies of the Central Banks of Chile, Argentina, Brazil, Peru and Colombia; or elsewhere in Latin American or global markets.
- high levels of inflation or deflation;
- unanticipated increases in financing and other costs or our inability to obtain additional debt or equity financing on attractive terms;
- movements in interest and/or foreign exchange rates, and movements in equity prices or other rates or prices;
- changes in, or failure to comply with, applicable regulations, or changes in taxes;
- loss of market share or changes in competition and pricing environments in the industries in which we operate;
- difficulties in successfully integrating recent and future acquisitions into our operations;
- our inability to hedge certain risks economically;
- changes in consumer spending and saving habits;
- implementation of new technologies;
- limitations on our ability to open new stores and operate them profitably;
- difficulties in completing proposed store openings, expansions or remodelings;
- difficulties in acquiring and developing land in Chile, Argentina, Brazil, Peru or Colombia, and restrictions on opening new large stores in any such countries; and
- the factors discussed under the section entitled “Risk Factors” in this annual report as well as risks included in the Company’s other filings and submissions with the United States Securities and Exchange Commission.

These forward-looking statements involve various risks and uncertainties. Although we believe that the expectations expressed in these forward-looking statements are reasonable, our expectations may turn out to be incorrect. Our actual results could be materially different from our expectations. In light of the risks and uncertainties described above, the estimates and forward-looking statements discussed in this annual report might not occur, and our future results and our performance may differ materially from those expressed in these forward-looking statements due to, including, but not limited to, the factors mentioned above. Because of these uncertainties, you should not make any investment decision based on these estimates and forward-looking statements.

The forward-looking statements made in this annual report relate only to events or information as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date on which the statements are made or to reflect the occurrence of unanticipated events.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

General

In this annual report, unless otherwise specified or if the context so requires:

- References to the terms “Cencosud S.A.,” “we,” “us,” “our,” and “our company” refer to the registrant, Cencosud S.A., a corporation organized under the form of a *sociedad anónima* under the laws of Chile, and its consolidated subsidiaries, unless otherwise indicated.
- References to “\$,” “U.S.\$,” “U.S. dollars,” “dollars” and “USD” are to U.S. dollars.
- References to “Chilean pesos” or “Ch\$” are to Chilean pesos, the official currency of Chile.
- References to “Argentine pesos” or “Ar\$” are to Argentine pesos, the official currency of Argentina.
- References to “Brazilian Real,” “Real,” “Reais” or “R\$” are to the Brazilian real, the official currency of Brazil.
- References to “Nuevo Sol,” “Nuevos Soles” or “S/.” are to Peruvian nuevos soles, the official currency of Peru.
- References to “Colombian pesos” or “Col\$” are to Colombian pesos, the official currency of Colombia.
- References to “UF” are to *Unidades de Fomento*. The UF is an inflation-indexed Chilean monetary unit with a value in Chilean pesos that is adjusted daily to reflect changes in the official Consumer Price Index (“CPI”) of the *Instituto Nacional de Estadísticas* (the “Chilean National Institute of Statistics”). The UF is adjusted in monthly cycles. Each day in the period beginning on the tenth day of the current month through the ninth day of the succeeding month, the nominal peso value of the UF is indexed up (or down in the event of deflation) in order to reflect a proportionate amount of the change in the Chilean consumer price index during the prior calendar month. As of December 31, 2014, UF1.00 was equivalent to U.S.\$40.58 and Ch\$24,627.101, in each case based on the observed exchange rate reported by the Central Bank of Chile.

This annual report contains translations of certain Chilean peso amounts into U.S. dollars at specified rates solely for the convenience of the reader. These translations should not be construed as representations that the Chilean peso amounts actually represent such U.S. dollar amounts or could be converted into U.S. dollars at the rates indicated, at any particular rate or at all. Unless otherwise indicated, the exchange rate used in converting Chilean pesos into U.S. dollars for amounts presented as of and for the year ended December 31, 2014 is based on the observed exchange rate (*dólar observado*) reported by the Central Bank of Chile (the “Chilean Central Bank”) for December 31, 2014, which was Ch\$606.75 per U.S.\$1.00. The rates reported by the Chilean Central Bank for December 31, 2014 are based upon the observed exchange rate published by the Chilean Central Bank on the first business day following the respective period. The Federal Reserve Bank of New York does not report a noon buying rate for Chilean pesos.

Financial Statements

The financial information contained in this annual report includes our audited consolidated financial statements as of December 31, 2014 and 2013 and for the years ended December 31, 2014, 2013 and 2012 together with the notes thereto, prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (the “IASB”), which we refer to in this annual report as our “Audited Consolidated Financial Statements.” Our date of adoption of IFRS was January 1, 2010.

Our Audited Consolidated Financial Statements have been audited by PricewaterhouseCoopers *Consultores, Auditores y Compañía Limitada*, an independent registered public accounting firm, whose report on our Audited Consolidated Financial Statements appears elsewhere in this annual report. We maintain our books and records in Chilean pesos and prepare consolidated financial statements in accordance with IFRS.

Unless otherwise noted, the financial data presented herein as of and for each of the five years ended December 31, 2014 is stated in Chilean pesos, our functional and reporting currency.

Table of Contents

Our audited consolidated financial statements have been prepared on the accrual basis of accounting, except for those items accounted for at fair value (for example, investment properties and certain financial assets, such as options and derivative financial instruments), and include the accounts of the Company and its subsidiaries, including Banco Paris. All significant inter-company balances and transactions have been eliminated in consolidation.

The financial statements as of and for the year ended December 31, 2013 presented in this form 20-F differ from the local financial statements as of and for the year ended December 31, 2013 published in Chile on March 28, 2014 and furnished to the SEC on form 6K on March 31, 2014, due to the inclusion in this report of a Ch\$20,000 million lawsuit provision related to the April 24, 2013 ruling from the Chilean Supreme Court on the Class action suit filed by the *Servicio Nacional del Consumidor* (the National Consumer Service) against Cencosud Administradora de Tarjetas S.A. (“CAT”). For further information on this matter, please see “Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Legal and Administrative Proceedings” in this Annual Report. Financial statements presented in this annual report also differ due to the inclusion of the effect on deferred income tax liabilities of the Chilean tax reform that took place in 2014 as an effect on equity for the financial statements filed with our regulator in Chile in accordance with regulator issue Circular 856 dated October of 17, 2014. The effect of the Chilean tax reform on the financial statements included herein was against the company’s results in accordance with IAS 12. Please see Note 2 of the Financial Statements.

On June 20, 2014, Cencosud, together with its subsidiaries Cencosud Retail S.A. and Easy S.A., entered into a framework agreement (the “Joint Venture Framework Agreement”) with The Bank of Nova Scotia (“BNS”) and its wholly owned subsidiary Scotiabank Chile, to further develop, on a joint basis, the retail finance business in Chile (hereinafter, the “Business”). The Joint Venture Framework Agreement provides that the Business shall be operated through (i) Cencosud Administradora de Tarjetas S.A. (“CAT”), a subsidiary of Cencosud that is in the business of issuing credit cards, and (ii) Cencosud Administradora de Procesos S.A., Cencosud Servicios Integrales S.A. and Cencosud Corredores de Seguros y Servicios Ltda., or other companies to be established by Cencosud for purposes of the Joint Venture Framework Agreement, to assist in developing the Business, including information processing and collection activities related thereto (together with CAT, hereinafter, the “Subject Companies”). As part of the agreement, Scotiabank Chile will acquire a fifty-one percent (51%) controlling interest of each of the Subject Companies, with Cencosud retaining the remaining forty-nine percent (49%) non-controlling interest of each of the Subject Companies. This framework agreement has a lifespan of 15 years.

Cencosud prepares and reports its financial statements under IFRS. Under IFRS Standard N 5 (“IFRS 5”), “Disposal of subsidiaries, business and non-current assets”, the Subject Companies, which comprise the Chilean portion of our financial services segment, are considered as of June 20, 2014, to be “Assets held for sale” as a result of Cencosud’s commitment to sell a controlling interest to an unrelated party under the Joint Venture Framework Agreement, the occurrence of which received Chilean regulatory approval for its full execution on April 13, 2015. We expect full execution of the framework agreement in early May 2015.

IFRS 5 requires that (a) assets that meet the criteria to be classified as held for sale be measured at the lower of carrying amount and *fair value less costs to sell*, and depreciation on such assets shall cease; and (b) assets that meet the criteria to be classified as held for sale be presented separately in the statement of financial position and the results of discontinued operations, net of tax, and be presented separately in the statement of comprehensive income. Net cash flows attributable to the operating, investing and financing activities of discontinued operations are required to be disclosed either in the notes to the financial statements or in the financial statements themselves. IFRS 5 requires that a company “re-present” its financial disclosure of discontinued operations for all prior periods presented in the financial statements so that the disclosures relate to all operations that have been discontinued by the end of the reporting period for the latest period presented.

Special Note Regarding Non-IFRS Financial Measures

This annual report makes reference to certain non-IFRS measures, namely EBIT, EBITDA and Adjusted EBITDA from continuing operations. These non-IFRS measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement IFRS measures by providing further understanding of the Company’s results of operations from management’s perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS.

EBIT represents profit attributable to controlling shareholders before net interest expense and income taxes. EBITDA represents EBIT plus depreciation and amortization expense. Adjusted EBITDA represents EBITDA as further adjusted to reflect items set forth in the table below. We have included EBIT, EBITDA and Adjusted EBITDA to provide investors with a supplemental measure of our operating performance.

We believe EBIT, EBITDA and Adjusted EBITDA are an important supplemental measure of operating performance because they eliminate items that have less bearing on our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS financial measures. We also believe that securities analysts, investors and other interested parties frequently use EBITDA in the evaluation of issuers, many of which present EBITDA when reporting their results.

Table of Contents

Our management also uses EBITDA and Adjusted EBITDA in order to facilitate operating performance comparisons from period to period, prepare annual operating budgets, assess our ability to meet our future debt service, capital expenditure and working capital requirements and assess our ability to pay dividends on our capital stock.

EBIT, EBITDA and Adjusted EBITDA have important limitations as analytical tools. For example, neither EBIT, EBITDA nor Adjusted EBITDA reflect (a) our cash expenditures, or future requirements for capital expenditures or contractual commitments; (b) changes in, or cash requirements for, our working capital needs; (c) the significant interest expense, or the cash requirements necessary to service interest or principal payments, on our debt; and (d) tax payments or distributions to our parent to make payments with respect to taxes attributable to us that represent a reduction in cash available to us. Although we consider the items excluded in the calculation of non-IFRS measures to be less relevant to evaluate our performance, some of these items may continue to take place and accordingly may reduce the cash available to us.

We believe that the presentation of the non-IFRS measures described above is appropriate. However, these non-IFRS measures have important limitations as analytical tools, and you should not consider them in isolation, or as substitutes for analysis of our results as reported under IFRS. Because of these limitations, we primarily rely on our results as reported in accordance with IFRS and use EBIT, EBITDA and Adjusted EBITDA only supplementally. In addition, because other companies may calculate EBITDA and Adjusted EBITDA differently than we do, EBITDA may not be, and Adjusted EBITDA as presented in this report is not, comparable to similarly titled measures reported by other companies.

A reconciliation of our profit (loss) attributable to controlling shareholders, the most directly comparable IFRS financial measure, to EBITDA and to Adjusted EBITDA is set forth below:

	Year ended December 31,					
	2014 (in millions of U.S.\$)	2014	2013	2012 (in millions of Ch\$)	2011	2010
Profit attributable to controlling shareholders	251	152,233	241,408	216,911	241,329	258,384
Profit attributable to non-controlling shareholders	(1)	(748)	166	2,851	10,559	10,220
Profit from Continuing Operations	250	151,485	241,573	219,762	251,888	268,604
Financial expense (net)	355	(215,456)	(217,857)	(170,399)	(105,054)	(59,680)
Income tax charge	(208)	(125,932)	(94,068)	(92,226)	(111,305)	(67,361)
EBIT from Continuing Operations	812	492,872	553,498	482,387	468,247	395,645
Depreciation and amortization	(330)	(200,043)	(189,038)	(138,941)	(117,498)	(162,995)
EBITDA from Continuing Operations	1,142	692,915	742,536	713,553	585,745	558,639
Exchange differences	(39)	(23,643)	(25,054)	(12,053)	(1,577)	(2,051)
Increase on revaluation of investment properties ⁽¹⁾	166	100,773	95,110	98,633	72,798	37,573
Losses from indexation	(65)	(39,576)	(18,885)	(23,538)	(27,641)	(16,705)
Adjusted EBITDA from Continuing Operations	1,080	655,361	691,365	650,510	539,011	502,310
As a % of revenues						
Profit from Continuing Operations	1.4%	1.4%	2.4%	2.5%	3.3%	4.3%
Financial income (expenses)	(2.0)%	(2.0)%	(2.1)%	(1.9)%	(1.4)%	(1.0)%
Income tax charge	(1.2)%	(1.2)%	(0.9)%	(1.0)%	(1.5)%	(1.1)%
EBIT from Continuing Operations	4.6%	4.6%	5.5%	5.4%	6.2%	6.6%
Depreciation and amortization	(1.9)%	(1.9)%	(1.9)%	(1.6)%	(1.5)%	(2.7)%
EBITDA from Continuing Operations	6.5%	6.5%	7.3%	8.0%	7.7%	9.3%
Exchange differences	(0.2)%	(0.2)%	(0.2)%	(0.1)%	(0.0)%	(0.0)%
Increase on revaluation of investment properties ⁽¹⁾	0.9%	0.9%	0.9%	1.1%	1.0%	0.6%
Losses from indexation	(0.4)%	(0.4)%	(0.2)%	(0.3)%	(0.4)%	(0.3)%
Adjusted EBITDA from Continuing Operations	6.1%	6.1%	6.8%	7.3%	7.1%	8.3%

(1) Represents a fair value adjustment of investment properties, as calculated using the discounted cash flows valuation method.

Table of Contents

A reconciliation of our profit (loss) attributable to controlling shareholders, the most directly comparable IFRS financial measure, to EBITDA from continuing operations and to Adjusted EBITDA from continuing operations per business segment is included below:

<u>Information by segment</u>	<u>Supermarkets</u>	<u>Shopping centers</u>	<u>Home improvement</u>	<u>Department</u>	<u>Financial services</u>	<u>Other</u>	<u>Consolidated</u>
			<u>stores</u>	<u>stores</u>	<u>Continuing Operations</u>		<u>total</u>
<u>Year ended December 31, 2014 (in millions of Ch\$)</u>							
Profit (loss) attributable to controlling shareholders	289,603	259,362	98,786	(4,575)	36,100	(527,042)	152,233
Profit attributable to non-controlling shareholders	—	—	—	—	—	(748)	(748)
Profit from Continuing Operations	289,603	259,362	98,786	(4,575)	36,100	(527,790)	151,485
Financial expense (net)						(215,456)	(215,456)
Income tax charge						(125,932)	(125,932)
EBIT from continuing operations	289,603	259,362	98,786	(4,575)	36,100	(186,403)	492,872
Depreciation and amortization	(134,505)	(5,488)	(20,363)	(26,429)	(1,942)	(11,316)	(200,043)
EBITDA from continuing operations	424,108	264,849	119,148	21,854	38,042	(175,087)	692,915
Exchange differences						(23,643)	(23,643)
Increase on revaluation of investment properties ⁽¹⁾		114,438					114,438
Losses from indexation						(39,576)	(39,576)
Adjusted EBITDA from continuing operations	424,108	150,412	119,148	21,854	38,042	(111,868)	641,696
As a % of revenues	5.2%	70.0%	9.8%	2.2%	32.3%	N.A.	6.0%

(1) Represents a fair value adjustment of investment properties, as calculated using the discounted cash flows valuation method.

<u>Information by segment</u>	<u>Supermarkets</u>	<u>Shopping centers</u>	<u>Home improvement</u>	<u>Department</u>	<u>Financial services</u>	<u>Other</u>	<u>Consolidated</u>
			<u>stores</u>	<u>stores</u>	<u>Continuing Operations</u>		<u>total</u>
<u>Year ended December 31, 2013 (in millions of Ch\$)</u>							
Profit (loss) attributable to controlling shareholders	304,654	247,586	80,042	24,754	40,046	(455,510)	241,573
Profit attributable to non-controlling shareholders	—	—	—	—	—	(165)	(165)
Profit from Continuing Operations	304,654	247,586	80,042	24,754	40,046	(455,675)	241,408
Financial expense (net)	—	—	—	—	—	(217,857)	(217,857)
Income tax charge	—	—	—	—	—	(94,068)	(94,068)
EBIT from continuing operations	304,654	247,586	80,042	24,754	40,046	(143,750)	553,333
Depreciation and amortization	(130,205)	(3,950)	(19,481)	(24,610)	(4,238)	(6,554)	(189,038)
EBITDA from continuing operations	434,859	251,536	99,523	49,364	44,284	(137,196)	742,371
Exchange differences	—	—	—	—	—	(25,054)	(25,054)
Increase on revaluation of investment properties ⁽¹⁾	—	95,110	—	—	—	—	95,110
Losses from indexation	—	—	—	—	—	(18,885)	(18,885)
Adjusted EBITDA from continuing operations	434,859	156,426	99,523	49,364	44,284	(93,257)	691,200
As a % of revenues	5.7%	76.2%	8.5%	5.1%	54.2%	N.A.	6.8%

(1) Represents a fair value adjustment of investment properties, as calculated using the discounted cash flows valuation method.

Table of Contents

<u>Information by segment</u>	<u>Supermarkets</u>	<u>Shopping Centers</u>	<u>Home improvement</u>	<u>Department</u>	<u>Financial services</u>	<u>Other</u>	<u>Consolidated</u>
			<u>stores</u>	<u>stores</u>	<u>Continuing Operations</u>		<u>total</u>
<u>Year ended December 31, 2012 (in millions of Ch\$)</u>							
Profit (loss) attributable to controlling shareholders	314,538	222,701	73,646	20,231	(9,431)	(404,773)	216,911
Profit attributable to non-controlling shareholders	—	—	—	—	—	2,851	2,851
Profit from Continuing Operations	314,538	222,701	73,646	20,231	(9,431)	(401,923)	219,762
Financial expense (net)	—	—	—	—	—	(170,399)	(170,399)
Income tax charge	—	—	—	—	—	(92,226)	(92,226)
EBIT from continuing operations	314,538	222,701	73,646	20,231	(9,431)	(139,298)	482,387
Depreciation and amortization	(89,454)	(2,606)	(17,740)	(22,896)	(955)	(5,290)	(138,941)
EBITDA from continuing operations	403,992	225,307	91,386	43,127	(8,476)	(134,008)	621,328
Exchange differences	—	—	—	—	—	(12,053)	(12,053)
Increase on revaluation of investment properties ⁽¹⁾	—	98,633	—	—	—	—	98,633
Losses from indexation	—	—	—	—	—	(23,538)	(23,538)
Adjusted EBITDA from continuing operations	403,992	126,674	91,386	43,127	(8,476)	(98,418)	558,285
As a % of revenues	6.0%	73.6%	8.6%	4.9%	(14.5)%	N/A	6.3%

(1) Represents a fair value adjustment of investment properties, as calculated using the discounted cash flows valuation method.

<u>Information by segment</u>	<u>Supermarkets</u>	<u>Shopping centers</u>	<u>Home improvement</u>	<u>Department</u>	<u>Financial services</u>	<u>Other</u>	<u>Consolidated</u>
			<u>stores</u>	<u>stores</u>	<u>Continuing Operations</u>		<u>total</u>
<u>Year ended December 31, 2011 (in millions of Ch\$)</u>							
Profit (loss) attributable to controlling shareholders	299,605	170,391	67,291	29,698	6,964	(332,621)	241,329
Profit attributable to non-controlling shareholders	—	—	—	—	—	10,559	10,559
Profit from Continuing Operations	299,605	170,391	67,291	29,698	6,964	(322,062)	251,888
Financial expense (net)	—	—	—	—	—	(105,054)	(105,054)
Income tax charge	—	—	—	—	—	(111,305)	(111,305)
EBIT from continuing operations	299,605	170,391	67,291	29,698	6,964	(105,703)	468,247
Depreciation and amortization	(76,559)	(2,344)	(16,501)	(17,292)	(261)	(4,541)	(117,498)
EBITDA from continuing operations	376,164	172,735	83,792	46,990	7,225	(101,162)	585,745
Exchange differences	—	—	—	—	—	(1,577)	(1,577)
Increase on revaluation of investment properties ⁽¹⁾	—	72,798	—	—	—	—	72,798
Losses from indexation	—	—	—	—	—	(27,641)	(27,641)
Adjusted EBITDA from continuing operations	376,164	99,937	83,792	46,990	7,225	(75,097)	539,011
As a % of revenues	6.8%	77.0%	8.8%	6.8%	2.7%	N/A	7.1%

(1) Represents a fair value adjustment of investment properties, as calculated using the discounted cash flows valuation method.

Table of Contents

Information by segment	Supermarkets	Shopping centers	Home improvement	Department	Financial services continuing	Other	Consolidated
			Stores	stores	operations		total continuing operations
Year ended December 31, 2010 (in millions of Ch\$)							
Profit (loss) attributable to controlling shareholders	249,364	122,349	53,352	24,584	36,162	(227,427)	258,384
Profit attributable to non-controlling shareholders	—	—	—	—	—	10,220	10,220
Net Income	249,364	122,349	53,352	24,584	36,162	(217,207)	268,604
Financial Expense (net)	—	—	—	—	—	(59,680)	(59,680)
Income tax charge	—	—	—	—	—	(67,361)	(67,361)
EBIT from continuing operations	249,364	122,349	53,352	24,584	36,162	(90,166)	395,645
Depreciation and amortization	(58,347)	(4,300)	(16,435)	(16,211)	(181)	(67,520)	(162,995)
EBITDA from continuing operations	307,711	126,649	69,787	40,795	36,343	(22,646)	558,639
Exchange differences	—	—	—	—	—	(2,051)	(2,051)
Increase on revaluation of investment properties ⁽¹⁾	—	37,573	—	—	—	—	37,573
Losses from indexation	—	—	—	—	—	(16,705)	(16,705)
Adjusted EBITDA from continuing operations	307,711	89,076	69,787	40,795	36,343	(41,402)	502,310
As a % of revenues	6.9%	76.1%	8.5%	6.6%	170.8%	N/A	8.3%

(1) Represents a fair value adjustment of investment properties, as calculated using the discounted cash flows valuation method.

Rounding

Certain figures included in this annual report and in our financial statements have been rounded for ease of presentation. Percentage figures included in this annual report have not in all cases been calculated on the basis of such rounded figures but on the basis of such amounts prior to rounding. For this reason, percentage amounts in this annual report may vary from those obtained by performing the same calculations using the figures in our financial statements. Certain other amounts that appear in this annual report may not sum due to rounding.

Operating Data

Calculations of revenues from ordinary activities for our shopping centers presented in this annual report exclude inter-company lease payments to our shopping centers from stores owned by us. Unless otherwise noted, calculations of gross leasable area for our shopping centers do not include the square meters occupied by our stores.

As used herein, the term “same-store sales” reflects the sales of our stores operating throughout the same months of both financial periods being compared. If a store did not operate for a full month of either of the financial periods being compared, we exclude its sales for such month from both financial periods. For example, if a new store was opened on July 1, 2012 and operated throughout the last six months of 2012, (i) our “same-store sales” data would include the sales of that store for the last six months of 2012 and the last six months of 2013 and (ii) we would account for the sales of the new store during the first six months of 2013 as sales from a newly opened store. Our calculations of same-store sales data may differ from same-store sales calculations of other retailers. Unless otherwise noted, we have presented calculations of same-store sales in nominal local currency.

Table of Contents

Industry and Market Data

None of the Argentine, Brazilian, Chilean, Peruvian or Colombian governments publish definitive data regarding the supermarket, home improvement store, department store, shopping center or financial services industries.

General

This annual report contains data related to the economic conditions in the markets in which we operate. Unless otherwise indicated, information in this annual report concerning economic conditions is based on publicly available information from third-party sources which we believe to be reasonable. The economic conditions in the markets in which we operate may deteriorate, and those economies may not grow at the rates projected by market data, or at all. The deterioration of the economic conditions in the markets in which we operate may have a material adverse effect on our business, results of operations, financial condition and the market price of our shares of common stock and American Depositary Shares (“ADSs”).

Chile

Market data and other statistical information (other than with respect to our financial results and performance) used throughout this annual report are based on independent industry publications, government publications, reports by market research firms or other published independent sources, such as the *Instituto Nacional de Estadísticas* (the Chilean National Institute of Statistics, or “INE”), a governmental agency that publishes information based on its independent data, the *Asociación Gremial de Supermercados de Chile* (the Chilean Supermarkets Association, or “ASACH”), which publishes certain data with respect to supermarkets in Chile, and A.C. Nielsen Chile S.A., which publishes data with respect to the supermarket industry in Chile. Certain other shopping center statistics for Chile are published by the International Council for Shopping Centers.

Argentina

Market data and other statistical information (other than with respect to our financial results and performance) used throughout this annual report are based on independent industry publications, government publications, reports by market research firms or other published independent sources, such as the *Instituto Nacional de Estadísticas y Censos* (the Argentine National Institute of Statistics and Census, or “INDEC”), a governmental agency that publishes information based on its independent data, and A.C. Nielsen Argentina, which publishes market share data with respect to the supermarket industry in Argentina. In addition, the *Camara Argentina de Shopping Centers* (the Argentine Chamber of Shopping Centers, or “CASC”) currently publishes market share data with respect to shopping centers in Argentina. Certain other shopping center statistics for Argentina are published by the International Council for Shopping Centers.

Brazil

We have included certain information with respect to Brazil based on reports prepared by established public sources, such as the Central Bank of Brazil, the *Instituto Brasileiro de Geografia e Estatística* (the Brazilian Institute of Geography and Statistics, or “IBGE”), the *Instituto de Pesquisa Econômica Aplicada* (the Institute of Applied Economic Research, or “IPEA”), the *Associação Brasileira de Supermercados* (the Brazilian Association of Supermarkets, or “ABRAS”), and the *Fundação Getúlio Vargas* (the Getúlio Vargas Foundation). Unless otherwise indicated, all macroeconomic information relating to Brazil was obtained from the Central Bank of Brazil, IBGE and the Getúlio Vargas Foundation.

Peru

Macroeconomic data from Peru included in this annual report is derived from public entities, such as the Central Bank of Peru, the *Instituto Nacional de Estadísticas e Informática* (the National Institute of Statistics and Computing, or “INEI”), *Corporación de Compañías de Research* (Research Companies Corporation, or “CCR”) or by Apoyo Consulting. Some data are also based on our estimates, which are derived from our review of internal surveys, as well as independent sources. Although we believe these sources are reliable, we have not independently verified the information provided by third parties. In addition, these sources may use different definitions of the relevant markets than those we present. Data regarding our industry are intended to provide general guidance but are inherently imprecise.

Colombia

Market and certain other data relating to Colombia used in this annual report was obtained from our own research, surveys or studies conducted by third parties and industry or general publications and other publicly available sources. Industry and general publications and surveys generally state that they have obtained information from sources believed to be reliable, but do not guarantee the accuracy and completeness of such information. Certain data is based on published information made available by the Colombian

Table of Contents

government and its agencies, such as the *Departamento Administrativo Nacional de Estadística* (the National Administrative Department of Statistics, or “DANE”) and the *Banco de la Republica* (“Colombian Central Bank”). Although we believe these sources to be reliable, we do not guarantee the accuracy of the information.

Other Information

According to the ASACH, “hypermarkets” are defined as retail stores with more than 10,000 square meters of selling space, offering more than 25,000 products and having more than 40 cashiers. ASACH defines “supermarkets” as retail stores having up to 6,000 square meters of selling space, between 400 and 10,000 products and ten to 25 cashiers. We consolidate the results of our supermarkets and hypermarkets under our “supermarkets” segment. Therefore, unless otherwise noted, our discussions of “supermarkets” in this annual report include our *Santa Isabel* supermarkets, *Jumbo* hypermarkets and supermarkets in Chile, *Disco* and *Super Vea* supermarkets and *Jumbo* hypermarkets and supermarkets in Argentina, *Bretas*, *GBarbosa*, *Mercantil Rodrigues*, *Perini* and *Prezunic* supermarkets in Brazil, *Jumbo* and *Metro* supermarkets in Colombia and *Wong* and *Metro* supermarkets and hypermarkets in Peru. By “home improvement” stores we mean retail establishments that sell a wide assortment of building materials and home improvement and lawn and garden products and provide certain related services. Our “home improvement stores” refer to our home improvement stores operated under the *Easy* and *Blaisten* brand names, including our *Easy* stores in Chile, Argentina and Colombia. By “department stores” we mean retail establishments that market a varied assortment of apparel, electronic and household goods. These stores currently operate in Chile and Peru under our *Paris* and *Johnson* brands. References to “stores” refer collectively to our hypermarkets, supermarkets, department stores and home improvement stores.

One meter equals approximately 3.3 feet or 1.1 yards and one square meter equals approximately 10.8 square feet.

We own or have rights to use the trademarks, service marks and trade names that we use in conjunction with the operation of our business. Some of the more important trademarks that we own or have rights to use that appear in this annual report include: *Jumbo*®, *Jumbo Más*®, *Easy*®, *Más Easy*®, *Santa Isabel*®, *Disco*®, *Vea*®, *Super Vea*®, *Blaisten*®, *Johnson*®, *Paris*®, *Más Paris*®, *Seguros Cencosud*®, *Banco Paris*®, *Circulo Más*®, *Wong*®, *Metro*®, *GBarbosa*®, *Perini*®, *Bretas*®, *Mercantil Rodrigues*®, *Nectar*®, which is replaced by the brand *Cencosud Puntos*® as our loyalty program as of March 31, 2014 in Chile and Colombia), *Tarjeta Cencosud*®, *Banco Cencosud*®, *Costaner Center*®, *Vive Chevere*® and *Prezunic*®, each of which may be registered or trademarked in any of Argentina, Brazil, Chile, Colombia, Peru or other jurisdictions. Solely for convenience, we may refer to our trademarks, service marks and trade names in this annual report without the ™ and ® symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent permitted under applicable law, our rights to our trademarks, service marks and trade names. Each trademark, trade name or service mark of any other company appearing in this annual report is, to our knowledge, owned by such other company.

PART I

Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

A. SELECTED FINANCIAL DATA

Selected Financial and Operating Data

The following tables set forth our summary consolidated financial information under IFRS. You should read the information contained in these tables in conjunction with “Item 5. Operating and Financial Review and Prospects,” “Item 8. Financial Information,” “Item 18. Financial Statements.” and the consolidated financial statements and the accompanying notes included elsewhere in this annual report.

The financial information as of December 31, 2014 and 2013 and for the years ended December 31, 2014, 2013 and 2012 has been derived from our Audited Consolidated Financial Statements included elsewhere in this annual report. The selected statement of

Table of Contents

operations data with respect to fiscal year ended December 31, 2011 and 2010 and the selected balance sheet data as of December 31, 2012 have been derived from the Company's consolidated financial statements not included herein. We maintain our books and records in Chilean pesos and prepare consolidated financial statements in accordance with IFRS. Our date of adoption of IFRS was January 1, 2010. The following financial and operating information should be read in conjunction with, and is qualified in its entirety by reference to, our Audited Consolidated Financial Statements included elsewhere in this annual report.

Unless otherwise noted, U.S. dollar amounts have been translated from Chilean pesos based on the *dólar observado*, or observed exchange rate of Ch\$606.75 per U.S.\$1.00 as of December 31, 2014, as reported by the Chilean Central Bank. We make no representation that the Chilean peso or the U.S. dollar amounts referred to herein actually represent, could have been or could be converted into U.S. dollars or Chilean pesos, as the case may be, at the rates indicated, at any particular rate or at all.

In our opinion, the summary consolidated financial data presented in the tables below includes all adjustments necessary to present fairly in all material respects our financial condition and results of operations at the dates and the periods presented. The results of operations presented below are not necessarily indicative of future performance.

<u>Income statement data:</u>	2014		Year ended December 31,		2011	2010
	(in millions of U.S.\$)		2013	2012		
Revenues from ordinary activities, continuing operations:						
Supermarkets	13,447	8,159,237	7,682,993	6,733,610	5,556,271	4,452,759
Home improvement stores	2,019	1,225,616	1,176,890	1,063,086	948,641	819,838
Department stores	1,634	991,442	970,360	886,075	690,772	622,719
Shopping Centers	354	214,850	205,332	172,104	129,727	116,991
Financial Services	194	117,679	81,651	58,454	267,874	21,283
Other ⁽¹⁾	4	2,205	16,932	12,022	11,520	3,657
Total revenues from ordinary activities	<u>17,653</u>	<u>10,711,029</u>	<u>10,134,158</u>	<u>8,925,351</u>	<u>7,604,806</u>	<u>6,236,974</u>

<u>Income statement data:</u>	2014		Year ended December 31,		2011	2010
	(in millions of U.S.\$)		2013	2012		
Cost of sales:						
Supermarkets	(10,225)	(6,204,110)	(5,782,590)	(5,057,477)	(4,177,664)	(3,355,796)
Home improvement stores	(1,319)	(800,342)	(787,402)	(711,500)	(647,337)	(561,006)
Department stores	(1,222)	(741,279)	(701,530)	(644,668)	(499,413)	(446,769)
Shopping Centers	(46)	(28,029)	(23,341)	(27,213)	(19,448)	(17,858)
Financial Services	(64)	(39,046)	(25,938)	(21,082)	(14,028)	(6,102)
Other ⁽¹⁾	(3)	(1,967)	(3,451)	(2,294)	(5,421)	(5,343)
Total cost of sales	<u>(12,880)</u>	<u>(7,814,773)</u>	<u>(7,324,252)</u>	<u>(6,464,234)</u>	<u>(5,363,313)</u>	<u>(4,392,874)</u>
Gross profit:						
Supermarkets	3,222	1,955,127	1,900,404	1,676,133	1,378,607	1,096,963
Home improvement stores	701	425,275	389,487	351,586	301,303	258,832
Department stores	412	250,163	268,830	241,407	191,359	175,950
Shopping Centers	308	186,821	181,991	144,891	110,278	99,133
Financial Services	130	78,632	55,713	37,372	31,286	15,181
Other ⁽¹⁾	0	238	13,481	9,728	6,099	(1,686)
Total gross profit	<u>4,773</u>	<u>2,896,256</u>	<u>2,809,907</u>	<u>2,461,117</u>	<u>2,018,933</u>	<u>1,644,373</u>
Administrative expenses, distribution costs and other expenses	(4,113)	(2,495,436)	(2,357,582)	(2,048,390)	(1,602,881)	(1,371,074)
Other revenues by function	189	114,438	108,291	107,011	85,107	43,871
Participation in earnings of associates	10	6,208	10,289	5,642	5,779	7,514
Financial income	11	6,709	5,999	8,231	10,713	14,754
Financial expenses	(366)	(222,165)	(223,856)	(178,631)	(115,767)	(84,693)
Other earnings	57	34,624	26,366	(7,403)	(12,626)	13,786
Exchange differences	(39)	(23,643)	(25,054)	(12,053)	1,577	(2,055)
Losses from indexation	(65)	(39,576)	(18,885)	(23,538)	(27,641)	(16,747)
Income (loss) before taxes	457	277,416	335,476	311,988	363,193	326,713
Income tax charge	(208)	(125,932)	(94,068)	(92,226)	(111,305)	(72,856)
Profit from Continuing Operations	<u>251</u>	<u>151,485</u>	<u>241,408</u>	<u>219,762</u>	<u>251,888</u>	<u>253,858</u>

Table of Contents

Income statement data:	Year ended December 31,					
	2014 (in millions of U.S.\$)	2014	2013	2012	2011	2010
Profit from Discontinued Operations	21	12,662	8,357	33,047		52,623
Net Income	271	164,146	249,765	252,809		296,261
Profit attributable to non-controlling shareholders	1	(748)	(165)	2,851	33,004	10,220
Profit attributable to controlling shareholders	272	164,894	249,930	249,958	284,892	296,261
Net earnings attributable to shareholders per share for continuing operations:						
Basic ⁽²⁾	0.0887	53.8	87.4	93.20	106.60	130.85
Diluted ⁽²⁾	0.0887	53.8	86.8	92.30	105.50	129.56
Net earnings attributable to shareholders per share for discontinued operations:						
Basic ⁽²⁾	0.0074	4.50	3.0	14.2	14.6	130.85
Diluted ⁽²⁾	0.0074	4.50	3.0	14.2	14.4	129.56
Number of Shares						
Total number of Shares	2,828,723,963	2,828,723,963	2,828,723,963	2,507,103,215	2,264,103,215	2,264,103,215
Dividends per share:						
Basic ⁽²⁾	0.0402	21.09	28.85	22.88	34.65	24.26
Diluted ⁽²⁾	0.0398	20.93	28.64	22.66	34.31	24.26

(1) Includes the results of our Aventura entertainment centers, our loyalty programs and corporate back-office operations. See “Item 4. Information on the Company—B. Business Overview—Our Company.”

(2) In U.S. dollars U.S. dollars and Chilean pesos.

In November 2012, we completed the acquisition of Carrefour Societe Anonyme’s (Carrefour) supermarket operations in Colombia See “Item 4. Information on the Company—A. History and Development of the Company—History.”

Balance sheet data:	As of December 31,					
	2014 (in millions of U.S.\$)	2014	2013	2012 ⁽¹⁾	2011	2010
Total current assets	4,948	3,002,468	2,425,219	2,316,812	2,085,636	1,582,309
Property, plant, equipment and investment property net	7,702	4,673,321	4,670,316	4,605,872	3,538,672	2,913,644
Other assets	5,011	3,040,715	2,969,699	2,820,906	2,019,780	1,839,516
Total assets	17,662	10,716,503	10,065,234	9,743,590	7,644,088	6,335,469
Total current liabilities	5,173	3,138,770	2,951,699	3,336,630	2,331,280	1,919,094

Balance sheet data:	As of December 31,					
	2014	2014	2013	2012 ⁽¹⁾	2011	2010
Total non-current liabilities	5,416	3,286,247	2,852,168	3,008,748	2,362,201	1,726,781
Total liabilities	10,589	6,425,017	5,803,867	6,345,378	4,693,482	3,645,876
Non-controlling interest	(1)	(832)	100	678	87,750	74,886
Net equity attributable to controlling shareholders	7,074	4,292,318	4,261,267	3,397,534	2,862,856	2,614,707
Total net equity and liabilities	17,662	10,716,503	10,065,234	9,743,590	7,644,088	6,335,469

(1) Assets for the 2012 period were adjusted as goodwill related to the Johnson acquisition was adjusted.

Table of Contents

Other financial data:	Year ended December 31,					
	2014 (in millions of U.S.\$) ⁽¹⁾	2014	2013	2012	2011	2010
Cash Flow Data	(in millions of Ch\$) ⁽¹⁾					
Net cash provided by (used in):						
Operating activities	643	390,239	364,782	718,715	567,739	407,174
Investing activities	(385)	(233,396)	(320,507)	(1,873,568)	(623,753)	(413,676)
Financing activities	(185)	(112,378)	(107,029)	1,246,077	89,607	5,086
Other Financial Information						
Capital expenditures	(607)	(227,423)	(317,709)	(573,650)	(616,336)	(349,793)
Depreciation and amortization	(333)	(202,343)	(191,500)	(141,450)	(120,174)	(162,995)
Adjusted EBITDA from continuing operations ⁽²⁾	1,057	641,696	691,200	558,285	539,011	502,310
Financial Ratios						
Gross margin ⁽³⁾	27.0%	27.0%	27.7%	27.6%	26.5%	26.4%
Net margin ⁽⁴⁾	1.4%	1.4%	2.4%	2.5%	3.3%	4.9%
Current ratio ⁽⁵⁾	0.96x	0.96x	0.82x	0.77x	0.88x	0.92x

- (1) Except financial ratios.
- (2) See "Presentation of Financial and Other Information" for the definition of Adjusted EBITDA and the reconciliation of Adjusted EBITDA to IFRS measures.
- (3) Consolidated gross profit divided by consolidated revenues from ordinary activities.
- (4) Consolidated net income divided by consolidated revenues from ordinary activities.
- (5) Consolidated current assets divided by consolidated current liabilities.

Comprehensive income:	Year ended December 31,					
	2014 (in millions of U.S.\$)	2014	2013	2012	2011	2010
Comprehensive income attributable to controlling shareholders	125	76,055	94,725	34,002	357,049	201,686
Comprehensive (loss) income attributable to non-controlling shareholders	(1)	(881)	(168)	(5,354)	12,865	253
Total comprehensive income	124	75,174	94,557	28,648	369,913	201,939

Operating data:	Year ended December 31,					
	2014	2013	2012	2011	2010	
Number of Stores						
Supermarkets:						
<i>Chile</i>	224	224	214	189	163	
<i>Argentina</i>	290	290	288	269	256	
<i>Brazil</i>	219	221	204	152	130	
<i>Peru</i>	87	87	86	74	64	
<i>Colombia</i>	100	100	96	0	0	
Supermarkets subtotal	922	922	888	684	613	
Home Improvement Stores:						
<i>Chile</i>	32	32	31	29	29	
<i>Argentina</i>	48	48	47	48	49	
<i>Colombia</i>	9	9	4	4	4	
Home improvement stores subtotal	89	89	82	81	82	
Department Stores:						
<i>Chile</i>	77	77	78	35	34	
<i>Peru</i>	6	6	0	0	0	
Department stores subtotal	83	83	78	35	34	
Shopping Centers:						
<i>Chile</i>	25	25	9	9	9	
<i>Argentina</i>	18	18	18	14	14	
<i>Peru</i>	4	3	2	2	2	
<i>Colombia</i>	2	2	0	0	0	
Shopping centers subtotal	48	48	29	25	25	
Total	1123	1123	1076	825	754	

Table of Contents

Operating data:	Year ended December 31,				
	2014	2013	2012	2011	2010
Total Selling Space ⁽¹⁾	(in square meters)				
Supermarkets:					
Chile	546,236	546,236	524,677	463,834	406,555
Argentina	519,171	519,171	522,270	502,682	455,808
Brazil	602,194	596,746	552,764	391,485	332,626
Peru	259,360	259,360	258,762	233,331	209,642
Colombia	428,469	428,469	416,699	0	0
Supermarkets subtotal	2,386,981	2,349,981	2,275,172	1,591,332	1,404,631
Home Improvement Stores:					
Chile	307,853	307,853	299,806	276,325	273,625
Argentina	373,490 ⁽²⁾	373,490 ⁽²⁾	369,067 ⁽²⁾	391,485	392,645
Colombia	75,732	75,732	37,060	35,360	34,309
Home improvement stores subtotal	757,074	757,074	705,933	703,170	700,579
Department Stores:					
Chile	371,891	371,891	377,191	272,388	234,489
Peru	32,222	32,222	0	0	0
Department stores subtotal	404,113	404,113	377,191	272,388	234,489
Shopping Centers: ⁽³⁾					
Chile	433,053	412,418	410,117	282,693	273,983
Argentina	241,410	241,410	241,410	227,396	214,002
Peru	15,514	58,388	41,303	54,750	54,750
Colombia	14,514	14,514	0	0	0
Shopping centers subtotal	800,272	756,264	692,830	564,839	542,735
Total	4,237,899	4,237,899	4,051,126	3,131,729	2,882,434
Average Selling Space per Store ⁽⁴⁾	(in square meters)				
Supermarkets:					
Chile	2,439	2,439	2,452	2,454	2,494
Argentina	1,790	1,790	1,813	1,869	1,781
Brazil	2,700	2,700	2,710	2,576	2,559
Peru	2,981	2,981	3,009	3,153	3,276
Colombia	4,285	4,285	0	0	0
Supermarkets subtotal	2,549	2,549	2,562	2,327	2,291
Home Improvement Stores:					
Chile	9,620	9,620	9,671	9,528	9,435
Argentina	7,781	7,781	7,852	8,156	7,435
Colombia	8,415	8,415	9,265	8,840	8,577
Home improvement stores subtotal	8,506	8,506	8,609	8,681	8,198
Department Stores:					
Chile	4,830	4,830	4,836	7,783	6,897
Peru	5,370	5,370	0	0	0
Department stores subtotal	4,869	4,869	4,836	7,783	6,897
Shopping Centers:					
Chile	17,322	16,497	42,987	31,410	30,443
Argentina	12,796	13,412	15,761	16,243	15,286
Peru	17,798	19,463	16,839	27,375	27,375
Colombia	7,257	7,257	0	0	0
Shopping centers subtotal	15,099	15,140	25,620	22,594	21,709
Average Sales per Store ⁽⁵⁾	(in millions of Ch\$)				
Supermarkets:					
Chile	9,894	9,943	9,617	9,662	10,371
Argentina	6,254	6,162	6,083	5,776	5,352
Brazil	9,837	9,067	10,270	10,211	6,484
Peru	9,617	8,569	8,360	8,439	8,744
Colombia	9,999	9,185	1,189 ⁽⁶⁾	0	0
Supermarkets subtotal	8,736	8,228 ⁽⁷⁾	8,356 ⁽⁷⁾	8,123	7,276

Table of Contents

Operating data:	Year ended December 31,				
	2013	2013	2012	2011	2010
	(in millions of Ch\$)				
Home Improvement Stores:					
Chile	14,107	14,022	12,915	12,672	11,577
Argentina	13,859	14,209	13,191	11,287	9,205
Colombia	6,717	9,449 ⁽⁸⁾	10,682	9,845	8,272
Home improvement stores subtotal	13,179	13,858	12,964	11,712	9,998
Department Stores:					
Chile	12,053	12,413	11,360	19,736	18,315
Peru	4,360	2,430			
Department stores subtotal	11,945	11,691	11,360	19,736	18,315

Table of Contents

Operating data:	Year ended December 31,				
	2014	2013	2012	2011	2010
	(in millions of Ch\$)				
Shopping Centers:					
<i>Chile</i>	11,284	11,284	9,309	7,167	6,095
<i>Argentina</i>	4,620	4,620	4,365	4,262	3,810
<i>Peru</i>	4,852	4,852	2,301	2,783	4,401
<i>Colombia</i>	8,642	8,642			
Shopping centers subtotal	7,080	7,080	5,939	5,189	4,680
Increase (Decrease) in Same-Store Sales ⁽⁹⁾					
(%)					
Supermarkets:					
<i>Chile</i>	4.3%	1.6%	4.8%	4.7%	5.9%
<i>Argentina</i>	29.0%	17.3%	18.5%	22.5%	25.2%
<i>Brazil</i>	(0.6)%	(0.5)%	0.5%	1.4%	7.1%
<i>Peru</i>	4.6%	1.5%	4.2%	6.5%	(2.3)%
<i>Colombia</i>	(1.5)%	(7.4)%			
Home Improvement Stores:					
<i>Chile</i>	2.7%	6.1%	6.3%	4.9%	23.7%
<i>Argentina</i>	27.5%	30.3%	26.6%	32.3%	27.8%
<i>Colombia</i>	(3.4)%	0.3%	4.1%	11.8%	(3.6)%
Department Stores:					
<i>Chile</i>	(0.5)%	4.7%	5.3%	5.2%	19.7%
Sales per Square Meter ⁽¹⁰⁾					
(in millions of Ch\$)					
Supermarkets:					
<i>Chile</i>	4.15	4.08	3.92	3.94	4.13
<i>Argentina</i>	3.43	3.44	3.35	3.09	3.01
<i>Brazil</i>	3.58	3.36	3.79	4.08	2.53
<i>Peru</i>	3.20	2.87	2.78	2.68	2.67
<i>Colombia</i>	2.35	2.14	0.28 ⁽¹¹⁾		
Supermarkets subtotal	3.42	3.52	3.56 ⁽¹²⁾	3.52	3.17
Home Improvement Stores:					
<i>Chile</i>	1.48	1.46	1.34	1.33	1.23
<i>Argentina</i>	1.81	1.83	1.68	1.38	1.24
<i>Colombia</i>	1.04 ⁽¹³⁾	1.04 ⁽¹³⁾	1.15	1.11	0.96
Home improvement stores subtotal	1.57	1.62	1.51	1.35	1.22
Department Stores:					
<i>Chile</i>	2.54	2.57	2.35	2.54	2.66
<i>Peru</i>	0.10	0.45	0	0	0
Department stores subtotal	2.36 ⁽¹⁴⁾	2.57 ⁽¹⁴⁾	2.35	2.54	2.66
Shopping Centers:					
<i>Chile</i>	0.28	0.26	0.22	0.23	0.20
<i>Argentina</i>	0.24	0.29	0.28	0.26	0.25
<i>Peru</i>	0.24	0.24	0.14	0.10	0.16
<i>Colombia</i>	0.70	0.30			
Shopping centers subtotal	0.27	0.27	0.23	0.23	0.20
Total number of store employees ⁽¹⁵⁾	153,234	154,603	146,424	131,505	126,485

- (1) In square meters at period end.
- (2) Due to change in criteria for selling space 2012 figures were modified in order to have comparable figures for 2012 and subsequent periods. This new criteria excludes check-out area and aisles.
- (3) Total leasable space for shopping centers does not include selling space occupied by related parties in our shopping centers.
- (4) Total square meters of selling space or leasable space, as applicable, at the fiscal period end divided by the total number of stores or shopping centers, as applicable, at period end.
- (5) Sales for the fiscal period divided by the number of stores or shopping centers, as applicable, at the end of the fiscal period.
- (6) This value takes into consideration only one month of sales for our supermarket operation in Colombia for the 2012 fiscal period.

Table of Contents

- (7) This average does not include sales and stores of our Colombian supermarket operations.
- (8) This value does not take into consideration stores opened in Colombia in the month of December 2013.
- (9) Reflects the sales of our stores operating throughout the same months of both financial periods being compared. If a store did not operate for a full month of either of the financial periods being compared, we exclude its sales for such month from both financial periods. For example, if a new store was opened on July 1, 2013 and operated throughout the last six months of 2013, (i) “same-store sales” would include the sales of that store for the last six months of 2013 and the last six months of 2014 and (ii) we would consider the sales of the new store during the first six months of 2014 as sales from a newly opened store. Calculated in local currency.
- (10) Sales for the period divided by the square meters of selling space or leasable space, as applicable, at the end of each month during the period.
- (11) Data for sales in Colombia only reflect the operational result for the month of December 2012 as the former operations of Carrefour in the country were consolidated into Cencosud’s financial statements as of November 30, 2012.
- (12) Average sales per square meter exclude sales and selling space for the Colombian supermarket operations.
- (13) Excludes stores opened in December 2013.
- (14) Excludes Paris Peru Stores
- (15) Number of full-time employee equivalents at period end.

Exchange Rates

Chile

Chile has two currency markets, the *Mercado Cambiario Formal* (the “Formal Exchange Market”) and the *Mercado Cambiario Informal* (the “Informal Exchange Market”). The Formal Exchange Market is comprised of banks and other entities authorized by the Chilean Central Bank. The Informal Exchange Market is comprised of entities that are not expressly authorized to operate in the Formal Exchange Market, such as certain foreign exchange houses and travel agencies, among others. The Chilean Central Bank is empowered to require that certain purchases and sales of foreign currencies be carried out on the Formal Exchange Market. See also “Item 10. Additional Information—D. Exchange Controls—Foreign Exchange Controls—Chile.”

Both the Formal and Informal Exchange Markets are driven by free market forces. Current regulations require that the Chilean Central Bank be informed of certain transactions and that they be effected through the Formal Exchange Market.

The U.S. dollar observed exchange rate (*dólar observado*), which is reported by the Chilean Central Bank and published daily in the Official Gazette (*Diario Oficial*), is the weighted average exchange rate of the previous business day’s transactions in the Formal Exchange Market. The Chilean Central Bank has the power to intervene by buying or selling foreign currency on the Formal Exchange Market to attempt to maintain the observed exchange rate within a desired range. During the past few years the Chilean Central Bank has attempted to keep the observed exchange rate within a certain range only under special circumstances. Although the Chilean Central Bank is not required to purchase or sell dollars at any specific exchange rate, it generally uses spot rates for its transactions. Other banks generally carry out authorized transactions at spot rates as well.

The Informal Exchange Market reflects transactions carried out at an informal exchange rate (the “informal exchange rate”). There are no limits imposed on the extent to which the rate of exchange in the Informal Exchange Market can fluctuate above or below the observed exchange rate. In recent years, the variation between the observed exchange rate and the informal exchange rate has not been significant.

The following table sets forth the annual low, high, average and period end observed exchange rate for U.S. dollars for the periods presented, as reported by the Chilean Central Bank. The Federal Reserve Bank of New York does not report a noon buying rate for Chilean pesos.

	Daily observed exchange rate Ch\$ per U.S.\$			
	High ⁽¹⁾	Low ⁽¹⁾	Average ⁽²⁾	Period end ⁽³⁾
Year ended December 31,				
2010	549.17	468.01	510.21	468.01
2011	533.74	455.91	483.57	519.20
2012	519.69	469.65	486.59	479.96
2013	533.95	466.50	495.18	524.61
2014	621.41	527.53	570.33	606.75
Month end				
October 31, 2014	598.64	527.53	538.36	553.84
November 30, 2014	605.46	580.62	593.91	605.46

Table of Contents

	Daily observed exchange rate Ch\$ per U.S.\$			
	High ⁽¹⁾	Low ⁽¹⁾	Average ⁽²⁾	Period end ⁽³⁾
December 31, 2014	621.41	606.75	612.98	606.75
January 31, 2015	632.03	612.47	622.11	632.03
February 28, 2015	632.19	616.86	622.95	618.76
March 31, 2015	642.18	617.38	628.86	626.58
April 2015 (through April 17, 2015)	621.10	610.74	614.84	612.30

Source: Chilean Central Bank.

- (1) Exchange rates are the actual low and high, on a daily basis for each period.
- (2) The yearly average rate is calculated as the average of the exchange rates on the last day of each month during the period.
- (3) Each year period ends on December 31, and the respective period-end exchange rate is published by the Chilean Central Bank on the first business day of the following year. Each month period ends on the last calendar day of such month, and the respective period end exchange rate is published by the Chilean Central Bank on the first business day of the following month.

Argentina

From April 1, 1991 until the end of 2001, the Convertibility Law No. 23,928 and Regulatory Decree No. 529/91 (together, the “Convertibility Law”) established a fixed exchange rate under which the Central Bank of Argentina was obliged to sell U.S. dollars at a fixed rate of one Argentine peso per U.S. dollar. On January 6, 2002, the Argentine Congress enacted the Public Emergency Law, which suspended certain provisions of the Convertibility Law, including the fixed exchange rate of Ar\$1.00 to U.S.\$1.00, and granted the executive branch of the Argentine government the power to set the exchange rate between the Argentine peso and foreign currencies and to issue regulations related to the foreign exchange market. Following a brief period during which the Argentine government established a temporary dual exchange rate system, pursuant to the Public Emergency Law, the Argentine peso has been allowed to float freely against other currencies since February 2002. For the last few years the Argentine government has maintained a policy of intervention in foreign exchange markets, conducting periodic transactions for the sale and purchase of U.S. dollars. There is no way to foresee if this could continue in the future. See also “Item 10. Additional Information—D. Exchange Controls—Foreign Exchange Controls—Argentina.”

The following table sets forth the annual high, low, average and period-end exchange rates for the periods indicated, expressed in Argentine pesos per U.S. dollar and not adjusted for inflation as reported by the Central Bank of Argentina. The Federal Reserve Bank of New York does not report a noon buying rate for Argentine pesos.

	Daily observed exchange rate Ar\$ per U.S.\$			
	High	Low	Average ⁽¹⁾	Period end
Year ended December 31,				
2010	3.988	3.794	3.913	3.976
2011	4.304	3.972	4.131	4.304
2012	4.917	4.304	4.552	4.917
2013	6.518	4.923	5.479	6.518
2014	8.556	6.543	8.119	8.552
Month end				
October 31, 2014	8.503	8.448	8.480	8.502
November 30, 2014	8.526	8.507	8.514	8.526
December 31, 2014	8.556	8.526	8.550	8.552
January 31, 2015	8.640	8.554	8.602	8.640
February 28, 2015	8.726	8.649	8.686	8.724
March 31, 2015	8.820	8.736	8.781	8.820
April 2015 (through April 17, 2015)	8.867	8.826	8.848	8.867

Source: Central Bank of Argentina.

- (1) Represents the daily average exchange rate during each of the relevant periods.

Brazil

The Central Bank of Brazil allows the real/U.S. dollar exchange rate to float freely and has intervened occasionally to control unstable fluctuations in foreign exchange rates. We cannot predict whether the Central Bank of Brazil or the Brazilian government will continue to let the real float freely or will intervene in the exchange rate market through a currency band system or otherwise. The Brazilian real may depreciate or appreciate substantially against the U.S. dollar in the future. Exchange rate fluctuations may adversely affect our financial condition. See also “Item 10. Additional Information—D. Exchange Controls—Foreign Exchange Controls—Brazil.”

Table of Contents

Prior to March 14, 2005, under Brazilian regulations, foreign exchange transactions were carried out on either the commercial rate exchange market or the floating rate exchange market. Rates in the two markets were generally the same. On March 14, 2005, the National Monetary Council of Brazil (*Conselho Monetário Nacional*) unified the two markets.

The following table sets forth the exchange selling rates expressed in Brazilian reais per U.S. dollar for the periods indicated, as reported by the Central Bank of Brazil through the Central Bank System (Sistema do Banco Central) using PTAX 800, option 5.

	Daily observed exchange rate R\$ per U.S.\$			
	High	Low	Average	Period end
Year ended December 31,				
2010	2.4218	1.7024	1.9935	1.7412
2011	1.8811	1.6554	1.7593	1.6662
2012	1.9016	1.5345	1.6746	1.8758
2013	2.1121	1.7024	1.9550	2.0435
2014	2.7403	2.1974	2.3547	2.6562
Month end				
October 31, 2014	2.5341	2.3914	2.4483	2.4442
November 30, 2014	2.6136	2.4839	2.5484	2.5601
December 31, 2014	2.7403	2.5607	2.6394	2.6562
January 31, 2015	2.7107	2.5754	2.6342	2.6623
February 28, 2015	2.8811	2.6894	2.8165	2.8782
March 31, 2015	3.2683	2.8655	3.1395	3.2080
April 2015 (through April 17, 2015)	3.1556	3.0249	3.0889	3.0544

Source: Central Bank of Brazil.

(1) Represents the daily average exchange rate during each of the relevant periods.

Peru

Currently, Peruvian law does not impose any restrictions on the ability of companies having operations in Peru to transfer foreign currencies from Peru to other countries, to convert nuevos soles into any foreign currency or to convert any foreign currency into nuevos soles. Companies may freely remit interest and principal payments abroad and investors may repatriate capital from liquidated investments. We cannot assure you, however, that Peruvian law will continue to permit such payments, transfers, conversions or remittances without restrictions. Exchange rates for the Peruvian Nuevo sol have been relatively stable in recent years. See also "Item 10. Additional Information—D. Exchange Controls—Foreign Exchange Controls—Peru."

The following table sets forth the Central Bank of Peru's period-average and period-end buying rates for U.S. dollars for the periods indicated.

	Daily observed exchange rate S/. per U.S.\$			
	High	Low	Average ⁽¹⁾	Period end
Year ended December 31,				
2010	3.258	2.851	3.011	2.888
2011	2.880	2.786	2.824	2.808
2012	2.832	2.693	2.754	2.695
2013	2.709	2.549	2.638	2.549
2014	2.987	2.760	2.838	2.981
Month end				
October 31, 2014	2.920	2.890	2.905	2.920
November 30, 2014	2.933	2.909	2.924	2.918
December 31, 2014	2.987	2.925	2.960	2.981
January 31, 2015	3.056	2.981	3.004	3.056
February 28, 2015	3.094	3.057	3.077	3.091
March 31, 2015	3.100	3.064	3.090	3.094
April 2015 (through April 17, 2015)	3.124	3.089	3.111	3.124

Source: Central Bank of Peru.

(1) Calculated as the average of the month-end exchange rates during the relevant period.

Table of Contents

Colombia

Since September 1999, the Central Bank of Colombia has allowed the Colombian peso to float freely, intervening only when there are steep variations in the Colombian peso's value relative to the U.S. dollar (referred to as the "representative market rate") to control volatility. Different mechanisms have been used for this purpose. Currently, the Central Bank is intervening directly by purchasing variable amounts of foreign currency in the exchange markets.

This intervention mechanism is only used to control the international reserves of Colombia or in case the average of a specified rate (referred to as the "representative market rate") for the preceding twenty days exceeds 5% of that day's representative market rate. Upon the occurrence of such an event, the Central Bank of Colombia sells call options, whereby the purchaser is entitled to buy from the Central Bank of Colombia, on a future date, a specified amount of U.S. dollars at a pre-established exchange rate, thus reducing the volatility of the exchange rate. As of October 28, 2009, the call option mechanism can only be used to control the international reserves of Colombia. See also "Item 10. Additional Information—D. Exchange Controls—Foreign Exchange Controls—Colombia."

Although the foreign exchange market is allowed to float freely, there are no guarantees that the Central Bank of Colombia or the Colombian government will not intervene in the exchange market in the future. The Federal Reserve Bank of New York does not report a rate for Colombian pesos. The *Superintendencia Financiera de Colombia* calculates the representative market rate based on the weighted averages of the buy/sell foreign exchange rates quoted daily by certain financial institutions for the purchase and sale of foreign currency.

The following table sets forth the average Colombian peso/U.S. dollar representative market rate for the periods indicated, calculated by using the average of the exchange rates on the last day of each month during the period.

	Daily observed exchange rate Col\$ per U.S.\$			
	High	Low	Average ⁽¹⁾	Period end
Year ended December 31,				
2010	2,074.40	2,021.49	2,048.57	2,050.52
2011	2,206.19	2,061.92	2,128.68	2,206.19
2012	2,446.35	2,206.19	2,342.25	2,392.46
2013	2,452.11	2,361.54	2,397.26	2,441.10
2014	2,446.35	1,846.12	2,000.33	2,392.46
Month end				
October 31, 2014	2,074.40	2,021.49	2,048.57	2,050.52
November 30, 2014	2,206.19	2,061.92	2,128.68	2,206.19
December 31, 2014	2,446.35	2,206.19	2,342.25	2,392.46
January 31, 2015	2,452.11	2,361.54	2,397.26	2,441.10
February 28, 2015	2,500.59	2,371.31	2,420.67	2,496.99
March 31, 2015	2,677.97	2,496.99	2,585.36	2,576.05
April 2015 (through April 21, 2015)	2,598.36	2,490.90	2,539.52	2,493.93

Source: Central Bank of Colombia.

(1) Calculated as the average of the month-end exchange rates during the relevant period.

B. CAPITALIZATION AND INDEBTEDNESS

Not Applicable.

C. REASONS FOR THE OFFER AND USE OF PROCEEDS

Not Applicable.

D. RISK FACTORS

You should carefully consider the risks and uncertainties described below and the other information in this annual report. The risks described below are not the only ones facing our company or investments in the countries in which we operate. Our business, financial condition or results of operations could be materially and adversely affected by any of these risks. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations. This annual report also contains forward-looking statements that involve risks and uncertainties. See "Forward-Looking Statements." The market price of our common shares and ADSs may decrease due to any of these risks or other factors, and you may lose all or part of your investment. Our actual results could differ materially and adversely from those anticipated in these forward-looking statements as a result of certain factors, including the risks facing our company described below and elsewhere in this annual report.

Table of Contents

Risks Related to Our Business and Our Industries

Economic conditions that impact consumer spending could materially affect us.

Ongoing economic uncertainty in the world economy could negatively affect consumer confidence and spending, including discretionary spending. We may be materially affected by changes in economic conditions in the markets or in the regions in which we operate that impact consumer confidence and spending, including discretionary spending. This risk may be exacerbated if customers choose lower-cost alternatives to our product offerings in response to economic conditions. In particular, a decrease in discretionary spending could materially and adversely impact sales of certain of our high-margin product offerings. Future economic conditions affecting disposable consumer income, such as employment levels, business conditions, changes in housing market conditions, the availability of credit, interest rates, tax rates and fuel and energy costs, could also reduce overall consumer spending or cause consumers to shift their spending to lower-priced competitors. In addition, inflation or deflation can impact our business. Deflation in food prices could reduce sales growth and earnings, while inflation in food prices, combined with reduced consumer spending, could reduce our margins. Accordingly, we cannot assure you that in the event of an increase in inflation we will be able to pass on a price increase to our customers, which could have a material adverse effect on us.

We face intense competition in each of our markets.

The retail industry in Chile, Argentina, Brazil, Peru and Colombia is characterized by intense competition and increasing pressure on profit margins. The number and type of competitors and the degree of competition experienced by individual stores varies by location. Competition occurs on the basis of price, location, quality of products and service, product variety and store conditions. We face strong competition from international and domestic operators of supermarkets, home improvement stores, department stores and shopping centers, including Carrefour, Walmart, Falabella and Casino, and providers of financial services, and it is possible that in the future other large international retailers or financial services providers may enter the markets in which we compete, either through joint ventures or directly. Some of our competitors have significantly greater financial resources than we do and could use these resources to take steps that could have a material and adverse effect on us. We also compete with numerous local and regional supermarket and retail store chains, as well as with small, family-owned neighborhood stores, informal markets, and street vendors. See “Item 4. Information on the Company—B. Business Overview—Competition” and “—Industry Overview and Competition.”

Increasing competition may cause us to lower our prices, increase expenditures and take other actions that could have a material adverse effect on us or compel us to reduce our planned growth, acquisitions and capital expenditures. As other retailers expand their operations in Chile, Argentina, Brazil, Peru and Colombia, and other international retailers enter these markets, competition will continue to intensify. Our inability to respond effectively to competitive pressures and changes in the retail markets could have a material adverse effect on us, including as a result of our losing market share.

Our traditional retail stores, supermarkets and shopping centers face increasing competition from internet sales which may negatively affect sales of traditional channels.

In recent years, retail sales of food, clothing and home improvement products over the internet have increased significantly in each of the countries in which we operate. Internet retailers are able to sell directly to consumers, diminishing the importance of traditional distribution channels such as supermarkets and retail stores. Certain internet food retailers have significantly lower operating costs than traditional hypermarkets and supermarkets because they do not rely on an expensive network of retail points of sale or a large sales force. As a result, such internet food retailers are able to offer their products at lower costs than we do and in certain cases are able to bypass retailing intermediaries and deliver particularly high-quality, fresh products to consumers. We believe that our consumers are increasingly using the internet to shop electronically for food and other retail goods, and that this trend is likely to continue. If internet sales continue to grow, consumers’ reliance on traditional distribution channels such as our supermarkets, home improvement stores, department stores and shopping centers could be materially diminished, which could have a material adverse effect on us.

Our markets are undergoing rapid consolidation.

Over the last several years, the food, department store and home improvement retail sectors in Chile, Argentina, Brazil, Peru and Colombia have been undergoing consolidation as large retail chains have gained market share at the expense of small, independently owned and operated stores, and large local and international supermarket chains have consolidated. We believe that further consolidation will likely occur in all of these markets as competition intensifies and economies of scale become increasingly important. Some of our competitors are larger and better capitalized than we are and as a result are likely to be better positioned to take advantage of strategic acquisition opportunities. We cannot assure you that such market consolidation will not occur to the material detriment of our market position or that such developments will not have a material adverse effect on us.

Table of Contents

Our growth in recent years has been due to a series of significant acquisitions that are not likely to be repeated in future periods.

We may not be able to successfully execute our growth strategy through acquisitions as done in the past. As a result of the consolidation that has occurred in the retail industry, a significant component of our growth in recent years has occurred through acquisitions. In particular, we acquired various supermarket and department store chains in recent years, including Paris in Chile in 2005, GBarbosa in Brazil in 2007, Wong in Peru in 2008, Perini, Super Familia and Bretas in Brazil in 2010, Cardoso in Brazil and Johnson in Chile in 2011, and Prezunic in Brazil and Carrefour's supermarket operations in Colombia in 2012. See "Item 4. Information on the Company—A. History and Development of the Company—History." As noted above, we believe that further consolidation is likely to occur in the industries in which we operate. However, some of our principal competitors are larger than we are and are likely to be better positioned to take advantage of strategic acquisition and consolidation opportunities. We cannot assure you that in the future there will be continued availability of suitable acquisition candidates at favorable prices and upon advantageous terms and conditions or that we will be able to compete with our competitors for any future acquisitions. As a result, our growth rate is likely to be significantly lower than it has been in recent years, which may have a material adverse effect on us.

A failure to successfully integrate acquired businesses may have a material adverse effect on us.

Over the past several years, we have completed a number of important acquisitions and may continue to make acquisitions in the future. We believe that these acquisitions provide strategic growth opportunities for us. Achieving the anticipated benefits of these acquisitions will depend in part upon our ability to integrate these businesses in an efficient and effective manner. The challenges involved in successfully integrating acquisitions include: we may find that the acquired company or assets do not further our business strategy, that we overestimated the expected benefits to be derived from the acquisitions, we discover new contingencies not identified through the due diligence process, or that economic conditions have changed, all of which may result in a future impairment charge; we may have difficulty integrating the operations and personnel of the acquired business and may have difficulty retaining the customers and/or the key personnel of the acquired business; we may have difficulty incorporating and integrating acquired technologies into our business; our ongoing business and management's attention may be disrupted or diverted by transition or integration issues and the complexity of managing diverse locations; we may have difficulty maintaining uniform standards, controls, procedures and policies across locations; an acquisition may result in litigation from terminated employees of the acquired business or third parties; and we may experience significant problems or liabilities associated with technology and legal contingencies of the acquired business. These factors could have a material adverse effect on us, particularly in the case of a larger acquisition or multiple acquisitions in a short period of time. Our inability to successfully integrate our acquisitions could have a material adverse effect on us.

The expansion of our business through acquisitions poses risks that may reduce the benefits we anticipate from these transactions.

As part of our business strategy, we have grown significantly through acquisitions. Our decision to pursue an acquisition is based on our belief that such acquisition will complement our business strategy and grow our business. However, our management is unable to predict whether or when any prospective acquisitions will occur, or the likelihood of a certain transaction being completed on favorable terms and conditions. Our ability to continue to expand our business successfully through acquisitions depends on many factors, including our ability to identify acquisitions, the ability to negotiate favorable transaction terms and our ability to finance any such acquisition from internal or external sources. Even if we are able to identify acquisition targets and obtain the necessary financing to make these acquisitions, it is possible that the cost of doing so, taken together with possible adverse market conditions and resulting loss of revenues or net income, could financially overextend us.

Acquisitions also expose us to the risk of successor liability relating to litigation, tax claims or other actions involving an acquired company, its management or contingent liabilities incurred before the acquisition. The due diligence we conduct in connection with an acquisition, and any contractual guarantees or indemnities that we receive from the sellers of acquired companies, may not be sufficient to protect us from, or compensate us for, actual or potential liabilities. Any material liability associated with an acquisition could have a material adverse effect on us, including our reputation, and reduce the benefits of such acquisition.

Antitrust laws in Chile, Argentina, Brazil, Peru or Colombia could limit our ability to expand our business through acquisitions or joint ventures.

Chilean, Argentine, Brazilian, and Colombian antitrust laws contain provisions that require authorization by the antitrust authorities in those countries for the acquisition of, or entering into joint venture agreements with, companies with a relevant market

Table of Contents

share. Such authorizations have been denied in some cases involving the industries in which we operate, as occurred in Chile with the denial by the *Tribunal de Defensa de la Libre Competencia* (the Chilean Antitrust Court) of the merger between Distribucion y Servicio D&S S.A. (“D&S”) and Falabella in January 2008. Peru does not currently apply such controls, but we cannot assure you that it will not impose them in the future. Accordingly, our ability to expand our business through acquisitions in Chile, Argentina, Brazil, Peru and Colombia may be limited.

Currently, Cencosud is restricted from acquiring any supermarkets in Chile, as a consequence of a settlement it reached in 2008 with the antitrust authorities. As part of the settlement, Cencosud needs prior authorization from the Chilean Antitrust Court before engaging in any supermarket acquisition. This restriction can only be lifted by means of a consultation before the Chilean Antitrust Court.

Moreover, on December 14, 2011, the Chilean antitrust authority (*Fiscalía Nacional Económica*, or “FNE”) announced an investigation into anti-competitive practices in the food retail industry including several local operators such as Cencosud. Details of the investigation have not been made public. However, Cencosud believes that it has complied with all applicable regulations in conducting its business. While the investigation may result in the imposition of fines on the parties being investigated, including Cencosud, Cencosud does not believe that such fines, if any, would have a material effect on its results of operations. However, we cannot assure you that this investigation, or future investigations, will not result in a material adverse effect on us, including financial and reputational harm.

We may not be able to generate or obtain the capital we need for further expansion.

We expect to continue to have substantial liquidity and capital resource requirements to finance our business. We intend to rely upon internally generated cash from our operations and, if necessary, the proceeds of debt and/or equity offerings in the domestic and international capital markets and bank debt. We cannot assure you, however, that we will be able to generate sufficient cash flows from operations or obtain sufficient funds from external sources to fund our capital expenditure requirements.

Our future ability to access financial markets in sufficient amounts and at acceptable costs and terms to finance our operations, fund our proposed capital expenditures and pay dividends will depend to a large degree on prevailing capital and financial market conditions over which we have no control, and accordingly we cannot assure you that we will be able to do so. Our failure to generate sufficient cash flows from operations or to be able to obtain third-party financing could cause us to delay or abandon some or all of our planned expansion, including capital expenditures, which, in turn, could have a material adverse effect on us.

Our operating income is sensitive to conditions that affect the cost of the products we sell in our stores.

Our business is characterized by relatively high inventory turnover with relatively low profit margins. We make a significant portion of our sales at prices that are based on the cost of products we sell plus a percentage markup. As a result, our profit levels may be materially affected during periods of decreasing prices. In addition, our business could be materially and adversely affected by other factors, including inventory control, competitive price pressures, severe weather conditions and unexpected increases in fuel or other transportation related costs which increase the cost of the products we sell in our stores. If we are unable to pass along these cost increases to our customers, our profit margin will decrease resulting in a material adverse effect on us.

Our retail results are highly seasonal and therefore any circumstance that negatively impacts our retail business during our seasons of high demand may materially and adversely affect us.

We have historically experienced seasonality in our retail sales in Chile, Argentina, Brazil, Peru and Colombia, principally due to stronger sales during the Christmas and New Year holiday season and during the beginning of each school year in March, and reduced sales during the months of January and February due to the summer holidays. For example, in 2014, 2013 and 2012, 28%, 27.7% and 28.5% of our consolidated revenues were generated during the fourth quarter, respectively. Any economic slowdown, interruption to our business or to the business of our suppliers, or the occurrence of any other circumstance that may impact our business during the first or last quarter of any fiscal year may therefore have a material adverse effect on us.

In addition, in preparation for our seasons of high demand, we must increase inventory to levels substantially higher than those maintained during the rest of the year, and hire temporary staff for our stores. Any unforeseen reduction in demand, mistake in our demand forecasts or product selection, or delay by our suppliers in meeting our demand during these seasons could force us to sell inventory at significantly lower prices, which would also materially and adversely affect us.

The clothing retail industry is negatively affected by decreases in the purchasing power of middle- and low-income consumers resulting from unfavorable economic cycles.

The success of our department stores operations depends largely on factors relating to the stability or increase of consumer spending, especially by members of middle- and low-income socioeconomic groups. Historically, the purchasing power of such

Table of Contents

groups has been significantly correlated with factors that affect income, such as interest rates, inflation, availability of consumer credit, taxation, employment levels, consumer confidence and salary levels. Therefore, in times of economic downturns, the purchasing power of such groups decreases as their income decreases. In addition, our middle- and low-income customers are likely to consider clothing purchases superfluous during periods of reduced income which would most likely lead to a decrease in demand for our clothing products from this group. Such a decrease in the demand of our middle- and low-income customers coupled with a general decrease in their purchasing power could materially and adversely affect us.

Changes in suppliers' allowances and promotional incentives could impact profitability and have a material adverse effect on us.

We receive from our suppliers rebates, allowances and promotional incentives that reduce our cost of inventories and related costs of goods sold, improving our gross margins. For example, commercial allowances from suppliers include fees from suppliers for the sale of their products in our stores, supplier rebates and bonuses, supplier promotional allowances and fees, and fees from publicity activities carried out for third parties using our proprietary customer information. For the year ended December 31, 2014, supplier allowances and promotional incentives amounted to 13.3% of sales in our supermarket division and 5.2% of sales for our department store division. For the years ended December 31, 2013 and 2012, the amount of these allowances and promotional incentives amounted to Ch\$2,200 million and Ch\$858 million, respectively, and were recorded as a reduction to inventory costs and related costs of sales. We cannot assure you that we will be able to obtain a similar level of such fees, rebates, bonuses or allowances in the future. Should any of our key suppliers reduce or otherwise eliminate these arrangements, our profit margin for the affected products could be impacted, which could in turn have a material adverse effect on us.

Our current strategy may not have the expected results on our profitability.

Our strategy aims to provide our customers with a superior shopping experience, delivering a greater variety of quality products and services than our competitors. This strategy is based on savings achieved through operational efficiencies that are transferable to the customer. We couple this strategy with a focus on expanding our position both in Chile and other markets in Latin America that we believe offer attractive prospects for growth. The long-term success of our strategy is subject to significant risks, including failure to generate the expected number of additional sales volume and to reduce selling and administrative expenses; price reductions by competitors; difficulties in obtaining additional vendor allowances from suppliers in the expected amounts and necessary timeframe; difficulties in expanding operations due to adverse economic scenarios; difficulties in finding employees and delays in implementing our strategy. Any one of these factors could have a material adverse effect on us.

We are subject to risks affecting shopping centers that may materially and adversely affect us.

Our operation of our shopping centers (which lease spaces to third parties) is subject to various factors that affect their development, administration and profitability. These factors include the accessibility and the attractiveness of the area where the shopping center is located and of the shopping center itself; the flow of people and the level of sales of each shopping center rental unit; oversupply of retail space or a reduction in demand for retail space which could result in lower rent prices and lower revenues; increases in competition from other shopping centers which drive down our prices and profits; our inability to collect rents due to bankruptcy, insolvency of tenants or otherwise; the ability of our tenants to provide adequate maintenance and insurance; and fluctuations in occupancy levels in our shopping centers.

Many of our hypermarket, supermarket, department stores and home improvement stores are located in shopping centers, and as a result a substantial portion of our revenues is sensitive to factors affecting these and other shopping centers. Also, an economic downturn in the countries or regions in which our shopping centers are located could lead to the bankruptcy of our tenants and a reduction in our shopping center sales due to a decrease in disposable income, which could have a material adverse effect on us.

We are subject to risks that changing shopping trends that could materially and adversely affect us.

In developed markets consumers have begun to express a preference for small-box stores shunning away from traditional big-box outlets. This trend in markets such as the U.S. and the U.K. has been more evident in fresh, on-the-go foods and the grocery channel. As a consequence retailers in these markets such as Walmart, Tesco and Target have responded by turning to small-box stores as drivers for growth, as a means to target a more urban consumer and as an engine for revenue expansion. This has led to the rolling out of new formats such as Walmart Express, Tesco Express and Fresh and Easy Express in formats of 1,400 square meters distancing themselves from the traditional big-box 10,000 square meters outlets. We are currently undertaking a strategy that includes all types of formats in order to cater to a wide range of consumers. If such trend favoring small-box stores were to materialize in the markets in which we operate, it could materially and adversely affect our results of operations and financial condition.

Table of Contents

Our development activities depend on finding attractive real estate locations at reasonable prices.

An important part of our growth strategy rests on our ability to develop and open new stores. We face intense competition from both other retail operators and also real estate developers for new sites for our stores. Accordingly, we may be unable to find attractive real estate locations at reasonable prices to sustain our growth, which could have a material adverse effect on us.

We are subject to risks associated with development and construction activities.

The development, renovation and construction of our hypermarkets, supermarkets, department stores, home improvement stores and shopping centers involve certain risks such as failure to correctly anticipate construction costs, lower than anticipated occupancy rates and rents at newly completed projects, failure to obtain financing on favorable terms, delays in construction and lease-up, and failure to obtain necessary zoning, land use, building, occupancy and other required governmental permits and authorizations.

We are currently in the process of constructing several projects. In 2012 we completed construction of Costanera Center Shopping mall in Santiago, Chile, part of a development including two towers one of which we believe will be the tallest building in South America. We face certain risks associated with the large-scale nature of the project, such as occupancy rates and rents not being sufficient to make the project profitable and the fact that we may be unable to obtain or may face delays in obtaining all necessary approvals for a necessary transit mitigation program or municipal reception related to these works. Any such delays, or other substantial unanticipated delays or expenses related to the Costanera Center office tower or other future construction or renovation projects may reduce our net income for the relevant periods and could have a material adverse effect on us.

Our development activities depend on our ability to obtain and maintain zoning, environmental, land-use and other governmental approvals which we may not be able to get.

Our activities are subject to national, federal, state and municipal laws, and to regulations, authorizations and licenses required with respect to construction, zoning, use of the soil, environmental protection and historical heritage, consumer protection and other requirements in Chile, Argentina, Brazil, Peru and Colombia, all of which affect our ability to acquire land, develop and build projects and negotiate with customers. In the case of non-compliance with such laws, regulations, licenses and authorizations, we may face fines, project shutdowns, cancellation of licenses and revocation of authorizations.

In addition, the regulation of matters relating to the protection of the environment is not as well developed in Argentina, Brazil, Chile, Peru and Colombia as in the United States and certain other countries. Accordingly, we anticipate that additional laws and regulations should be enacted over time in these countries with respect to environmental matters. If public authorities issue new and stricter standards, or enforce or interpret existing laws and regulations in a more restrictive manner, we may be forced to make expenditures to comply with such new rules.

Our credit card and banking operations expose us to increased credit and financial risks which may have a material adverse effect on us.

Although not a part of our core business, our credit card and consumer finance operations in Chile, Argentina, Peru, Colombia and Brazil are a growing segment of our business. We currently bear all of the credit risk associated with our credit cards in Chile, Argentina and Peru. In Brazil, where we operate our credit card through a joint venture with Brazil's Banco Bradesco, we bear 50% of the credit risk associated with our cards, including defaults in payment and losses with Banco Bradesco bearing the remaining risk. In Colombia we are currently engaged in a joint venture with Colombia's Banco Colpatria through which we bear 50% of the credit risk associated with issued credit cards. Results of our financial business in Colombia for the years ended December 31, 2014 and 2013 were included in the Financial Services segment. See "Item 4. Information on the Company—B. Business Overview—Financial Services—Brazil" for additional details related to our joint venture with Banco Bradesco and Banco Colpatria.

Our credit card and consumer finance business can be materially and adversely affected by delinquency on credit card accounts, defaults in payments by credit card holders, extensive judicial processes enforcing the collection of payments, doubtful accounts or losses on receivables. Furthermore, the actual rates of delinquency, collection proceedings and losses on receivables may vary and be affected by numerous factors, which among others include:

- adverse changes in regional economies;
- acceptance of applicants with poor credit records;
- inability to predict future charge-offs;
- changes in credit card use;
- political instability;
- increase of unemployment; and
- loss of value of actual salaries.

Table of Contents

These and other factors may have a negative effect on present rates of delinquency, collection proceedings and losses, any one or more of which could have a material adverse effect on us. In particular, our credit card business has grown significantly in recent years and in connection with such growth, our past due credit card receivables have also grown. We cannot assure you that our present rates of delinquency will not increase, and if they do, that it would not have a material adverse effect on us.

Further, to boost our retail volume sales, one of our business goals is to promote greater use of our credit cards and other financing activities in Chile, Argentina, Peru, Colombia and Brazil. As a result, our exposure to the credit risk of our cardholders and banking customers is likely to increase in the near future. We cannot assure you that any expansion of our credit card operations (including the assumption of account approval and credit risk by us) or our other lending operations, such as the cash advances and consumer loans we offer to our credit card customers, will not result in an impairment of the credit portfolio of our credit card and banking business in Chile, Argentina, Peru, Colombia and Brazil. Any such impairment would have a material adverse effect on us. See “Item 4. Information on the Company—B. Business Overview—Financial Services” for additional details related to our credit card and consumer loan operations.

Our credit card and banking activities depend on our ability to comply with current or future government regulations, as well as our ability to obtain and maintain governmental approvals.

Our credit card and banking operations are subject to substantial regulation. We must comply with national, state and municipal laws, and with regulations, authorizations and licenses required with respect to credit card and banking activities. We invest financial and managerial resources to comply with these laws and related permit requirements.

Our failure to comply with credit card and banking laws and related permit requirements could subject us to investigations, enforcement actions, fines or penalties. For example, on April 24, 2013, the Supreme Court of Chile ruled on the class action suit filed by the *Servicio Nacional del Consumidor* (the National Consumer Service, or “SERNAC”), a Chilean government entity, against Cencosud Administradora de Tarjetas S.A. (“CAT”), ordering CAT to reimburse certain cardholders for excess monthly maintenance fees charged since 2006 plus adjustments for inflation and interest. As of December 31, 2014, the company continues to have a provision for Ch\$1,887 million for such principal amount and Ch\$760 million tied to inflation and interests related to future disbursements tied to this class action.

Moreover, if applicable laws and regulations, or the interpretation or enforcement thereof, become more stringent in the future, our capital or operating costs could increase beyond what we currently anticipate, and the process of obtaining or renewing licenses for our activities could be hindered or even opposed by the competent authorities. We cannot assure you that regulators will not impose more restrictive limitations on the activities of our credit card or bank operations in the future than those currently in effect. Any such change could have a material adverse effect on us.

Our food retail business sources fresh products from local producers, climate changes may affect their ability to produce, and consequently may affect our capacity to offer such products.

There are indicators of a current climate change happening worldwide. Changes in temperatures and precipitation patterns may negatively affect the capacity of certain regions to produce fresh products such as fresh fruits and vegetables and dairy products.

We have a significant focus on perishable products. Sales of perishable products accounted for approximately 37.1%, 36.1%, and 36.8% of our total sales in 2014, 2013 and 2012, respectively. As we source part of our fresh products from local producers, such changes in climate could impair or limit our ability to source such products, thus affecting our capacity to offer the full assortment of products that we normally carry. Any such disruption could have a material adverse effect on us.

We are dependent on key personnel.

Our and our subsidiaries’ development, operation and growth have depended significantly upon the efforts and experience of our board of directors and our senior management. If for any reason, including retirement, the services of such persons, were to become unavailable and we fail to find and retain an adequate replacement for such persons on a timely basis, there could be a material adverse effect on our operations.

Table of Contents

Certain of our debt instruments impose significant operating and financial restrictions and in the event of a default, all of our borrowings could become immediately due and payable.

The terms of our financial indebtedness impose, and the terms of our future financial indebtedness may impose, significant operating and other restrictions on us and many of our subsidiaries. The agreements governing our credit facilities and corporate bond issuances contain restrictive covenants and a requirement that we comply with a number of financial “maintenance” covenants, including ratios of total debt to equity, total liabilities to net worth and net financial debt to equity, as well as minimum levels of total assets and unencumbered assets. Our ability to comply with these ratios may be affected by events beyond our control. These restrictions and financial ratios could limit our ability to plan for or react to market conditions, otherwise restrict our activities or business plans and could have a material adverse effect on us, including our ability to finance ongoing operations or strategic investments or to engage in other business activities.

A significant portion of our financial indebtedness is also subject to cross default provisions. Our breach of any of these restrictive covenants or our inability to comply with the financial maintenance ratios would result in a default under other applicable debt instruments. If any such default occurs, the lenders may elect to declare all outstanding borrowings, together with accrued interest and other fees, to be immediately due and payable. If we are unable to repay outstanding borrowings when due, the lenders will have the right to exercise their rights and remedies against us, and we cannot assure you that our assets would be sufficient to repay in full our obligations. Our inability to repay our obligations could have a material adverse effect on us.

A downgrade in our credit rating could materially and adversely affect our obligations under existing credit support commitments and credit facilities.

We have entered into thirteen credit support agreements in connection with derivative transactions with different international and local financial intuitions. Each credit support agreement provides collateral obligations between swap counterparties to mitigate the existing credit risk inherent to operation. If a credit downgrade event occurs, it could result in our having to post additional collateral in connection with a “Margin Call” and us having to pay cash or any other eligible collateral to cover the incurred liabilities at a given valuation date. As of December 31, 2014, notional amounts in cross currency swaps with different counterparties stood at approximately more than USD 1.9 billion.

In addition certain of our bank loans contain a “rating grid” structure. Under such grids, costs of our credit facilities could be adjusted depending on our rating. If a credit rating downgrade occurs, there could be an increase in our debt service costs.

A downgrade in our credit rating could negatively impact our cost of and ability to access capital.

Our credit ratings are an important part of maintaining our liquidity. Any downgrade in credit ratings could potentially increase our borrowing costs, or, depending on the severity of the downgrade, substantially limit our access to capital markets, require us to make cash payments or post collateral and permit termination by counterparties of certain significant contracts. Factors that may impact our credit ratings include, among others, debt levels, planned asset purchases or sales, and near-term and long-term growth opportunities. Factors such as liquidity, asset quality, cost structure, product mix, and others are also considered by the rating agencies. A ratings downgrade could adversely impact our ability to access debt markets in the future, increase the cost of future debt, and potentially require us to post letters of credit for certain obligations.

We have a significant amount of financial indebtedness outstanding with instruments maturing every year

As part of our financial strategy we fund our assets with a combination of both equity and debt. Our portfolio of financial indebtedness has maturities and amortizations applicable every year. As we devote a significant portion of our free cash flow to finance our capital expenditures, we are required to refinance these obligations and therefore we face refinancing risk, especially in times of liquidity restrictions in the financial markets.

Furthermore, our major market for funding is Chile, including both the debt capital market and the local banks. As we are among the largest corporations in Chile and among the largest local issuers, we have become one of the largest investments (in terms of equity and debt holdings) in the local institutional investors’ portfolio, limiting our ability for further issuances in the local market. Likewise, some local banks in Chile have large loan exposure to Cencosud, and have reached the legal limits of maximum exposure to us, limiting our ability to secure future funding from them in the future.

Although we believe we have a sound financial strategy and we have structured our maturities and amortizations in a way that reduces the refinancing needs in a single year we cannot assure you that we will be able to obtain funding in the future to fulfill our financial obligations. If we are unable to obtain such funding, we will need to reduce our capital expenditures to devote a larger portion of our free cash flow to serve our financial obligations, thus reducing our growth prospects, and possibly face a potential event of default with respect to our financial obligations.

Table of Contents

If any such default occurs, the lenders may elect to declare all outstanding borrowings, together with accrued interest and other fees, to be immediately due and payable. If we are unable to repay outstanding borrowings when due, the lenders will have the right to exercise their rights and remedies against us, and we cannot assure you that our assets would be sufficient to repay in full our obligations. Our inability to repay our obligations could have a material adverse effect on us.

We are subject to risks associated with real estate investments.

Our real estate investments are subject to risks common to commercial and residential properties in general, many of which are not within our control. For example, the yields available from equity investments in real estate depend on the level of sales or rental income generated and expenses incurred. In addition, our ability to generate sufficient income from our properties to service our debt and cover other expenses may be materially and adversely affected by the following factors, among others, some of which we cannot control:

- downturns in a national, regional and local economic climate;
- changes in interest rates and availability of financing;
- civil disturbances, earthquakes and other natural disasters, or terrorist acts or acts of war which may result in uninsured or underinsured losses;
- changes in our ability or our tenants' ability to provide for adequate maintenance and insurance, possibly decreasing the useful life of and revenue from property;
- law reforms and governmental regulations (such as those governing usage, zoning and real property taxes);
- oversupply of retail space or a reduction in demand for retail space, which could result in lower rent prices and lower revenues for us;
- increased competition from other real estate operators which might drive down our prices and profits;
- increased operating costs due to inflation and other factors such as insurance expense, utilities, real estate taxes, state and local taxes and heightened security and cleaning costs;
- the inability to collect rents due to bankruptcy or insolvency of tenants or otherwise;
- the need to periodically renovate, repair and release space, and the higher costs thereof;
- the inability to revise the commercial terms of our lease agreements to reflect high inflation or exchange rates fluctuations in markets where our leases are based on local nominal currency or in foreign currency;
- bankruptcy of tenants and reduction in shopping center sales due to lower disposable income;
- exercise by our tenants of their legal right to terminate their leases early; and
- the inability to find new tenants as leases on our properties expire or terminate early.

The occurrence of any combination of the factors listed above could significantly decrease the income we receive from our real estate investments, which in turn could have a material adverse effect on us.

Eviction proceedings in Chile, Argentina, Colombia and Peru are difficult and time consuming, and as a result we may not be able to evict defaulting tenants from our shopping centers.

In our shopping center business, we hold several commercial leases with third party lessees. Although Chilean, Argentine and Peruvian laws allow a summary proceeding to collect unpaid rent and a special proceeding to evict tenants, eviction proceedings in these countries are difficult and time-consuming. Eviction proceedings generally take between six months and two years from the date of filing of the suit to the time of actual eviction, as the heavy workload of the courts and the numerous procedural steps required have generally delayed landlords' efforts, including ours, to evict tenants. Historically, delinquency regarding our office rental space has been low, and we have usually attempted to negotiate the termination of lease agreements with defaulting tenants after the first few months of non-payment in order to avoid legal proceedings.

We cannot assure you, however, that delinquency rates in the future will not increase significantly, or that our negotiations with tenants will prove to be as successful as they have been in the past, which could have a material adverse effect on us.

Table of Contents

Any disruption in the operations of our distribution centers may have a material adverse effect on us.

A substantial part of the products we sell in our stores are distributed through our distribution centers. Should any of these distribution centers experience an interruption in operations, we may not be able to effectively distribute the products we sell, which may have a material adverse effect on us.

Additionally, our growth strategy contemplates the opening of new stores in the countries where we operate, which may require an increase in the capacity of our distribution centers, the reorganization of our existing distribution centers or the establishment of new distribution centers. Should we fail to locate adequate properties on which to build new distribution centers, or fail to effectively integrate new, or expand existing, distribution centers, we may not be able to deliver inventory to our stores in a timely manner, which may have a material adverse effect on us.

Certain of our stores rely heavily on sales of perishable products, and ordering errors or product supply disruptions may have a material adverse effect on us.

Our hypermarkets and supermarkets have a significant focus on perishable products. Sales of perishable products accounted for approximately 37.2%, 36.1% and 36.8% of our total sales in 2014, 2013 and 2012, respectively. We rely on various suppliers and vendors to provide and deliver our product inventory on a continuous basis. We could suffer significant perishable product inventory losses in the event of the loss of a major supplier or vendor, disruption of our distribution network, extended power outages, natural disasters or other catastrophic occurrences. We have implemented certain systems to ensure our ordering is in line with demand. We cannot assure you, however, that our ordering systems will always work efficiently, in particular in connection with the opening of new stores, which have no, or a limited, ordering history. If we were to over-order, we could suffer inventory losses, which could have a material adverse effect on us.

An increase in export or import duties and controls may have a material adverse effect on us.

Our future success depends on our ability to select and purchase quality merchandise at attractive prices. While we have historically been able to locate and purchase quality merchandise at good prices, such merchandise may become subject to higher import taxes than currently apply. The Argentine government requires importers to maintain a balance of payments requiring them to export equivalent amounts of merchandise. In response to that we have succeeded in placing Argentine made products throughout our stores in the markets in which we operate. Since 2002 the Argentine government has imposed duties on the exports of various primary and manufactured products, including some of those that are sold in our stores. Such duties have undergone significant increases, reaching a maximum of 35% for certain items. We cannot assure you that there will not be further increases in the export taxes or the new export or import taxes or quotas will not be imposed by the government of Argentina or that similar measure could be taken by other countries in which we operate.

In addition, foreign trade policies, tariffs and other impositions and requirements on imported goods, which may depend on the product's place of origin or on the product's nature and specifications, as well as other factors relating to the foreign trade of the countries in which we operate are beyond our control and could result in difficulties in obtaining quality, low-cost merchandise from these countries and consequently could have a material adverse effect on us.

Labor relations may have a material adverse effect on us.

As of December 31, 2014, approximately 37.5% of our retail store employees were represented by unions under several collective bargaining agreements. Although we currently enjoy good relations with our employees and their unions, we have experienced labor strikes in the past and we cannot assure you that labor relations will continue to be positive or that deterioration in labor relations will not have a material adverse effect on us. See "Item 4. Information on the Company—B. Business Overview" and "Item 6. Directors, Senior Management and Employees—D. Employees."

We could be harmed by a failure or interruption of our information technology or administrative systems.

We rely on our information technology and administrative systems to effectively manage our business data, communications, supply chain, pricing, order entry and fulfillment and other business processes. We use different world-class IT platforms in our retail and financial services segments in all countries in which we operate. Even advanced technology systems, however, are subject to defects, interruptions and breakdowns. The failure of our information technology or administrative systems to perform as we anticipate could disrupt our business and result in transaction errors, processing inefficiencies and the loss of sales and customers, which in turn could result in decreased revenue, increased overhead costs and excess or out-of-stock inventory levels resulting in a material adverse effect on us.

In addition, our information technology and administrative systems may be vulnerable to damage or interruption from circumstances beyond our control, including fire, natural disasters, systems failures, viruses and security breaches, including breaches

Table of Contents

of our transaction processing or other systems that could result in the compromise of confidential customer data. Any such damage or interruption could have a material adverse effect on us, including as a result of our facing significant fines, customer notice obligations or costly litigation, harming our reputation with our customers or requiring us to expend significant time and expense developing, maintaining or upgrading our information technology or administrative systems, or preventing us from paying our suppliers or employees, receiving payments from our customers or performing other information technology or administrative services on a timely basis.

We are currently in the process of upgrading our IT infrastructure, during the implementation and transition period, we could face delays and unexpected challenges that could affect our operations.

Further, while we have some backup data-processing systems that could be used in the event of a catastrophe or a failure of our primary systems, we do not yet have an integrated disaster recovery plan nor a backup data center that covers all regions in which we operate. While we endeavor to prepare for failures of our network by providing backup systems and procedures, we cannot guarantee that our current backup systems and procedures will operate satisfactorily in the event of a regional emergency. Any substantial failure of our back-up systems to respond effectively or on a timely basis could have a material and adverse effect on us.

If we experience a data security breach and confidential customer information is disclosed, we may be subject to penalties and experience negative publicity, which could affect our customer relationships and have a material adverse effect on us.

We and our customers could suffer harm if customer information were accessed by third parties due to a security failure in our systems. The collection of data and processing of transactions require us to receive and store a large amount of personally identifiable data. This type of data is subject to legislation and regulation in various jurisdictions. Recently, data security breaches suffered by well-known companies and institutions have attracted a substantial amount of media attention, prompting U.S. state and federal legislative proposals addressing data privacy and security. If similar proposals are adopted in the countries in which we operate, we may be subject to more extensive requirements to protect the customer information that we process in connection with the purchases of our products.

In April 2014, we experienced a security breach whereby several company websites in Chile were attacked by an organized group of hackers. As a consequence of this most of the sites were taken offline. We experienced data breaches at two websites whereby access to our server was obtained, but with low impact and no client information was obtained. We have since made arrangements to remediate security weaknesses in our websites, including through testing security for our websites by a third party, strengthening security protocols and procedures providing relevant technical training to IT administrators, increasing periodic testing by third party specialized teams and engaging real-time monitoring security services for our critical websites in order to remain alert to any malicious activity. However, these events, as well as future security breaches, may diminish customers' trust in us and harm our reputation, and expose us to potential liabilities.

We may become exposed to potential liabilities with respect to the data that we collect, manage and process, and may incur legal costs if our information security policies and procedures are not effective or if we are required to defend our methods of collection, processing and storage of personal data. Future investigations, lawsuits or adverse publicity relating to our methods of handling personal data could have a material adverse effect on our business, results of operations, financial condition and cash flows due to the costs and negative market reaction relating to such developments.

Chile, Argentina, Peru and Colombia are located in a seismically active region.

Chile, Argentina, Peru and Colombia are prone to earthquakes due to their location in the proximity of several major fault lines. A major earthquake, like the one that struck Chile in 2010, could have significant negative consequences for our operations and for the general infrastructure in Chile or any of the other countries that were abovementioned, such as roads, rail and access to goods. Even though we maintain insurance policies standard for this industry with earthquake coverage, we cannot assure you that a future seismic event will not have a material adverse effect on us.

Economic and social unrest in the countries where we operate and government measures to address them may adversely affect the regional economy and thereby have a material adverse effect on us.

Despite the economic recovery and relative stabilization since the early 2000's, social and political tensions and high levels of poverty and unemployment continue throughout Latin America. If growth were to slow in the countries in which we operate, this could result in heightened political tension and protests, similar to the recent Agricultural strikes in Colombia, civil unrest in Brazil and Argentina). If these situations were to become widespread and government measures to reduce inequality failed, they could have an adverse effect on our business.

Table of Contents

Development of our internet sales capabilities is subject to technology and other risks.

We are currently in the process of making significant enhancements to our internet sales capabilities, with the goal of solidifying internet sales as part of our business. However, we face competition from existing internet retailers, many of whom have more experience in distributing through the internet. Furthermore, we may experience system interruptions and delays that make our websites and services unavailable or slow to respond and prevent us from efficiently fulfilling orders, which may reduce our sales and the attractiveness of our products. The cost of upgrading our systems and network infrastructure, and taking any other steps to improve the efficiency of our internet retailing systems, may be substantial, and such initiatives may divert the time and attention of management.

Our computer and communications systems and operations could be damaged or interrupted by fire, flood, power loss, telecommunications failures, earthquakes, acts of war or terrorism, acts of God, computer viruses, physical or electronic break-ins, and similar events or disruptions. Any of these events could cause system interruption, delays, and loss of critical data, and could prevent us from accepting and fulfilling customer orders, which could make our product offerings less attractive and subject us to liability. Any of these events could damage our reputation, and accordingly, may have an adverse effect on our sales and results of operations.

Natural disasters could disrupt our business and affect our results of operations.

We are exposed to natural disasters in the countries where we operate such as earthquakes, volcanic eruptions, floods, tropical storms and hurricanes. In the event of a natural disaster, our disaster recovery plans may prove to be ineffective, which could have a material adverse effect on our ability to conduct our business, particularly if such an occurrence affects computer-based data processing, transmission, storage and retrieval systems or destroys customer or other data. In addition, if a significant number of our employees and senior managers were unavailable because of a natural disaster, our ability to conduct our business could be compromised. Natural disasters or similar events could also result in substantial volatility in our results for any fiscal quarter or year.

Chile's recently enacted tax reform legislation may increase our operating and compliance costs.

On September 29, 2014, Chile enacted Law No. 20,780 (the "Tax Reform Act"). The Tax Reform Act introduced changes to the corporate tax rate, mandating a gradual increase of the rate from 20% to 25% or 27% in certain cases, the rules regarding minimum capitalization, and the taxation of Chilean investments abroad (the controlled-foreign-corporation rules), among others. The new rules are set to come into effect gradually, with the implementation process having commenced on October 1, 2014 and set to be completed by January 1, 2018. The effects of this tax reform may increase our operating and compliance costs, which could negatively affect our financial results and our ability to grow our business. Furthermore, we cannot assure you that the corporate income tax rates will not be raised further in the future resulting in a material adverse effect on us.

New tax reform legislation in Peru and Colombia may affect the operating results of, and reduce the amount of dividends we receive from, our Peruvian and Colombian subsidiaries.

In December 2014, Peru enacted Law No. 4007, reforming the national tax regime. The new law, which came into effect on January 1, 2015, mandates a gradual decrease in the corporate income tax rate but also an increase in the tax rates for dividends distributed by Peruvian companies to Chilean shareholders. As a result, the current tax rate applicable to Peruvian corporate income distributed to Chilean shareholders will increase from the current applicable rate of 34.1%, to 34.8% for 2015 and 2016, 35% for 2017 and 2018, and 35.3% for 2019 and onward. As a result, the new Peruvian tax regime is expected to decrease the amount of dividends we receive from our Peruvian subsidiaries.

In addition, in December 2014, Colombia's legislative branch approved a tax reform bill that came into effect on January 1, 2015. According to the new tax bill, Colombian companies will have to pay an annual wealth tax (between 0.2% and 1.5%, depending on the taxable base) and a higher CREE income tax (3% surcharge for the 2015, 2016, 2017 and 2018 tax years). The resulting increase in the tax liability of our Colombian subsidiaries is expected to decrease the amount of income available for dividends.

Our growth in recent years has been due to a series of significant acquisitions and strong organic capital expenditures, imposing pressure on our procedures, controls and systems.

In recent years, we have grown our business through a series of acquisitions and strong organic capital expenditures, expanding our geographical business scope and increasing the size and complexity of our operations. As a consequence, our internal controls, systems and procedures may not be appropriate to support the scope and complexity of our operations. The existence of multiple legacy systems from the acquired operations and the complexities of the business integration process may adversely affect our Company. As part of the process of integrating the operations, systems, processes and controls that are part of the acquired businesses, we identified a material weakness in our internal control over financial reporting during 2013, which has since been remediated. See Item 15 Controls and Procedures.

Table of Contents

There can be no assurance that other material weaknesses or significant deficiencies will not arise in the future, and if they do arise there could be a negative impact in investor confidence and in the reliability of our financial statements, which may result in a decline in our share price and/or lawsuits being filed against us by our shareholders, and we may have to incur increased costs in connection with hiring additional staff or implementing controls to remediate such material weakness.

Risks Related to Chile

Our growth and profitability depend on the level of economic activity in Chile and other markets.

36.3%, 36.9% and 38.5% of our revenues from ordinary activities in the years ended December 31, 2014, 2013 and 2012, respectively, were derived from revenues in Chile. Accordingly, our results of operations and financial condition are dependent to a significant extent on the level of economic activity in Chile. The Chilean economy has been influenced, to varying degrees, by economic conditions in other emerging market countries. We cannot assure you that the Chilean economy will continue to grow in the future or that future developments in or affecting the Chilean economy, including further consequences of economic difficulties in Brazil, Argentina and other emerging markets, will not have a material adverse effect on us.

In September 2008, the housing crisis in the United States sparked a series of financial institution failures throughout the globe. This resulted in a liquidity crisis and a reduction in growth of the global economy as financial institutions tightened risk policies and reduced lending to banks, corporations and individuals. Consequently, Chile was adversely affected by a strong decrease in growth during the fourth quarter of 2008 and during 2009 as its trading partners entered into recession, which affected local sales, employment levels, plans for investment and the price of exports. Lingering negative effects of the global recession may continue to adversely affect the Chilean economy and unfavorable general economic conditions could negatively affect the affordability of and demand for some of our products and services and our ability to access the capital markets. In difficult economic conditions, consumers may seek to reduce discretionary spending by forgoing purchases of some of our products, electing to use fewer higher-margin services or obtaining products and services under lower-cost programs offered by competitors. If any of these events were to occur, it could have a material adverse effect on us.

In spite of the recent growth of the Chilean economy, we cannot assure you that Chile's economy will continue to grow in the future, nor can we assure you that future developments in or affecting the Chilean economy will not impair our ability to proceed with our business plan or have a material adverse effect on us.

Economic and political problems encountered by other countries may adversely affect the Chilean economy, and, as a result, our business and results of operations and the market value of our securities.

The prices of securities issued by Chilean companies are to varying degrees influenced by economic and market considerations in other countries. We cannot assure you that future developments in or affecting the Chilean economy, including consequences of economic difficulties in other markets, will not have a material adverse effect on us.

We are also directly exposed to risks related to the weakness and volatility of the economic and political situation in Asia, the United States, Europe, Brazil, Argentina and other nations. If these nations' economic conditions deteriorate, the economy in Chile, as either a neighboring country or a trading partner, could also be affected and could experience slower growth than in recent years with possible adverse impact on our customers and suppliers. The crises and political uncertainties in other Latin American countries could also have an adverse effect on the Chilean economy, and, as a result, our results of operations and the market value of our securities.

Chile is currently involved in litigation at the international court at The Hague with its neighboring country Bolivia over its current borders. Chile was also involved in an international litigation with Peru regarding maritime borders, which was resolved in 2013 at the international court at The Hague, and has had other conflicts with neighboring countries in the past. We cannot assure you that crisis and political uncertainty in other Latin American countries will not have a material adverse effect on the Chilean economy, and, as a result, our results of operations and the market value of our securities.

The Chilean supermarket and department store industries show signs of saturation which could impair our ability to grow profitably in Chile.

We believe that in Santiago, the Chilean supermarket industry shows certain signs of saturation. As a result newly opened stores cannibalize the sales of existing stores to some extent. Our growth prospects in the Chilean food retailing sector are likely to depend to a large extent on future growth in Chilean GDP or acquisitions of other supermarket chains, and we cannot assure you that either will in fact occur. As a result, we cannot assure you that in the future we will be able to achieve real growth in same-store sales in Chile. We believe that the Chilean department store industry has also shown signs of saturation as a result of a very aggressive expansion in past years by the industry's main participants.

Table of Contents

In addition, good locations are increasingly difficult to find, particularly for our big-box stores. Most major retailers have locked up key mall properties and control large land banks, and as a result we have faced difficulties in finding acceptable sites because we are more likely to open mid- to large-size supermarkets. We may be vulnerable to the expansion by “small box” supermarkets, such as convenience stores, who may more readily find suitable properties.

Inflation and government measures to curb inflation may adversely affect the Chilean economy and have a material adverse effect on us.

Chile has experienced high levels of inflation in the past when compared to the country’s Central Bank inflationary target, including increases in the Chilean consumer price index of 7.8%, and 7.1%, in 2007 and 2008, respectively. Chile experienced deflation of 1.4% during 2009, inflation of 3.0% during 2010, inflation of 4.4% during 2011, inflation of 1.6% in 2012, inflation of 3.0% in 2013 and inflation of 4.4% in 2014 according to the Central Bank of Chile.

The measures taken by the Chilean Central Bank to control inflation have often included maintaining a tight monetary policy with high interest rates, thereby restricting the availability of credit and retarding economic growth. Inflation, measures to combat inflation and public speculation about possible additional actions have also contributed materially to economic uncertainty in Chile and to heightened volatility in its securities markets. Periods of higher inflation may also slow the growth rate of the Chilean economy, which could lead to reduced demand for our products and services and decreased sales. Inflation is also likely to increase some of our costs and expenses, given that the majority of our supply contracts are denominated in *Unidades de Fomento* or are indexed to the Chilean consumer price index, and we may not be able to fully pass any such increases on to our customers, which could have a material adverse effect on us. Furthermore, at December 31, 2014, approximately 22% of our outstanding debt was UF-denominated. As a result, severe increases in inflation could affect the Chilean economy and could have a material adverse effect on us.

Currency devaluations and foreign exchange fluctuations may have a material adverse effect on us.

The Chilean peso has been subject to large devaluations and appreciations in the past and could be subject to significant fluctuations in the future. The main driver of exchange rate volatility in the past years was the significant devaluations in other Latin American countries, mainly Brazil, as well as general uncertainty and trade imbalances in the global markets. In 2007, the Chilean peso appreciation was driven by an improvement in Chilean economic indicators and record commodities prices, together with a weak performance of the U.S. dollar. More recently, the primary driver of exchange rate volatility has been the substantial depreciation of Latin American currencies, including the Chilean peso, against the U.S. dollar. The value of the Chilean peso against the U.S. dollar may continue to fluctuate significantly in the future. See “Item 10. Additional Information—D. Exchange Controls—Foreign Exchange Controls—Chile” and “Item 3. Key Information—A. Selected Financial Data—Exchange Rates—Chile.”

Historically, a significant portion of our indebtedness has been denominated in U.S. dollars, while a substantial part of our revenues and operating expenses has been denominated in Chilean pesos. If the Chilean peso’s value declines against the dollar, we will need more Chilean pesos to repay the same amount of dollar-denominated debt. As a result, fluctuations in the Chilean peso to U.S. dollar exchange rate may affect us. As of December 31, 2014, after cross currency swaps and forward exchange agreements that fully hedge against the variation between the Chilean peso and the U.S. dollar, 11% of our net financial debt (bank loans and bonds) was denominated in U.S. dollars. The remainder of our interest-bearing debt is primarily UF- or Chilean peso-denominated and therefore not subject to exchange rate risk. Our hedging policy against foreign exchange fluctuations is disclosed in “Item 11. Quantitative and Qualitative Disclosure About Market Risk—Foreign Currency Risk.” We cannot assure you that our hedging policies will avoid future losses related to exchange rate variations.

In addition in February 2015 the company accessed the international debt markets through a dual-tranche bond issuance. This new issuance significantly increased Cencosud’s exposure to the U.S. dollar. Due to market depth constraints for the Chilean swap market Cencosud could be delayed in hedging its foreign currency exposure under this issuance in order to return to historical U.S. dollar debt levels after cross currency swaps.

Any significant currency devaluation or foreign exchange fluctuation in the future may adversely affect the performance of the Chilean economy and have a material adverse effect on us.

Chile has different corporate disclosure and accounting standards than those you may be familiar with in the United States.

Financial reporting and securities disclosure requirements in Chile differ in certain significant respects from those required in the United States. There are also material differences between IFRS and U.S. GAAP. Accordingly, the information about Cencosud S.A. available to you will not be the same as the information available to holders of shares issued by a U.S. company. In addition, the

Table of Contents

Chilean Securities Market Law, which governs open or publicly listed companies, such as us, imposes disclosure requirements that are more limited than those in the United States in certain important respects. In addition, although Chilean law imposes restrictions on insider trading and price manipulation, applicable Chilean laws are different from those in the United States, and the Chilean securities markets are not as highly regulated and supervised as the U.S. securities markets.

Possible changes resulting from a proposed labor reform bill in Chile may have a material adverse effect on our operations and financial results.

On December 29, 2014 the executive branch of the Chilean government, led by President Michelle Bachelet, signed an extensive labor reform bill which was sent to the Chilean Congress for parliamentary proceedings and approval. In light of the executive branch of the Chilean government having majority support at both houses of the Chilean Congress, we expect that the proposed bill will be approved as drafted or under some amended form following debate of the bill in both houses.

Under the current draft the proposed bill contemplates several amendments to the existing labor framework in Chile, including, among other points: collective bargaining coverage is expanded to certain employees who were prevented from exercising this right, such as apprentices, temporary workers and others.

- Unions are recognized as the only party entitled to exercise the right to collectively bargain on behalf of the workers.
- Benefits obtained by a union in the course of a negotiation are extended for the benefit of any worker joining that union after the negotiation has concluded. The extension of said benefits to employees would be contingent to the assent of each union.
- Collective bargaining agreements currently in effect would constitute a floor for the negotiation of new conditions of employment. The financial situation of the company or business as of the date of discussions for a new agreement would not have any bearing on ongoing negotiations.
- The employer's right to replace those workers participating in a strike with current or new employees while the strike is taking place is curtailed and replaced with an obligation from unions to provide the personnel required to comply with "minimum services" through "emergency teams."
- Matters that may be subject to collective bargaining agreements are expanded, allowing the negotiation of more flexible workdays, adaptable systems and others.
- Unions may annually request from large companies information regarding the remunerations and duties associated with each category of employees.

Approval and implementation of the proposed bill, which increases the collective bargaining power of labor unions, or similar reforms may have adverse effects on our overall employment and operating costs and may increase the likelihood of business disruptions on our various activities in Chile, which could negatively affect our financial results and our ability to grow our business.

Risks Related to Argentina

Argentine economic and political conditions and perceptions of these conditions in international markets may have a direct impact on our business and our access to international capital markets, and could have a material and adverse effect on us.

24.7%, 25.7% and 27.9% of our revenues from ordinary activities in the years ended December 31, 2014, 2013 and 2012, respectively, were derived from revenues in Argentina and an important share of our land bank is located in Argentina. Accordingly, our results of operations and financial condition are affected to a significant extent by the level of economic activity in Argentina. The Argentine economy has experienced significant volatility in recent decades, characterized by periods of low or negative growth, high and variable levels of inflation and currency devaluation. Argentina's sovereign credit default swap (CDS) spreads are currently among the highest in the world. In 2002, enactment of Law No. 25,561 (the "Public Emergency Law") ended more than a decade of uninterrupted Argentine peso/U.S. dollar parity and the Argentine peso has fluctuated significantly since then. See "Item 10. Additional Information—D. Exchange Controls—Foreign Exchange Controls—Argentina" and "Item 3. Key Information—A. Selected Financial Data—Exchange Rates—Argentina."

Although general economic conditions in Argentina have recovered significantly during recent years, there is uncertainty as to whether this growth is sustainable. This is mainly because the economic growth was initially dependent on a significant devaluation of the Argentine peso and a high excess production capacity derived after a long period of deep recession, and was favored by high commodity prices. The global economic crisis of 2008 has led to a sudden deceleration of the economy, accompanied by political and social unrest, inflationary and Argentine peso depreciation pressures and lack of consumer and investor confidence. According to the *Instituto Nacional de Estadísticas y Censos* (the Argentine National Institute of Statistics and Census, or "INDEC"), Argentina's gross domestic product, in real terms, grew by 0.1% in 2009, 9.4% in 2010 and is estimated to have grown 8.5%, 0.9% and 2.9% in 2011, 2012 and 2013, respectively while expanding 0.5% in 2014. We cannot assure you that GDP will increase or remain stable in the

Table of Contents

future. Economic growth in Argentina could face challenges related to its balance of payments and levels of reserves during 2014. During 2013, foreign currency restrictions in Argentina became more stringent in a government effort to curb their drain. There is a high degree of uncertainty regarding Argentina's future ability to access the international capital markets and the status of its negotiations with holdouts. The aforementioned factors in conjunction with less favorable prices for Argentina's main agricultural exports could have a negative effect on economic growth and could have a material adverse effect on us.

Argentina's limited ability to obtain financing from international markets and limited economic growth could have a material adverse effect on us.

Argentina's 2001 default and its failure to fully restructure its sovereign debt and fully negotiate with the holdout creditors may limit Argentina's ability to reenter the international capital markets. Litigation initiated by holdout creditors as well as claims with the International Centre for Settlement of Investment Disputes (ICSID) have resulted and may continue to result in judgments against the Argentine government which, if not paid, could prevent Argentina from obtaining credit from multilateral organizations. Judgment creditors have sought and may continue to seek attachment orders or injunctions relating to assets of Argentina that the government intended for other uses. As a result, the government may not have the financial resources necessary to implement reforms and foster economic growth, which, in turn, could have a material adverse effect on Argentina's economy and, consequently, on us. Furthermore, Argentina's inability to obtain credit could have a material adverse effect on our Argentine subsidiaries, including their ability to access international credit markets, either for working capital requirements or to repay their debt at maturity.

Adverse court rulings in the United States could have a material and adverse impact in the Argentine economy and us.

In 2012, holdouts from the 2001 Argentine debt-swap commenced legal proceedings against the Argentine Republic demanding full repayment of the principal amount owed under the issued notes and have made attempts to seize assets of Argentina held offshore. These holdouts were given a favorable court ruling on November 22, 2012 from the United States District Court for the Southern District of New York, who ordered Argentina to make repayments at the same pace it is repaying those who agreed to enter the 2001 debt-swap by enforcing the *pari passu* provision under the issued notes. Argentina and holders who participated in the debt-swap are appealing the ruling. On September 3, 2013, the District Court granted requests made by plaintiffs for discovery on Argentina and the assets of certain financial institutions. Litigation by holdout creditors resulted in material judgments against the Argentine government and could result in attachments of or injunctions relating to assets of or deemed owned by Argentina, which could have a material adverse effect on the country's economy.

Inflation may continue to increase, causing adverse effects on the Argentine long-term credit markets as well as the Argentine economy, its growth and our activities in Argentina.

After several years of price stability, the devaluation of the Argentine peso in January 2002 created pressures on the domestic price system that generated high inflation in 2002 before substantially stabilizing in 2003. However, consumer prices increased by 7.7% in 2009, 10.9% in 2010, 9.5% in 2011, 10.8% in 2012, 10.9% in 2013 and 24% in 2014 according to the INDEC, and private institutes estimate that consumer prices have increased significantly more than official estimates. A return to a high inflation environment would also undermine Argentina's foreign competitiveness in international trade by diluting the effects of the Argentine peso devaluation and could have a material adverse effect on us.

Significant devaluation or appreciation of the Argentine peso against the U.S. dollar and other foreign currencies may adversely affect the Argentine economy, its growth and our activities in Argentina.

The depreciation of the Argentine peso in 2002 had positive effects on the competitiveness of certain sectors of the Argentine economy, but it also had a negative impact on the financial condition of Argentine businesses and individuals. The devaluation adversely affected the Chilean peso and the U.S. dollar value of our assets and earnings in Argentina and, thus, has had a negative effect on our financial condition. Moreover, the devaluation of the Argentine peso had a negative impact on the ability of Argentine businesses to honor their foreign currency-denominated debt, led to very high inflation initially, significantly reduced real wages, had a negative impact on businesses whose success is dependent on domestic market demand, and adversely affected the federal and provincial governments' ability to honor their foreign debt obligations. If the Argentine peso experiences another significant devaluation, it may have a materially adverse effect on the local economy and on our business.

Furthermore, a substantial increase in the value of the Argentine peso against foreign currencies would adversely affect exports and could have a negative effect on the Argentine economy, with material and adverse consequences on us.

There are concerns about the accuracy of the Argentine INDEC's measurements and thus its impact on us.

In January 2007, the INDEC modified its methodology used in calculating the consumer price index. At the same time, the Argentine government also replaced several key personnel at the INDEC, prompting complaints of government interference from the

Table of Contents

technical staff at the INDEC. In addition, the IMF requested that the government clarify its inflation rates. In June 2008, the INDEC published a new consumer price index that eliminated nearly half of the items included in previous surveys and introduced adjustable weightings for fruit, vegetables and clothing, which have seasonal cost variations.

The new index has been criticized by economists and investors after its initial report found prices rising well below expectations. These events have affected the credibility of the consumer price index published by INDEC, as well as other index published by INDEC that use the consumer price index in their calculation, including the poverty index, the unemployment index and real GDP. On February 1, 2013 Argentina became the first member nation of the IMF to be censured due to concerns that it may be underreporting inflation and GDP figures. The IMF gave Argentina a deadline of September 29, 2013 to take “remedial measures” to boost the accuracy of the data provided. In January 2014 the Argentine government revealed a new inflation index based on a new calculation methodology. The IMF reacted cautiously to the index stating that it would continue to review progress made by the Republic of Argentina revising inflation and gross domestic product statistics later in the year. The new measure revealed consumer prices increased at a 24% rate in 2014.

Intervention by the Argentine government in the Argentine economy has increased and may have a direct impact on our prices and sales.

The Argentine government has in the past set certain industry market conditions and prices. In March 2002, the Argentine Government fixed the price for milk after a conflict among producers. Further government intervention in the economy could have an adverse effect on the levels of foreign investment in Argentina, Argentine companies’ access to international capital markets and trade and diplomatic relations between Argentina and other countries, which in turn could result in a material adverse effect on Argentina’s economy and, therefore, our business, financing capabilities, results of operations and financial condition. We cannot assure you that the Argentine government will not interfere in other areas in the retail industry in which we operate by setting prices or regulating other market conditions. Accordingly, we cannot assure you that the prices or other market conditions that the Argentine government might impose will allow us to freely negotiate the prices of our products, all of which could have a material adverse effect on us.

Currently price controls in the Republic of Argentina are enforced under the “Precios Cuidados” program, an agreement between the government and retailers. This program reflects the basic basket of products for the country’s population and as of April 12, 2014 is comprised of 308 products in supermarkets and 113 products in the home improvement industry. If these programs were to be expanded, they could have a materially adverse effect on us.

Economic and social unrest in Argentina and government measures to address them may adversely affect the Argentine economy and thereby have a material adverse effect on us.

Despite the economic recovery and relative stabilization since 2003, social and political tensions and high levels of poverty and unemployment continue. In 2008, Argentina faced nationwide strikes and protests from farmers due to increased export taxes on agricultural products, which disrupted economic activity and have heightened political tensions. In November 2013, there were massive protests against the government. Provincial police forces in Cordoba and other provinces went on strike. The social unrest increased during the last months of 2013, and in December 2013, there were new riots and looting to shops and supermarkets in various cities around the country. In addition to new spontaneous public protests against the government, the agricultural sector and some workers’ unions called for new strikes. In December 2013 our distribution center in the Argentine city of Cordoba was stormed and damaged in the course of civil unrest that was occurring in the city as a result of a civil servant strike. While the distribution center has been restored, with losses partially covered by our insurance, if such civil unrest were to occur again it may have an effect on our business, results of operations and financial condition.

Future government policies to preempt, or respond to, social unrest may include expropriation, nationalization, forced renegotiation or modification of existing contracts, suspension of the enforcement of creditors’ rights and shareholders’ rights, increase in export taxes, new taxation policies, including royalty and tax increases and retroactive tax claims, and changes in laws, regulations and policies affecting foreign trade and investment. For example, on April 16, 2012, the Argentine government announced its intention to expropriate YPF S.A. (“YPF”), the largest oil and gas company in Argentina, which was controlled by Repsol YPF S.A., a Spanish integrated oil and gas company. On May 4, 2012 the Argentine Congress approved the expropriation of 51% of YPF’s capital stock. The nationalized capital stock was distributed as follows: 49% to certain Argentine provinces and the remaining 51% to the national government. The Argentine government has compensated Repsol SA for the expropriation of its interests in the abovementioned company. These policies could destabilize the country, both socially and politically, and have a material adverse effect on the Argentine economy and other Latin American economies and, consequently, on us.

Table of Contents

The Argentine government may order salary increases to be paid to employees in the private sector, which would increase our operating costs.

In the past, the Argentine government has passed laws, regulations and decrees requiring companies in the private sector to maintain minimum wage levels and provide specified benefits to employees and may do so again in the future. In the aftermath of the Argentine economic crisis, employers both in the public and private sectors have experienced significant pressure from their employees, unions and labor organizations to increase wages and to provide additional employee benefits. Due to the high levels of inflation, the employees and labor organizations have begun again demanding significant wage increases. It is possible that the Argentine government could adopt measures mandating salary increases and/or the provision of additional employee benefits, including mandatory profit sharing, in the future. Any such measures could have a material adverse effect on us.

Argentine lease laws impose restrictions that limit our flexibility.

Argentine laws governing leases impose certain restrictions, including prohibition of inflation adjustment clauses, mandatory minimum and maximum duration, and statutory tenants' rights to rescind commercial lease agreements after the initial six months. These restrictions could have a material adverse effect on our Argentine operations. In the past, in response to housing shortages, high rates of inflation and difficulties in obtaining credit, the Argentine government imposed more strict and burdensome regulations regarding leases. Such regulations limited or prohibited increases on rental prices and prohibited eviction of tenants, even for failure to pay rent. We cannot assure you that the Argentine government will not impose similar or more stringent regulations in the future, any of which could have a material and adverse effect on us.

Exchange controls could restrict the inflow and outflow of funds in Argentina and may have a material adverse effect on us.

In 2001 and 2002, the Argentine government implemented a number of monetary and currency exchange control measures that included restrictions on the withdrawal of funds deposited with banks and stringent restrictions on the outflow of foreign currency from Argentina, including funds for purposes of paying principal and interest on debt and distributing dividends.

Although many of these restrictions have been eased in some respects, some restrictions on the transfer of funds from Argentina (e.g., to make payments of principal and interest) still remain in effect and other controls on capital inflows have been established. Further, similar or new restrictions relating to the purchase of foreign currency and its transfer abroad for the payment of dividends, which were significantly eased in 2003, could be reinstated in the future. If that were to occur, we may default in the payment of external debt obligations from Argentina, we may not be able to fund and/or finance our operations in Argentina, and/or we may not be able to distribute dividends from Argentina, which could have a material adverse effect on us. These existing controls and restrictions on the foreign exchange market in Argentina, as well as any additional restrictions that may be imposed in the future, could impair our ability to transfer funds generated by our Argentine operations in U.S. dollars outside Argentina to fund the payment of dividends or other amounts, including payments required to be made by our Argentine subsidiaries to foreign creditors in respect of the guarantee of outstanding obligations denominated in U.S. dollars.

In addition, pursuant to Resolutions AFIP N° 3210/2011 and N° 3212/2011 and Communication "A" 5245, enacted in late 2011, prior to authorizing the sale of foreign currency to make portfolio investments abroad or similar investments, the local bank must obtain prior clearance from an online database run by the Argentina federal tax authority (*Administración Federal de Ingresos Públicos*, or "AFIP"). This database must confirm whether an individual or entity has sufficient declared assets or funds to make the purchase of foreign currency. In the event that such declared assets or funds are not sufficient, the bank may not sell foreign currency to such individual or entity. This requirement may affect the ability of our Argentine subsidiaries to make or manage their foreign currency investments or to transfer funds abroad. See also "Item 10. Additional Information—D. Exchange Controls—Foreign Exchange Controls—Argentina" and "Item 3. Key Information—A. Selected Financial Data—Exchange Rates—Argentina."

We may experience significant adverse effects from delays or restrictions on our ability to receive imported products.

The National Industry Ministry recently issued several resolutions implementing various governmental measures to restrict imports, including the application of non-tariff barriers to imports, such as non-automatic licenses (which are not subject to an obligation of being granted) introducing the obligation to file import products certificates.

Pursuant to General Resolution 3252, the *Administración Federal de Ingresos Públicos* (AFIP) implemented (effective from February 1, 2012) a system whereby, prior to issuing purchase orders (or any similar document), importers must complete a *Declaración Jurada Anticipada de Importación* ("Advanced Sworn Import Affidavit"), so that information is available in a registry of imports in order to comply with import requirements for companies and foreign trade operators. As a result of these and other measures, certain sectors have experienced difficulties or delays in importing products into Argentina. Such restrictions or delays could have a material adverse effect on the domestic Argentine market, production, consumption levels and the Argentine economy.

Table of Contents

Risks Related to Brazil

Brazilian economic and political conditions and perceptions of these conditions in international markets have a direct impact on our business and our access to international capital and debt markets and could have a material adverse effect on us.

In the years ended December 31, 2014, 2013, and 2012 our operations in Brazil represented 20.1%, 19.8% and 23.5% of our consolidated revenues from ordinary activities for such periods, respectively. Accordingly, our financial condition and results of operations are dependent on economic conditions in Brazil. The Brazilian economy has experienced significant volatility in recent decades, characterized by periods of low or negative growth, high and variable levels of inflation and currency devaluation. Brazil's gross domestic product, in real terms, decreased 0.3% in 2009, grew 7.5% in 2010, 2.9% in 2011 and 1.9% in 2012, according to the Central Bank of Brazil. The Brazilian central bank currently estimates gross domestic product experienced expansion of approximately 2.3% in 2013, and a decrease of 0.2% in 2014. We cannot assure you that GDP will increase or remain stable in the future. Future developments in the Brazilian economy may affect Brazil's growth rates and, consequently, the consumption of our products. As a result, these developments could have a material adverse effect on us.

Historically, Brazil's political situation has influenced the performance of the Brazilian economy, and political crises have affected the confidence of investors and the general public, which resulted in economic deceleration and heightened volatility in the securities issued abroad by Brazilian companies. Future developments in policies of the Brazilian government and/or the uncertainty of whether and when such policies and regulations may be implemented, all of which are beyond our control, could have a material adverse effect on us.

Changes in Brazilian tax laws may increase our tax burden.

The Brazilian government frequently implements changes to tax regimes that may affect us and our customers. These changes include changes in prevailing tax rates and, occasionally, enactment of temporary taxes, the proceeds of which are earmarked for designated governmental purposes. Some of these changes may result in increases in our tax payments, which could adversely affect industry profitability and increase the prices of our products, restrict our ability to do business in our existing and target markets and have a material adverse effect on us. We cannot assure you that we will be able to maintain our projected cash flow and profitability following any increases in Brazilian taxes applicable to us.

The Brazilian government has exercised, and continues to exercise, significant influence over the Brazilian economy.

The Brazilian government frequently intervenes in the Brazilian economy and occasionally makes significant changes in policies and regulations. The Brazilian government's actions to control inflation and other policies and regulations have often involved, among other measures, increases in interest rates, changes in tax policies, price controls, currency devaluations, capital controls and limits on export and imports. We may be materially and adversely affected by changes in policies or regulations involving or affecting factors such as:

- interest rates;
- monetary policy;
- exchange controls and restrictions on remittances abroad;
- currency fluctuations;
- inflation;
- liquidity of domestic capital and financial markets;
- tax policy; and
- other political, social and economic policies or developments in or affecting Brazil.

Uncertainty over whether the Brazilian government will implement changes in policies or regulations affecting these or other factors in the future may contribute to economic uncertainty in Brazil. As a result, these uncertainties and other future developments in the Brazilian economy may have a material adverse effect on us.

Inflation, and the Brazilian government's measures to combat inflation, may generate economic uncertainty in Brazil.

Brazil has historically experienced high rates of inflation. In the recent past, inflation, as well as government efforts to combat inflation have had significant negative effects on the Brazilian economy and contributed to heightened volatility in the Brazilian securities market. The Brazilian government's measures to control inflation have often included maintaining a tight monetary policy with high interest rates, thereby restricting the availability of credit and reducing economic growth. As a result, interest rates have

Table of Contents

fluctuated significantly. The Special System for Settlement and Custody (*Sistema Especial de Liquidação e Custódia* , or “SELIC”) interest rate in Brazil at December 31 was 7.25% in 2012, 10.0% in 2013 and 11.75% in 2014, as determined by the Central Bank of Brazil’s Monetary Policy Committee (*Comitê de Política Monetária do Banco Central*).

Brazilian government actions, including interest rate changes, intervention in the foreign exchange market, fiscal policy expansion and actions to adjust or fix the value of the Real may trigger increases in inflation. If Brazil experiences substantial inflation in the future, the consequences may include greater economic uncertainty and increased costs for us, which may have a material adverse effect on us.

Exchange rate instability may adversely affect the Brazilian economy and us.

The Brazilian currency has historically suffered frequent fluctuations. In the past, the Brazilian government has implemented various economic plans and adopted a number of exchange rate policies, including sudden devaluations, periodic mini-devaluations (during which the frequency of adjustments has ranged from daily to monthly), floating exchange rate systems, exchange controls and dual exchange rate markets. There have often been significant fluctuations in the exchange rate between the Brazilian currency, the U.S. dollar, the euro and other currencies. This volatility may affect our consolidated financial statements, due to the growing importance of our Brazilian operations in our business portfolio, which could have a material adverse effect on us. See “Item 10. Additional Information—D. Exchange Controls—Foreign Exchange Controls—Brazil” and “Item 3. Key Information—A. Selected Financial Data—Exchange Rates—Brazil.”

Our business in Brazil is subject to governmental regulation.

Our Brazilian operations are subject to a variety of national, state, and local laws and regulations, including environmental, agricultural, health and safety and labor laws. We invest financial and managerial resources to comply with these laws and related permit requirements. Our failure to do so could subject us to fines or penalties, enforcement actions, claims for personal injury or property damages, or obligations to investigate and/or remediate damage or injury. Moreover, if applicable laws and regulations, or the interpretation or enforcement thereof, become more stringent in the future, our capital or operating costs could increase beyond what we currently anticipate, and the process of obtaining or renewing licenses for our activities could be hindered or even opposed by the competent authorities.

The regular operation of our stores and distribution centers depend on public services, including electricity, and the implementation of broad electricity conservation plans as a result of unfavorable hydrological or other factors could have a negative effect on consumer demand and also have a materially adverse effect on our operations and inventory management.

Brazil’s power generation sector relies on, among others, hydroelectric plants, whose generation levels are affected by prevailing hydrological conditions, which are dependent on rainfall levels and heat levels. If hydrological conditions result in a low supply of electricity in Brazil, that could cause, among other things, the implementation of broad electricity conservation programs, including mandatory reductions in electricity generation or consumption. The most recent period of extremely low rainfall in a large portion of Brazil was in the years immediately prior to 2001, and as a result, the Brazilian Government instituted a program to reduce electricity consumption from June 1, 2001 to February 28, 2002. Hydrological conditions in late 2007 and early 2008 have also been poor, particularly impacting reservoir levels in the northeastern and southeastern regions of Brazil. More recently, Brazil has experienced record heat levels in January 2014 which, coupled with a prolonged lack of rain, have left hydroelectric reservoirs at low levels. The recurrence in the future of unfavorable hydrological conditions could lead to the implementation of broad electricity conservation programs. In the event of electricity shortages, our operations and inventory management could be materially and adversely affected. This may in turn adversely affect our financial conditions and results from operations.

Risks Related to Peru

Economic, social and political developments in Peru, including political instability, inflation and unemployment, could have a material adverse effect on us.

Our operations in Peru represented 8.7%, 7.9% and 8.3% in 2014, 2013 and 2012, respectively, of our consolidated revenues from ordinary activities. Our results of operations and financial condition may be affected by changes in economic and other policies of the Peruvian government, which has exercised and continues to exercise substantial influence over many aspects of the private sector, and by other economic, social and political developments in Peru, including devaluation, currency exchange controls and economic growth. Previous Peruvian governments have imposed controls on prices, exchange rates, local and foreign investment and international trade, restricted the ability of companies to dismiss employees, expropriated private sector assets and prohibited the remittance of profits to foreign investors.

Table of Contents

In the past, Peru has suffered through periods of high inflation, which materially undermined the Peruvian economy and the government's ability to create conditions that would support economic growth. A return to a high inflation environment would also undermine Peru's foreign competitiveness, with negative effects on the level of economic activity and employment and on us.

A devaluation of Peru's currency or unexpected changes in exchange controls could have a material adverse effect on us.

The Peruvian currency has historically experienced a significant number of devaluations and, as a result, the Peruvian government has adopted and operated under various exchange rate control practices and determination policies, ranging from strict control to market determination of exchange rates. More recently, the Nuevo Sol appreciated against the U.S. dollar by 8.0% in 2009, 2.8% in 2010, 4.1% in 2011 and 5.7% in 2012 and depreciated against the U.S. dollar by 9.6% in 2013 and 6.7% in 2014. As the Peruvian economy is partially dollarized, devaluation of the Nuevo Sol against the U.S. dollar could have a negative impact on the economy. Therefore, any significant devaluation of the Nuevo Sol against the U.S. dollar could have a material adverse effect on us.

Risks Related to Colombia

We are highly dependent on economic and political conditions in Colombia in connection with our supermarket and retail operations in Colombia.

As a result of our acquisition of supermarket operation in Colombia, the Colombian market has become a significant part of our supermarket business and related results of operations. Colombia has suffered periods of significant economic and political instability in the past. Colombia represented 10.2%, 9.7% and 1.8% of total consolidated revenues for 2014, 2013 and 2012, respectively.

Our revenues earned from our operations in Colombia depend to a significant extent on macroeconomic and political conditions in Colombia. Decreases in the growth rate, periods of negative growth, changes in law, increases in inflation, changes in regulation or policy, or future judicial rulings and interpretations of policies involving exchange controls and other matters, such as (but not limited to) currency depreciation, interest rates, inflation, taxation, banking laws and regulations and other political or economic developments, in or affecting Colombia may affect the overall business environment and could, in turn, impact our financial condition and results of operations.

Colombia's fiscal deficit and growing public debt could adversely affect the Colombian economy. The Colombian fiscal deficit was 4.0% of GDP in 2012, 4.5% of GDP in 2013 and 3.5% in 2014.

Despite the recovery of Colombia's economy over the past several years, we cannot assure you that such growth and relative stability will be sustained. If the condition of the Colombian economy were to deteriorate, we would likely be adversely affected.

The Colombian government frequently intervenes in Colombia's economy and from time to time makes significant changes in monetary, fiscal and regulatory policy. Our business and results of operations and financial condition may be adversely affected by changes in government or fiscal policies, and other political, diplomatic, social and economic policies that may affect Colombia. We cannot predict what policies will be adopted by the Colombian government and whether those policies would have a negative impact on the Colombian economy or our business and financial performance.

The Colombian government and the Colombian Central Bank may seek to implement new policies aimed at controlling further fluctuation of the Colombian peso against the U.S. Dollar and fostering domestic price stability. The Colombian Central Bank may impose certain mandatory deposit requirements in connection with foreign-currency denominated loans obtained by Colombian residents, including us. Although no mandatory deposit requirement is currently in effect, a mandatory deposit requirement was set at 40% in 2008 after the Colombian peso appreciated against foreign currencies. We cannot predict or control future actions by the Colombian Central Bank in respect of such deposit requirements, which may involve the establishment of a different mandatory deposit percentage. The use of such measures by the Colombian Central Bank may be a disincentive for us to obtain loans denominated in a foreign currency. We cannot predict the effects that such policies will have on the Colombian economy. In addition, we cannot assure you that the Colombian peso will not depreciate or appreciate relative to other currencies in the future.

Our assets located in Colombia are subject to various risks associated with emerging market countries, such as Colombia.

Asset ownership in Colombia, as is the case in other emerging market countries, is subject to political, economic and other uncertainties, including expropriation, nationalization, renegotiation or nullification of existing contracts, currency exchange restrictions and international monetary fluctuations. We cannot assure you that our operating results will not be affected by the occurrence of any such events.

Table of Contents

Colombian government policies will likely significantly affect the economy and, as a result, our business and operations in Colombia.

The Colombian government has historically exercised substantial influence over the Colombian economy, and its policies are likely to continue to have an important effect on our operations in Colombia. Our business in Colombia could be adversely affected by changes in policy, or future judicial interpretations of such policies, involving exchange controls and other matters such as currency devaluation, inflation, interest rates, taxation, regulations and other political or economic developments in or affecting Colombia.

Although Colombia has maintained stable economic growth since 2003 and an inflation rate below 8% during the last 10 years, in the past, economic growth has been negatively affected by lower foreign direct investment and high inflation rates and the perception of political instability. We cannot assure you that growth achieved in recent years by the Colombian economy will continue in future periods. If the perception of improved overall stability in Colombia deteriorates or if foreign direct investment declines, the Colombian economy may face a downturn, which could negatively affect our results of operations.

Colombia's economy remains vulnerable to external shocks that could be caused by its major regional trading partners experiencing significant economic difficulties or by more general "contagion" effects, which could have a material adverse effect on Colombia's economic growth and its ability to service its debt.

The Colombian government has indicated that tightening credit conditions in financial markets could have a potential, although limited, negative impact on Colombian economy mainly through lower foreign direct investment flows. A significant decline in the economic growth of any of Colombia's major trading partners, such as the United States and Venezuela, could have a material adverse impact on Colombia's balance of trade and adversely affect Colombia's economic growth. According to the Colombian Ministry of Commerce, the United States is Colombia's largest export market. Colombia was the United States' 22nd largest supplier of goods imports in 2013. U.S. goods imports from Colombia totaled \$21.6 billion in 2013, a 12.2% decrease (\$3.0 billion) from 2012, but up 239% from 2003. U.S. imports from Colombia are down 6.5% since 2011 (pre-FTA). U.S. imports to Colombia accounted for 1.0% of overall imports in 2013. A decline in U.S. demand could have a material adverse effect on Colombian exports and Colombia's economic growth, which could, in turn, likely have detrimental results on our business activities. Colombia's volatile diplomatic relations with Venezuela, Colombia's major trading partner of non-traditional products, and Venezuela's recent political crisis may adversely affect the levels of Colombian exports to Venezuela.

Colombia has experienced several periods of violence and instability and such violence instability could affect the economy and our operations.

Colombia has experienced several periods of criminal violence over the past four decades, primarily due to the activities of guerilla, paramilitary groups and drug cartels. In remote regions of the country, where governmental presence is minimal, these groups have exerted influence over the local population and funded their activities by protecting and rendering services to drug traffickers. In response, the Colombian government has implemented various security measures and has strengthened its military and police forces, including the creation of specialized units. Despite these efforts, drug-related crime and guerrilla and paramilitary activity continue to exist in Colombia. Any possible escalation in the violence associated with these activities may have a negative impact on the Colombian economy in the future. In the context of any political instability, allegations have been made against members of the Colombian government concerning possible ties with paramilitary groups. These allegations may have a negative impact on the Colombian government's credibility, which could in turn have a negative impact on the Colombian economy or our operations there in the future.

Colombia's diplomatic relations with Venezuela and Ecuador may affect the Colombian economy and, consequently, our results of operations and financial condition.

Diplomatic relations with Venezuela and Ecuador, two of Colombia's main trading partners, have from time to time been tense, and have been affected by events surrounding the armed conflict with the Revolutionary Armed Forces of Colombia, or the FARC (*Fuerzas Armadas Revolucionarias de Colombia*), particularly on Colombia's borders with Venezuela and Ecuador. Any further deterioration in relations of Colombia with Venezuela and Ecuador may result in the closing of borders, the imposition of trade barriers or a breakdown of diplomatic ties, any of which could have a negative effect on Colombia's trade balance, economy and national security, which may adversely affect our results of operations.

Natural disasters in Colombia could disrupt our business and affect our results of operations in Colombia.

We are exposed to natural disasters in Colombia, such as earthquakes, volcanic eruptions, floods, tropical storms and hurricanes. In the event of a natural disaster, our disaster recovery plans may prove to be ineffective, which could have a material adverse effect on our ability to conduct our business in Colombia, particularly if such an occurrence affects computer-based data processing, transmission, storage and retrieval systems or destroys customer or other data. In addition, if a significant number of our employees

Table of Contents

and senior managers were unavailable because of a natural disaster, our ability to conduct our business could be compromised. Natural disasters or similar events could also result in substantial volatility in our results of our Colombian operations for any fiscal quarter or year.

Our Colombian operations are subject to regulation.

The supermarket business in Colombia is mainly regulated by the Colombian Consumer Protection Bureau and the free market. Nevertheless, the Colombian Superintendence of Industry and Commerce (the “*Superintendencia de Industria y Comercio*”) acts as the supervisory agency for the enforcement of regulations issued by the Colombian Consumer Protection Bureau. The Colombian Ministry of Industry and Tourism also plays an important role in the industry as it has within its reach ability to take any required measure to ensure the protection of the local market for domestic industry. In the past the ministry has relied on a wide array of measures to achieve this goal which have included the creation of product specific duties or price controls.

Furthermore, all corporations are regulated by the Colombia Superintendence of Corporations (“*Superintendencia de Sociedades*”). This government body oversees and approves corporate events such as mergers, acquisitions and bankruptcies. All corporations under the scope of this body in Colombia must file annual financial statements therewith.

New or higher taxes resulting from changes in tax laws and regulations in Colombia or the interpretation thereof could adversely affect our results of operations in Colombia.

The enactment of new tax laws and regulations, and uncertainties with respect to the application or interpretations of future tax policies, pose risks to us. In recent years, Colombian tax authorities have imposed additional taxes in a variety of areas, such as taxes on financial transactions and other taxes on net worth, have modified income tax withholding rates and have eliminated certain tax benefits.

The Colombian government could seize or expropriate our assets under certain circumstances.

Pursuant to Article 58 of the Colombian constitution, the Colombian government may exercise its eminent domain powers in respect of our assets in the event such action is required in order to protect the public interest. According to Law 388 of 1997, the eminent domain power may be exercised through: (i) an ordinary expropriation proceeding (*expropiación ordinaria*), (ii) an administrative expropriation proceedings (*expropiación administrativa*) or (iii) an expropriation for war reasons (*expropiación en caso de guerra*). In all cases, we would be entitled to a fair indemnification for the expropriated assets as described below. Also, as a general rule, indemnification must be paid before the asset is effectively expropriated.

Under an ordinary expropriation proceeding, the Colombian government may expropriate any asset. Before expropriating, the Colombian government must offer to purchase the asset from its owner at market value as determined by an independent appraiser. If no agreement is reached by the parties after 30 days of such offering, the Colombian government may initiate a judicial procedure. Under the procedure, the relevant court would decide on the validity of the expropriation and the amount of the indemnification.

An administrative expropriation proceedings may occur when the factors supporting the expropriation represent an imminent risk affecting public interest. Before conducting an administrative expropriation, the Colombian government must offer to purchase the asset from its owner at market value as determined by an independent appraiser. If no agreement is reached by the parties after 30 days of such offering, the Colombian government may expropriate the asset directly (i.e., without having to conduct a judicial proceeding) and establish the indemnification amount based on the asset’s market value. After the expropriation, the parties may challenge the validity of the expropriation and the amount of the indemnification granted through a judicial process.

In an expropriation by reason of war, the Colombian government may expropriate personal property without the need to pay any indemnification prior to the expropriation and temporarily occupy real property for as long as national security matters require. Possession of real property expropriated must be returned to its original owner once the necessity for expropriation by reason of war ceases to exist.

Exchange rate fluctuations could adversely affect the Colombian economy, and therefore, us.

The Colombian peso is a highly volatile currency that has been subject to significant devaluations and appreciations in the past and may be subject to similar fluctuations in the future. A significant devaluation or appreciation of the Colombian peso in relation to the U.S. dollar could adversely affect the Colombian economy and, as a result, our operating results.

Table of Contents

High rates of inflation may have an adverse impact us.

Rates of inflation in Colombia have been historically high, and we cannot assure you that inflation will not return to high levels. Inflation rates were 2.4% for 2012, 1.9% for 2013 and 4.56% for 2014. Inflationary pressures may, among other things, reduce consumers' purchasing power and we cannot assure you that measures taken by the Colombian government and Colombian Central Bank will suffice to curb inflation. A return to high inflation in Colombia may harm our results of operations.

Risks Related to our Shares and the ADSs

Our ADSs have a limited trading history and market volatility may affect our stock price and the value of your investment.

Our ADSs began to trade on the New York Stock Exchange on June 22, 2012, and as a result have a limited trading history. We cannot predict the extent to which investor interest in our company will maintain an active trading market on the NYSE, or how liquid that market will be in the future. The market price of our ADSs may be volatile and may be influenced by many factors, some of which are beyond our control, including:

- the failure of financial analysts to cover the ADSs or our common stock or changes in financial estimates by analysts;
- actual or anticipated variations in our operating results or the operating results of our competitors;
- changes in financial estimates by financial analysts, or any failure by us to meet or exceed any such estimates, or changes in the recommendations of any financial analysts that elect to follow the ADSs or shares of common stock or the shares of common stock of our competitors;
- announcements by us or our competitors of significant contracts or acquisitions;
- future sales of the ADSs and shares of common stock, including sales by our controlling shareholder;
- investor perceptions of us and the industries in which we operate;
- failure of any of our initiatives to achieve commercial success;
- fluctuations in stock market prices and trading volumes of securities of similar companies;
- general market conditions and overall fluctuations in U.S. equity markets;
- changes in our financial guidance to investors and analysts;
- delays in, or out failure to provide financial guidance;
- additions or departures of any of our key personnel;
- changes in accounting principles or methodologies;
- changing legal or regulatory developments in the United States and other countries, including the countries in which we operate; and
- discussion of us or our stock price by the financial press and in online investor communities.

In addition, the stock market in general has experienced substantial price and volume fluctuations that have been unrelated to the operating performance of particular companies affected. These broad market and industry factors may materially harm the market price of the ADSs and shares of common stock, regardless of our operating performance. In the past, following periods of volatility in the market price of certain companies' securities, securities class-action litigation has been instituted against these companies. Such litigation, if instituted against us, could result in substantial expenses and the diversion of our management's attention from our business, and could have a material adverse effect on us.

There may be a lack of liquidity and market for our shares of common stock and the ADSs in Chile.

Our shares of common stock are listed and traded on the Santiago Stock Exchange, the Chile Electronic Stock Exchange and the Valparaíso Stock Exchange, which we collectively refer to as the "Chilean Stock Exchanges." Although ADS holders are entitled to withdraw shares of common stock underlying the ADSs from The Bank of New York Mellon (the "Depositary") at any time, the Chilean Stock Exchanges are substantially smaller, less liquid and more volatile than major securities markets in the United States. Although our shares of common stock are traded on the Chilean Stock Exchanges, there can be no assurance that a liquid trading market for our shares of common stock will continue to exist. As of the date of this annual report, our non-controlling shareholders hold approximately 39% of our outstanding shares of common stock. A limited trading market in general and our concentrated ownership in particular may impair the ability of an ADS holder to sell in the Chilean market any shares of common stock obtained upon withdrawal of such shares from the ADS facility in the amount and at the price and time such holder desires, and could increase volatility of the price of the ADSs.

Table of Contents

Holders of ADSs may find it difficult to exercise voting rights at our shareholders' meetings.

Holders of ADSs will not be direct shareholders of our company and will be unable to enforce directly the rights of shareholders under our *estatutos* ("Bylaws") and the laws of Chile. Holders of ADSs may exercise voting rights with respect to the shares of common stock represented by ADSs only in accordance with the deposit agreement governing the ADSs. Holders of ADSs will face practical limitations in exercising their voting rights because of the additional steps involved in our communications with ADS holders. Holders of our shares of common stock will be able to exercise their voting rights by attending a shareholders' meeting in person or voting by proxy. By contrast, holders of ADSs will receive notice of a shareholders' meeting by mail from the Depositary following our notice to the Depositary requesting the Depositary to do so. To exercise their voting rights, holders of ADSs must instruct the Depositary on a timely basis on how they wish to vote. This voting process necessarily will take longer for holders of ADSs than for holders of our common stock. If the Depositary fails to receive timely voting instructions for all or part of the ADSs, the Depositary will assume that the holders of those ADSs are instructing it to give a discretionary proxy to a person designated by us to vote with respect to their ADSs, except in limited circumstances.

Holders of ADSs also may not receive the voting materials in time to instruct the Depositary to vote the common stock underlying their ADSs. In addition, the Depositary and its agents are not responsible for failing to carry out voting instructions of the holders of ADSs or for the manner of carrying out those voting instructions. Accordingly, holders of ADSs may not be able to exercise voting rights, and they will have little, if any, recourse if the shares of common stock underlying their ADSs are not voted as requested.

The significant control over the majority of our shares by our founding shareholder may have a material adverse effect on the future market price of the ADSs and our shares of common stock.

We are currently controlled by our founder, Mr. Horst Paulmann, who beneficially owns and controls 58.5% of our shares, through Inversiones Quinchamali Ltda., Inversiones Latadía Ltda. and Inversiones Tano Ltda, as of the date of this annual report. A disposition by our controlling shareholder of a significant number of our shares, or the perception that such a disposition might occur, could materially and adversely affect the trading price of our shares of common stock on the Santiago Stock Exchange as well as the market price of the ADSs on the New York Stock Exchange.

Our controlling shareholder is able to exercise significant control over our company, and also controls a significant minority interest in many of our international subsidiaries which could result in conflicts of interest.

Our controlling shareholder is in a position to direct our management and to determine the result of substantially all matters to be decided by majority vote of our shareholders, including the election of a majority of the members of our board of directors, determining the amount of dividends distributed by us (subject to the legally mandated minimum of 30% of distributable net income), adopting certain amendments to our Bylaws, including the issuance of new shares, enforcing or waiving our rights under existing agreements, leases and contractual arrangements and entering into agreements with entities affiliated with us. As a result, circumstances may occur in which our controlling shareholder's interests could be in conflict with your interests as holder of the ADSs. Our controlling shareholder may have interests in pursuing or preventing acquisitions, divestitures or other transactions where, in his judgment, such action would be in our best interests, even though such action may not be in the best interests of our minority shareholders.

Our status as a foreign private issuer exempts us from certain of the corporate governance standards of the NYSE, limiting the protections afforded to investors.

We are a "foreign private issuer" within the meaning of the NYSE corporate governance standards. Under the NYSE listing rules, a foreign private issuer may elect to comply with the practice of its home country and not to comply with certain NYSE corporate governance requirements, including the requirements that (1) a majority of the board of directors consist of independent directors, (2) a nominating and corporate governance committee be established that is composed entirely of independent directors and has a written charter addressing the committee's purpose and responsibilities, (3) a compensation committee be established that is composed entirely of independent directors and has a written charter addressing the committee's purpose and responsibilities, and (4) an annual performance evaluation of the nominating and corporate governance and compensation committees be undertaken. Therefore, you will not have the same protections afforded to shareholders of companies that are subject to all New NYSE corporate governance requirements.

For example, in reliance on the foreign private issuer exemption to the NYSE listing rules a majority of our board of directors may not consist of independent directors; our board's approach may therefore be different from that of a board with a majority of independent directors, and as a result, the management oversight of our Company may be more limited than if we were subject to the NYSE listing rules.

Table of Contents

U.S. securities laws do not require us to disclose as much information to investors as a U.S. issuer is required to disclose, and you may receive less information about us than you might otherwise receive from a comparable U.S. company.

The corporate disclosure requirements applicable to us may not be equivalent to the requirements applicable to a U.S. company and, as a result, you may receive less information about us than you might otherwise receive in connection with a comparable U.S. company. We are subject to the periodic reporting requirements of the Exchange Act of 1934, as amended (the “Exchange Act”) that apply to “foreign private issuers.” The periodic disclosure required of foreign private issuers under the Exchange Act is more limited than the periodic disclosure required of U.S. issuers. For example, we will be required only to file an annual report on Form 20-F, but we are not required to file any quarterly reports. A U.S. registrant must file an annual report on Form 10-K and three quarterly reports on Form 10-Q. In addition, we will be required to file current reports on Form 6-K, but the information that we must disclose in those reports is governed primarily by Chilean law disclosure requirements and may differ from Form 8-K’s current reporting requirements imposed on a U.S. issuer. Finally, we are not subject to the proxy requirements of Section 14 of the Exchange Act and our officers, directors and principal shareholders are not subject to the short swing insider trading reporting and recovery requirements under Section 16 of the Exchange Act.

Chilean law provides for fewer and less well-defined shareholders’ rights.

Our corporate affairs are governed by our Bylaws (which serve the combined function of the articles of incorporation and the bylaws of a U.S. corporation), and the laws of Chile. Under such laws and our Bylaws, our shareholders may have fewer or less well-defined rights than they might have as shareholders of a corporation incorporated in a U.S. jurisdiction. For example, our shareholders would not be entitled to redemption rights in the event of a merger or other business combination undertaken by us. Persons or entities who seek to acquire control of a publicly-held Chilean corporation through a tender offer (*oferta pública de adquisición de acciones*), must make an offer to any and all shareholders of such company. See “Item 10. Additional Information—B. Memorandum and Articles of Association—Right of dissenting shareholders to tender their shares” and “—Dividend and liquidation rights.”

Our recent transformation as a U.S. public company may increase our costs and disrupt the regular operations of our business.

Our recent initial public offering has had a significant transformative effect on us. We have incurred and expect to incur additional legal, accounting, reporting and other expenses as a result of having an ADS program. We will also incur costs which we have not incurred previously, including, but not limited to, increased costs and expenses for directors’ fees, increased directors and officers insurance, increased investor relations, and various other incremental costs related to having an ADS program traded in the United States.

We also anticipate that we will incur costs associated with corporate governance requirements, including requirements under the Sarbanes-Oxley Act of 2002, as amended, as well as rules implemented by the Securities and Exchange Commission (the “SEC”) and NYSE. We expect these rules and regulations to increase our legal and financial compliance costs and make some management and corporate governance activities more time-consuming and costly. These rules and regulations may make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. This could have a material adverse impact on our ability to recruit and bring on a qualified independent board. We cannot predict or estimate the amount of additional costs we may incur as a result of these requirements or the timing of such costs.

Chile imposes controls on foreign investment and repatriation of investments that may affect your investment in, and earnings from, the ADSs, and may impose additional controls or restrictions in the future.

Equity investments into Chile from abroad are subject to the requirement that investors provide Chile’s Central Bank with information related to such equity investments and conduct any operations in connection with the repatriation of investments and earnings on them within Chile’s *Mercado Cambiario Formal* , or Formal Exchange Market. See “Item 10. Additional Information—D. Exchange Controls—Foreign Exchange Controls—Chile.”

Holders of ADSs are entitled to receive dividends on the underlying shares to the same extent as the holders of shares. Dividends received by holders of ADSs will be converted into U.S. dollars and distributed net of foreign currency exchange fees and expenses and fees of the Depositary and will be subject to Chilean withholding tax, currently imposed at a rate of 35% (subject to credits in certain cases as described under “Item 10. Additional Information—E. Taxation—General—Material United States Federal Income Tax Considerations”). If for any reason, including changes in Chilean laws or regulations, the Depositary were unable to convert Chilean pesos to U.S. dollars, investors may receive dividends and other distributions, if any, in Chilean pesos.

Table of Contents

Additional Chilean restrictions applicable to the holders of the ADSs and other foreign investors in Chile could be imposed in the future. The Central Bank of Chile has the authority to impose at any time certain controls, restrictions or obligations on foreign investors in Chile. Such restrictions could include, but are not limited to, the requirement to obtain the Central Bank of Chile's prior approval for the repatriation of the proceeds from the disposition of shares underlying the ADSs or the payment of dividends. We cannot advise you as to the duration or impact of any such restrictions if imposed.

Currency devaluations, foreign exchange fluctuations and foreign currency conversion costs may have a material adverse effect on our stock price and on the U.S. dollar value of any cash distributions made to ADS holders in respect of ADSs.

As our operations are denominated in local currencies (Chilean Peso, Brazilian Real, Peruvian Sol, Argentinian Peso and Colombian Peso), changes in the currency parities may affect our recognition of results. Furthermore, as our stocks are primarily traded at the Santiago Stock Exchange, our stock is traded and listed in Chilean pesos. Therefore, changes in the Chilean Peso versus the U.S. Dollar parity may affect the value of your investment when measured in U.S. Dollars.

If the value of the Chilean peso falls relative to the U.S. dollar, the value of the ADSs and any distributions to be received from the Depository for the ADSs could be materially and adversely affected. Cash distributions made in respect of the ADSs are received by the Depository in Chilean pesos, are then converted by the Depository into U.S. dollars at the then prevailing exchange rate and distributed to the holders of ADSs. In addition, the Depository will incur foreign currency conversion costs (to be borne by the holders of the ADSs) in connection with the foreign currency conversion and subsequent distribution of dividends or other payments with respect to ADSs.

ADS holders may not be able to effect service of process on, or enforce judgments or bring original actions against, us, our directors or our executive officers, which may limit the ability of holders of ADSs to seek relief against us.

We are a Chilean corporation. None of our directors are residents of the United States and most of our executive officers reside outside the United States. In addition, a substantial portion of our assets and the assets of our directors and executive officers are located outside the United States. As a result, it may be difficult for ADS holders to effect service of process outside Chile upon us or our directors and executive officers or to bring an action against us or such persons in the United States or Chile to enforce liabilities based on U.S. federal securities laws. It may also be difficult for ADS holders to enforce in the United States or in Chilean courts money judgments obtained in United States courts against us or our directors and executive officers based on civil liability provisions of the U.S. federal securities laws. If a U.S. court grants a final money judgment in an action based on the civil liability provisions of the federal securities laws of the United States, enforceability of this money judgment in Chile will be subject to the obtaining of the relevant "exequatur" (i.e., recognition and enforcement of the foreign judgment) according to Chilean civil procedure law currently in force, and consequently, subject to the satisfaction of certain factors. The most important of these factors are the existence of reciprocity, the absence of a conflicting judgment by a Chilean court relating to the same parties and arising from the same facts and circumstances and the Chilean courts' determination that the U.S. courts had jurisdiction, that process was appropriately served on the defendant and that enforcement would not violate Chilean public policy. Failure to satisfy any of such requirements may result in non-enforcement of your rights.

Preemptive rights may be unavailable to ADS holders or U.S. holders of shares in certain circumstances and, as a result, U.S. owners of shares or ADSs would be subject to potential dilution.

The *Ley sobre Sociedades Anónimas* No. 18,046 and the *Reglamento de Sociedades Anónimas*, which we refer to in this document collectively as the "Chilean Corporations Law," require us, whenever we issue new shares for cash and sell treasury shares, to grant preemptive rights to all of our shareholders (including shares represented by ADSs), giving them the right to purchase a sufficient number of shares to maintain their existing ownership percentage. It is possible that, in connection with any future issuances of shares, we may not be able to offer shares to U.S. holders of shares or ADSs pursuant to preemptive rights granted to our shareholders and, as a result such U.S. holders of shares or ADSs would be subject to potential dilution.

We will not be able to offer shares to ADS holders or U.S. holders of shares pursuant to preemptive rights that we grant to our shareholders in connection with any future issuance of shares or sale of treasury shares unless a registration statement under the U.S. Securities Act of 1933, as amended (the "Securities Act"), is effective with respect to such rights and shares, or an exemption from the registration requirements of the Securities Act is available.

Such a registration statement may not be filed and an exemption from the registration requirements of the Securities Act may not be available. If owners of ADSs are unable to exercise preemptive rights because a registration statement has not been filed, the Depository will attempt to sell such owners' preemptive rights and distribute the net proceeds of the sale (net of the depository's fees and expenses) to the holders of the ADSs, provided that a secondary market for such rights exists and a premium can be recognized over the cost of any such sale. It is possible that a secondary market in preemptive rights may not develop in connection with any future issuance of shares or, if such a market does develop, a premium may not be able to be realized on their sale.

Table of Contents

If preemptive rights cannot be sold, they will expire, and holders of ADSs will not realize any value from the grant of such preemptive rights. In either case, the equity interest in us of the holders of ADSs would be diluted proportionately.

ADS holders may not be able to exercise redemption rights that are granted by the Chilean corporations Law to registered shareholders of publicly traded Chilean corporations.

Under *Ley sobre Sociedades Anónimas No. 18,046*, as amended (the “Chilean Corporations Law”), if any of the following resolutions is adopted by our shareholders at any extraordinary shareholders meeting, dissenting shareholders have the right of redemption and can require us to repurchase their shares, subject to the fulfillment of certain terms and conditions. A dissenting shareholder is a shareholder who either attends the shareholders meeting and votes against a resolution which results in a redemption right or, if absent from the shareholders meeting, a shareholder who notifies the company in writing within 30 days of the shareholders meeting of his opposition to the resolution and that he is exercising his redemption right.

The resolutions that result in a shareholder’s redemption right are the following:

- our transformation into a different type of legal entity;
- our merger with or into another company;
- the disposition of 50% or more of our assets, whether or not that sale includes our liabilities or the proposal or amendment of any business plan involving the transfer of more than 50% of our assets; the sale of 50% or more of the assets of an affiliate which represents at least 20% of the assets of the corporation, as well as any sale of its shares which would result in us ceasing to be in control of such subsidiary;
- the granting of security interests or personal guarantees to secure or guarantee third parties’ obligations exceeding 50% of our assets, except with regard to security interests or personal guarantees are granted to secure or guarantee obligations of our subsidiaries;
- the creation of preferential rights for a class of shares or an amendment to those already existing, in which case the redemption right only accrues to dissenting shareholders of the class or classes of shares adversely affected;
- the amendment of our Bylaws to correct any formal defect in our incorporation, which might cause our Bylaws to be null and void, or any amendment of our Bylaws that grants a shareholder a redemption right;
- the approval by our shareholders of our ceasing to be subject to the regulations applicable to publicly held corporations in the event we no longer meet the requirements under Chilean law to qualify as such a corporation; and
- any other causes as may be established by Chilean law and our Bylaws (our Bylaws currently do not establish any instances).

In addition, shareholders of a publicly held corporation have a redemption right if a person acquires two-thirds or more of the outstanding voting stock of the company and does not make a tender offer for the remaining shares within 30 days of that acquisition at a price not lower than the price that would be paid shareholders exercising their redemption rights. However, the right of redemption described in the previous sentence does not apply in the event the company reduces its capital as a result of not having fully subscribed and paid an increase of capital within the statutory term.

Finally, shareholders of a publicly held corporation have the right of redemption within 30 days after the date when the controller acquires more than 95% of the shares of the company. These redemption rights must be exercised within 30 days.

ADS holders own a beneficial interest in shares held by the Depositary and, accordingly, they are not shareholders of the Company. The Depositary will not exercise redemption rights on behalf of ADS holders. Accordingly, in order to ensure a valid exercise of redemption rights, an ADS holder would have to cancel his ADSs and become a registered shareholder of the Company no later than the date which is five Chilean business days before the shareholders’ meeting at which the vote which would give rise to redemption rights is taken, or the applicable record date for redemption rights that arise other than as a result of a shareholder vote. Redemption rights must then be exercised in the manner prescribed in the notice to shareholders that is required to be sent to shareholders of Chilean public companies advising such holders of their right of redemption. If an event occurs that gives rise to redemption rights, ADS holders will have a limited time to cancel their ADSs and to become registered shareholders of the Company prior to the record date for the shareholders meeting or other event giving rise to such redemption rights. If an ADS holder does not become a registered shareholder of the Company prior to such record date he will not be able to exercise the redemption rights available to registered shareholders.

Table of Contents

Item 4. Information on the Company

A. HISTORY AND DEVELOPMENT OF THE COMPANY

General Information

We are a publicly-held stock corporation (*sociedad anónima abierta*) organized under the laws of Chile and have an indefinite corporate duration. We were incorporated by a public deed dated November 10, 1978. This abstract is recorded on page 13808 No. 7412 of the *Registro de Comercio de Santiago* (Commercial Registry of Santiago) for the year 1978. Our legal name is “Cencosud S.A.” Our registered office is located at Av. Kennedy 9001, Piso 6, Las Condes, Santiago, Chile and our main telephone number is 56 (2) 2959-0000.

History

Our history has been one demonstrating organic growth as well as significant, ongoing acquisitions designed to enhance our footprint in the industries in which we operate and increase our market share and brand recognition.

1960—2001

We trace our origins to the opening in 1960 of our first supermarket, with a selling area of 160 square meters, in Temuco, Chile. In the mid-1970s, we expanded our business by opening the first Jumbo hypermarket in Chile, with a selling space of 7,000 square meters, located on Kennedy Avenue in Santiago.

In 1982, we began our operations in Argentina with the opening of Argentina’s first Jumbo hypermarket which had a selling space of 9,282 square meters. We continued to expand in Argentina with the construction of Unicenter in 1988, Argentina’s largest shopping center. In 1993, we opened Lomas Center, the first shopping center in the south of the Buenos Aires metropolitan area. In 1994, we opened San Martín Factory (an outlet shopping center). In 1996, we opened Palermo shopping center in Buenos Aires. Between 1997 and 2003, we opened Quilmes Factory (an outlet shopping center), Palmas de Pilar and El Portal de Escobar, all of which are located in Greater Buenos Aires.

In 1993, we expanded our shopping center business in Chile by opening Alto Las Condes. In the same year, we expanded our line of business by opening Easy home improvement stores in Chile and Argentina which offer products required to improve and maintain a home, as well as construction materials and design and decoration products. That year, we opened our first Easy home improvement stores in the Alto Las Condes shopping center in Chile and in the Parque Brown Factory shopping center in Argentina.

2002—2006

In 2002, we continued our expansion in Chile by opening three new Jumbo hypermarkets, four new Easy home improvement stores and the Portal La Reina shopping center. In November 2002, we significantly expanded our presence in the Chilean home improvement sector through the acquisition of Proterra, a small chain of do-it-yourself stores in southern Chile, and converted its seven stores to our Easy home improvement stores. In 2002, we acquired the operations of Home Depot (Argentina).

In 2003, we acquired the supermarket chain Santa Isabel making us the second-largest supermarket operator in Chile in terms of revenues according to our estimations. We also opened two new shopping centers, the Florida Center and Portal La Dehesa, both in Santiago. We also started our credit card business with the incorporation of our Cencosud Administradora de Tarjetas de Crédito S.A. subsidiary, and the launching of the Jumbo Más credit card.

In April 2004, we acquired Las Brisas supermarket chain, which enhanced our geographical coverage in several areas including Valparaíso and Concepción through the addition of 17 new stores. In May 2004, we completed our initial public offering in Chile and were listed on the Santiago Stock Exchange. At the same time, we issued ADSs in the international capital markets in a private offering pursuant to Rule 144A and Regulation S, raising over U.S.\$330 million. In November 2004, through the acquisition of the supermarket chain Montecarlo, we consolidated our position as the second-largest supermarket operator in Chile. In November 2004, we also acquired the supermarket chain Disco in Argentina, one of Argentina’s largest supermarket chains, which we believe consolidated our position as the second-largest supermarket operator in that country in terms of revenues. Moreover, in October 2004, we opened a new shopping center in Argentina, Portal de Rosario, which we believe currently is the largest in the Rosario area in terms of revenues.

In March 2005, we entered into the department stores business through the acquisition of Empresas Almacenes Paris S.A., one of Chile’s most important department stores chains and which also operated a travel agency, an insurance broker, Banco Paris and Administradora de Créditos Comerciales ACC S.A. In September 2005, we rebranded our Las Brisas and Montecarlo brands under Santa Isabel brand, in order to consolidate and enhance our supermarket business.

Table of Contents

2007—Present

In June 2007, we acquired other two supermarket chains in Chile, Infante which operates in the city of Antofagasta and Economax with a significant presence in Santiago's downtown, adding in total 16 new stores to our supermarket business. Likewise, we expanded our retail department store business by acquiring the Foster and Eurofashion clothing store chain which sells the popular clothing brands Foster, JJO and Maritimo. In November 2007, we acquired the GBarbosa supermarket and hypermarket chain which operated both formats in the northeast region of Brazil with a total of 46 stores.

In December 2007, we entered into an agreement to acquire GSW S.A., the operator of the Wong chain of supermarkets, hypermarkets and shopping centers in Peru. Pursuant to this agreement the Wong family acquired a percentage of our shares and consequently became one of our main shareholders.

In May 2007, we entered into a joint venture agreement with Casino Guichard-Perrachon S.A. ("Casino") in order to develop the home improvement store business in Colombia. Pursuant to the joint venture, initially we had a 70% interest in the joint venture and were in charge of the operational administration of Easy Colombia S.A., with Casino owning the remaining 30%. In April 2009, we acquired Casino's shares in the joint venture, increasing our ownership stake to 100%.

In 2008, we entered the financing business in Argentina, with the launch of the Cencosud credit card and the opening of an insurance brokerage company in Argentina. In September 2008, we acquired Blaisten, a professional do-it-yourself store in Argentina.

In 2010, we expanded our footprint in the Brazilian market through the acquisition of three supermarket chains. In March 2010, we acquired the four-store Super Familia supermarket chain which we estimate to be the third-largest in the city of Fortaleza, in the state of Ceara. In April 2010, we entered the high-end retail market in Brazil with the acquisition of Perini Comercial do Alimento Ltda., operator of the four-store chain of Perini supermarkets in the city of Salvador, in the state of Bahia. Perini is a well-known brand in Brazil with 46 years in the market and complements our existing operations in Brazil. In October 2010, we acquired what we estimated to be the largest supermarket chain in the Brazilian state of Minas Gerais, Bretas, with 62 stores in three Brazilian states at the time of acquisition: Minas Gerais, Goias and Bahia. With the Bretas acquisition, we consolidated our position as Brazil's fourth-largest supermarket operator in terms of revenues, as measured by ABRAS.

At the beginning of 2011 we issued U.S.\$750 million aggregate principal amount of bonds due 2021 in a 144A/Reg-S offering in the international capital market, with a fixed interest rate of 5.50%. Additionally, in June 2011 we issued a local bond in Chilean pesos, for the amount of Ch\$54,000 million aggregate principal amount of bonds due 2031 in the local Chilean market, with a fixed interest rate of 7.40%.

In March 2011, UBS AG London Branch ("UBS") executed a shareholders agreement to purchase from certain investors a 38.636% stake in Cencosud's subsidiary Jumbo Retail Argentina, which operates our supermarkets in Argentina, for U.S.\$442 million.

In August 2011, Cencosud Brasil Comercial Ltda. ("Cencosud Brasil Comercial"), Irmãos Bretas, Filhos e Cia. Ltda. ("Bretas"), Mercantil Rodrigues Comercial, Ltda. ("Mercantil Rodrigues"), Perini Comercial de Alimentos Ltda. ("Perini") and Cencosud Brasil entered into an agreement with Banco Bradesco pursuant to which Banco Bradesco agreed to render financial services in Cencosud stores in Brazil, particularly regarding the exclusive issuance and operation of the Cencosud Card credit card (*Cartão Cencosud*), as well as the offer, within Cencosud stores in Brazil, of consumer loans, purchase financing and insurance products. Prezunic is currently not included in this venture.

In 2011, we continued expanding into the Brazilian market through the acquisition of Cardoso. Cardoso was at that time a three-store supermarket chain in the state of Bahia, with net sales of approximately R\$60 million (U.S.\$35.9 million) in 2011. Cencosud paid a purchase price of U.S.\$11.3 million. We have converted the acquired stores to the GBarbosa format and are now operating under this brand.

In December 2011, we acquired 85.58% of the capital stock of in Johnson's S.A. for an aggregate purchase price of Ch\$32,606 million. Johnson is a department store with 39 stores throughout Chile using the Johnson brand and 13 stores using the FES brand. FES stores were closed during the 2013 period. In December 2013 Cencosud executed its option to purchase the remaining shares that were not held by it and paid UF 315,935.76 in connection therewith.

Table of Contents

Johnson's retail financing arm has been migrated to our Cencosud format and all clients have been brought on to Tarjeta Cencosud. Clients of former Johnson's retail financing arm are now offered the same services as all other Cencosud clients. With the acquisition of Johnson we are able to target low and middle income market segments, in a similar fashion as with the acquisition of Santa Isabel in the supermarkets division, as Johnson stores are smaller, targeted to low and mid income consumers and better located to target that market segment.

On January 2, 2012, we acquired 100% of the capital stock of Prezunic. The aggregate purchase price of the operation was R\$875 million (or approximately Ch\$242,690 million), payable as follows: R\$580 million on the closing date of the transaction (January 2, 2012), with the balance to be paid as follows: R\$80 million, R\$85 million, R\$80 million and R\$50 million, on the first, second, third and fourth anniversary of the closing date, respectively. We estimate that Prezunic is the third-largest supermarket chain in Rio de Janeiro with 31 stores.

On June 13, 2012, we opened Costanera Center shopping mall, the largest shopping center in Chile a landmark development for the city of Santiago. On June 29, 2012, we repurchased 38.636% of the capital stock of Jumbo Retail Argentina from UBS. On July 3, 2012, we completed our SEC-registered initial public equity offering of 105,000,000 common shares in the form of common shares and ADSs listed on the New York Stock Exchange.

On November 30, 2012, we completed the acquisition of the former operation of Carrefour Colombia for a total purchase price equal to €2 billion subject to adjustments pursuant to the stock purchase agreement related thereto. The Acquired Companies operated supermarkets under the "Carrefour" and "Maxi" brand names in Colombia.

The acquisition included the purchase of 92 total stores, including 72 hypermarket stores, 16 convenience stores, and four cash and carry stores and gas stations. The stores acquired are located in nine of the ten largest cities in Colombia. We believe this transaction placed Cencosud as the second largest supermarket operator in Colombia in terms of sales and consolidates the existing presence of the Company's Easy stores in Colombia. However, since the acquisition, Cencosud has become the third largest supermarket player in the Colombian Market as per data made available by Nielsen. All such supermarket stores had dropped the Carrefour brand and have been operating under the Jumbo and Metro brands since May 31, 2013.

To finance the acquisition of Carrefour's Colombian operations, on October 17, 2012, the Company entered into a bridge loan agreement with a syndicate of banks in the amount of U.S.\$2,500 million (the "Bridge Loan Agreement"). The Bridge Loan Agreement has a maturity date of April 15, 2014 and bears an interest rate of LIBOR plus a margin of 1.50% for the first six months, 1.75% for the following three months, 2.20% for the following three months, 2.25% for the following three months, and 2.75% thereafter. The full amount under the Bridge Loan Agreement was disbursed on October 17, 2012 and used by us to fund the purchase of Carrefour's Colombian operations in escrow. On December 6, 2012, the Company issued U.S.\$1,200 million aggregate principal amount of bonds due 2023 in a Rule 144A and Regulation S offering in the international capital markets. The bonds due 2023 accrue interest at a fixed rate of 4.875%. The proceeds of that offering were used to repay in part amounts outstanding under the Bridge Loan Agreement. The remaining outstanding amount of our Bridge loan facility was repaid with proceeds of the capital increase that was successfully completed on March 14, 2013.

In February 2013, we announced a preemptive rights offering in the Chilean market pursuant to a capital increase for the amount of U.S.\$1,600 million. Proceeds of this offering were used for the prepayment of the outstanding bridge loan facility we incurred to finance our acquisition of Carrefour's operations in Colombia in the amount of US\$1,500 million, with the remainder to repay other short term liabilities, including debt facilities related to our Brazilian operations. This offering was completed on March 14, 2013, raising Ch\$770,647 million (98.9% subscription). The remainder of the offered shares were successfully auctioned at the Santiago stock exchange.

On June 20, 2014, BNS and Scotiabank Chile S.A. (together "Scotiabank") and the Company together with its subsidiaries, Cencosud Retail S.A. and Easy S.A., executed the Joint Venture Framework Agreement whereby, subject to certain conditions and governmental approvals, Scotiabank will purchase 51% of the shares in the Subject Companies for the amount of U.S.\$280 million and will also provide financing for 100% of CAT's financial services portfolio in Chile, which currently amounts to approximately U.S.\$1.0 billion. The Joint Venture Framework Agreement contemplates that the parties will develop, on a joint basis, the retail finance business in Chile. The Joint Venture Framework Agreement provides that the Business shall be operated through (i) CAT, a subsidiary of Cencosud that is in the business of issuing credit cards, and (ii) Cencosud Administradora de Procesos S.A., Cencosud Servicios Integrales S.A., and Cencosud Corredores de Seguros y Servicios Ltda., or other companies to be established by Cencosud for purposes of the Joint Venture Framework Agreement, to assist in developing the Business, including information processing and collection activities related thereto. Under this agreement, we believe that 2.5 million cardholders will benefit from easier access to new products and financial services and the expertise of Scotiabank, while receiving the Company's client benefits at our Jumbo, Santa Isabel, Easy, Paris and Johnson stores and shopping centers. In addition to numerous benefits to clients, the new company will seek to achieve synergies that we believe should result in lower operational costs. This association is framed within the Company's

Table of Contents

long term strategic plan to boost financial services offered to clients without utilizing Company capital, implementing the same model that has already been successful in our Brazil and Colombia operations. This transaction received regulatory approval for the full implementation of the joint venture framework agreement on April 13, 2015.

On September 4, 2014, the holders of the Series E and F bonds issued by the Company registered in the Securities Registry of the *Superintendencia de Valores y Seguros* (Superintendency of Securities and Insurance) under number 530 (“Issuance No. 530”), approved the amendment of the Bond Issuance Line of Debt Title that regulates the terms and conditions of said Issuance No. 530 (the “Indenture for Series E and F”). The amendments allow the Company to reduce its equity participation in CAT to as low as 45% of said equity. The aforementioned amendments were intended to prevent a default under the Indenture for Series E and F in connection with the consummation of the transactions contemplated in the Joint Venture Framework Agreement.

On October 17, 2014, the Company announced that it was calling its Series A, C and D bonds issued under the number 443 (“Issuance No. 443”) of the securities registry for early redemption, and communicated the same to the *Superintendencia de Valores y Seguros*. As specified in the announcement, the Issuance No. 443 bonds were scheduled to be redeemed on November 19, 2014. Issuance No. 443 bonds totaled an aggregate amount of UF 10,000,000. Payment for the bonds was to be made in Chilean pesos according to the value of the UF on the redemption date. The Company had previously sought, but failed to obtain, the consent of its Issuance No. 443 bondholders for amendments to the related Bond Issuance Line of Debt Title on September 4, 2014 that would have allowed it to reduce its equity participation in CAT to as low as 45% of said equity, which was necessary for the Company to consummate the transactions contemplated in the Joint Venture Framework Agreement.

On November 13, 2014 the Company entered into a bridge loan agreement for a total amount of U.S.\$400 million with BNS and HSBC Bank USA, N.A. (the “Bridge Loan”). A total amount of U.S.\$400 million was drawn on November 17, 2014 under the Bridge Loan, which amount was used by the Company to prepay all the Issuance No. 443 bonds. Such prepayment took place and was completed on November 19, 2014. The redemption of the Issuance No. 443 bonds was expected to pave the way, pending regulatory approval, for the full implementation of the Joint Venture Framework Agreement.

On January 30, 2015, the board of directors of the Company resolved to evaluate a potential initial public offering of the Company’s shopping centers division, focusing on Chile, Peru and Colombia, the Company probably would maintain a majority stake in the entity. This evaluation process is in the preliminary stages, and any transaction ultimately undertaken with respect thereto will be subject to approvals required under applicable law.

On February 12, 2015, the Company successfully accessed the international debt capital markets and issued U.S.\$1,000 million of debt securities in a two-tranche offering in an effort to refinance liabilities including the repayment of the aforementioned bridge loan facility with BNS and HSBC Bank USA, N.A. The balance of the proceeds were used to refinance certain outstanding liabilities. This refinancing is expected to allow the Company to proceed with its organic expansion program released on January 30, 2014 for years 2015 through 2018.

Principal Capital Expenditures for Organic Expansion

Capital expenditures totaled Ch\$227,423 million, Ch\$317,710 million and Ch\$573,650 million for the years ended December 31, 2014, 2013 and 2012, respectively. For a discussion of our capital expenditures and future projections, see “Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Capital Expenditures and permanent investments.”

B. BUSINESS OVERVIEW

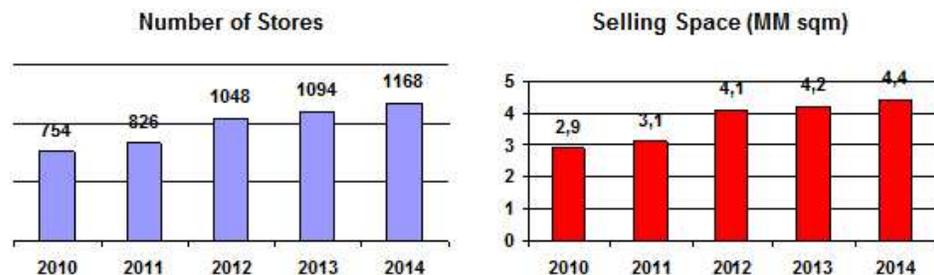
Our Company

We believe we are one of the leading multi-brand retailers in South America, based on revenues, selling space, number of stores and gross leasable area in the sectors and countries in which we operate. See “—Industry Overview and Competition” for more explanation on the methodology we use to calculate our market position in such sectors and countries. We operate through a number of formats, including supermarkets, home improvement stores, shopping centers and department stores. We are headquartered in Chile and have operations in Chile, Argentina, Brazil, Colombia and Peru. Our business consists of five segments, including four retail segments, which allows us to reach a wide range of customers offering various combinations of products, price, quality and service. The company believes Brazil, Peru and Colombia are high growth and underpenetrated markets due to their favorable demographics, sustainable household consumption growth and low formal retail penetration as described in herein and in “Industry Overview and Competition.” As a complement to our core retailing business, we are actively involved across the region in the commercial real estate development business, particularly in Chile, Argentina, Colombia and Peru, with 53 shopping malls representing 800,272 square meters of gross leasable area as of December 31, 2014, and we also offer private label credit cards, consumer loans and limited financial services to our retail customers.

Table of Contents

For the year ended December 31, 2014, we had 1,168 stores and shopping centers with an aggregate of 4,387,088 square meters of selling space and had assets of Ch\$ 10,716,503 million, liabilities of Ch\$ 6,425,017 million, net earnings attributable to controlling shareholders of Ch\$ 164,894 million, and shareholders' equity of Ch\$ 4,291,486 million.

Throughout our 50-year history of growth we have developed, acquired, integrated and expanded several retail businesses with strong brands in the various markets where we operate. Since January 1, 2005, we have grown our total number of stores and shopping centers from 425 to 1,168 as of December 31, 2014 and the total selling space of our retail stores and shopping centers from 1,433,838 to 4,387,088 square meters as of December 31, 2014. In addition, over the same period, we completed several strategic acquisitions that have significantly increased the size and geographic scope of our operations.



In February 2014, we revised our internal corporate management structure to capitalize on the synergies between our retail business lines, consolidating the management of all of our retail business lines (Supermarkets, Department Stores, and Home Improvement) into one division under a new Corporate Retail Managing Director. This reorganization is expected to facilitate the exchange of better business practices among our business lines and divisions across the various countries in which we operate.

We believe that our strategy of operating as an integrated multi-format and multi-brand retailer, combined with our broad product offering and portfolio of brands has been one of the key strategic advantages in the successful growth of our businesses. Today we operate a diversified operational and geographic footprint across South American markets with highly attractive demographics and strong macroeconomic fundamentals. We believe that our broad presence and our competitive position across key markets will continue to allow us to consolidate the retail market and to benefit from the expected strong growth in underpenetrated retail markets such as Brazil, Colombia and Peru.

The following table presents our total number of stores and shopping centers by country as of December 31, 2014:

	<u>Chile</u>	<u>Argentina</u>	<u>Brazil</u>	<u>Peru</u>	<u>Colombia</u>	<u>Total</u>
Supermarkets	238	290	219	87	100	934
Home improvement stores	33	50	—	—	10	93
Department stores	79	—	—	9	—	88
Shopping centers	25	22	—	4	2	53
Total	375	362	219	96	112	1,168

In summary, highlights of our commercial activities include:

- 1,168 stores and shopping centers as of December 31, 2014.
- 4.387 million square meters of selling space as of December 31, 2014.
- A total of 6.0 million active credit cards issued and U.S. \$1.6 billion in credit card operations as of December 31, 2014

Table of Contents

The following table indicates the percentages of revenues from ordinary activities and gross profit that each of our geographical markets represented for the period indicated:

	Year Ended December 31, 2014				
	Chile	Argentina	Brazil	Peru	Colombia
	(in millions of Ch\$)				
Revenues from ordinary activities (continuing operations)	3,892,561	2,643,819	2,158,155	937,004	1,079,489
Gross profit	1,081,358	929,227	437,338	226,509	221,822

We are organized in six business segments: supermarkets, home improvement stores, department stores, shopping centers and financial services, plus complementary activities described as “Other.”

Supermarkets . We operate 934 supermarkets throughout Chile, Argentina, Brazil, Peru and Colombia as of December 31, 2014, selling a wide variety of name brand and private label products. We believe that we are the second-largest supermarket operator in Chile, in terms of revenues, based on our comparisons against information from public filings of our main competitors as of December 31, 2014, the second largest in Argentina and the largest in Peru, based also on information provided by a third-party market researcher, Nielsen. We pioneered the hypermarket format in Chile with the opening of our first Jumbo hypermarket in 1976. Since then, we have expanded and grown our supermarkets division, and as of December 31, 2014 we operated a total of 201 supermarkets and 37 hypermarkets in Chile under the Santa Isabel and Jumbo brands. We operate 20 hypermarkets and 270 supermarkets under Jumbo, Disco and Super Vea brands in Argentina, as of December 31, 2014.

In Brazil, as a result of our acquisitions, we are now the fourth-largest supermarket operator in terms of revenues, according to the ABRAS. We believe we are the largest operator in the state of Minas Gerais, the second-largest in the northeast of Brazil, and we estimate we are the third-largest in the state of Rio de Janeiro (after the acquisition of Prezunic in January 2012), all in terms of sales. In January 2012 we acquired Prezunic, the operator of a supermarket chain of 31 stores in the state of Rio de Janeiro, in Brazil, thus further expanding our presence in the Brazilian market. Our operations in Brazil comprise 178 supermarkets and 41 hypermarkets. According to Apoyo, a Peruvian Rating Agency associated with Fitch, Inc., we are the largest supermarket operator in Peru in terms of sales, with 87 stores as of December 31, 2014.

On November 30, 2012, we completed the acquisition of Carrefour’s operations in Colombia, and currently stand as the third largest player in Colombia in the food retailing industry according to Nielsen data as of December 31, 2014. Our operations in the country comprise 21 supermarkets operating under the Metro Express brand and 79 Hypermarkets that operate under Metro and Jumbo brands. See “—A. History and Development of the Company—History.”

Home improvement stores . We believe we are the second-largest home improvement store operator in Chile and the largest in Argentina in terms of revenues based on our comparison against publically filed information from our main competitors as of December 31, 2014. We sell a wide variety of building and other materials, including name brand and private label products. As of December 31, 2014, we have 33 Easy home improvement stores and 313,500 square meters of home improvement store selling space in Chile and 42 Easy and 8 Blaisten home improvement stores and 383,786 square meters of home improvement store selling space in Argentina. In October 2008, we opened the first home improvement store in Colombia and as of December 31, 2014 we have 10 Easy home improvement stores and 82,320 square meters of selling space in Colombia.

Department stores . We believe that we are the second-largest department store operator in Chile, in terms of revenues based on our comparison against information from public filings of our main competitors as of December 31, 2014. We also believe we have the largest selling space for department stores in Chile. We operate 79 department stores in Chile under the Paris and Johnson brands with 375,586 square meters of total selling space as of December 31, 2014 and 9 Paris stores in Peru with selling space of 45,232 square meters. Our Paris stores sell a wide variety of merchandise such as apparel, home furnishings, electronics and sporting goods, including name brand and private label products. We began the use of a two-brand strategy in Chile after acquiring an 85.58% interest in Johnson, which at the time operated 39 stores throughout Chile under the Johnson brand and an additional 13 stores using the FES brand with a total selling space of 117,569 square meters. This acquisition added 43.2% of selling space over our existing Paris stores. FES stores were closed during the 2013 period. We completed the acquisition of the remainder of outstanding shares of Johnson on December 18, 2013.

Shopping centers . We believe that we are the second-largest operator of shopping centers in each of Chile and the largest Argentina, in terms of total leasable area based on our comparisons against publically filed information from our main competitors as of December 31, 2014. As of December 31, 2014, we own and manage 25 shopping centers in Chile, 22 in Argentina 4 in Peru and 2 in Colombia with a total gross leasable area to third parties of 800,272 square meters. In Chile and Argentina, each of our shopping centers contains a Jumbo hypermarket, an Easy home improvement store and, in Chile, a Paris department store as well as other third-party-owned businesses intended to attract customers and enhance their overall shopping experience.

Financial services . We established our financial services division in 2003 when we launched our “Jumbo Más” credit card to facilitate in-store purchases and, since then, have significantly increased our credit card operations in Chile, Argentina, Brazil, Colombia and Peru. We have grown both through our own private-label cards and joint ventures with third party bank issuers of credit cards, primarily to finance customers’ purchases in our stores. We also own Banco Paris, a specialty retail consumer bank in Chile, which provides a wide range of consumer and financial services. In August 2010, we launched our own private label credit card in

Table of Contents

Peru and we are expanding our offerings of financial services. In 2011, we established Banco Cencosud in Peru and in June 2012 we received the operation license from the banking superintendence (*Superintendencia de Bancos y Seguros*), and started operations in August 2012 through our Cencosud credit card. In 2011, we entered into an agreement with a major Brazilian bank, Banco Bradesco, to offer financial services for all our stores in Brazil, namely the exclusive issuance and operation of the Cencosud Card credit card (*Cartão Cencosud*), as well as the offer, within Cencosud stores in Brazil, of consumer loans, purchase financing and insurance products. Prezunic is currently not a participant in the above-mentioned joint venture.

As of December 31, 2014, we had a total of 6 million credit cards and other accounts in Chile, Argentina, Brazil, Colombia and Peru. As of December 31, 2014, we also had U.S.\$1.1 billion in customer loans outstanding. Our financial services segment also includes our insurance brokerage services in Argentina, Chile, Brazil and Peru.

Other . In our “Other” segment we include the results of our Chile-based Aventura entertainment centers, which offer families the ability to enjoy different entertainment activities, such as electronic games, bowling and birthday parties; our frequent purchaser loyalty programs, which provide discounts and other promotions for our customers; and our corporate back-office, treasury and other operations.

For the years ended December 31, 2014, 2013 and 2012, results from our “Other” segment represented 0.2%, 0.2% and 0.1%, respectively, of our consolidated revenues.

See also, “Item 5. Operating and Financial Review and Prospects—A. Operating Results—Trends and Factors Affecting Our Results of Operations—Impact of Acquisitions” for additional details regarding our acquisition activities in recent years.

	Year Ended December 31, 2014					Other ⁽¹⁾
	Supermarkets	Home improvement	Department stores (in millions of Ch\$)	Shopping centers	Financial services continuing operations	
Revenues from ordinary activities	8,159,237	1,225,616	991,442	214,850	117,679	2,205
Gross profit	1,955,126	425,274	250,163	186,821	78,632	238
Adjusted EBITDA for continuing operations ⁽²⁾	424,108	119,148	21,854	150,412	38,042	(111,868)

(1) See “—Our Company” for a description of our “Other” segment.

(2) See “Presentation of Financial and Other Information” for the definition of Adjusted EBITDA and the reconciliation of Adjusted EBITDA to IFRS measures.

We serve several markets through our extensive network of stores and shopping centers in South America under six diversified business segments. Our five principal segments are: supermarkets, home improvement stores, department stores, shopping centers and financial services. Through our various store formats and our numerous brands, we offer a full range of products intended to appeal to all types of consumers. The merchandise we carry includes one or more of the leading manufacturers in each category complemented by our offerings of our own private label brands. We believe the diversity and strength of our brands and our varied store formats allows us to compete effectively against our competitors, which range from traditional independent grocery stores and food specialists to mass market retailers.

Table of Contents

As of December 31, 2014, our brand portfolio includes the following principal brands:

	SUPERMARKETS	HOME IMPROVEMENT	DEPARTMENT STORES	SHOPPING CENTERS	FINANCIAL SERVICES
Argentina					
Brazil					
Chile					
Colombia					
Peru					

We believe we have established a positive record in the operation of our businesses. The following table sets forth certain performance metrics related to our consolidated growth for the periods presented:

	Year Ended December 31,		
	2014	2013	2012
	(in millions of Ch\$) ⁽¹⁾		
Number of retail stores ⁽²⁾	1,115	1,094	952
Total store area (square meters) ⁽²⁾	3,586,816	3,514,342	2,941,597
Net sales ⁽²⁾	10,176,675	9,640,294	8,694,793
Adjusted EBITDA for continuing operations ⁽³⁾	424,108	434,859	403,992

(1) Except numbers of stores and selling space.

(2) Excluding shopping centers and Financial Services.

(3) See "Presentation of Financial and Other Information" for the definition of Adjusted EBITDA and the reconciliation of Adjusted EBITDA to IFRS measures.

Supermarkets

General

We pioneered the hypermarket format in Chile with the opening of our first Jumbo hypermarket in 1976. Since then, we have expanded and grown our supermarkets division, and at December 31, 2014 we owned a total of 37 hypermarkets and 201 supermarkets in Chile operating under the Jumbo and Santa Isabel brands. We opened our first Jumbo hypermarket in Argentina in

Table of Contents

1982 and in 2004 acquired the Disco supermarket chain, significantly enhancing our presence in Argentina and at December 31, 2014 we operated 20 Jumbo hypermarkets and 270 Disco and Super Vea supermarkets in Argentina. We estimate that we are the second largest operator in Argentina and Chile in terms of sales.

In recent years, we have expanded beyond our traditional supermarket presence in Chile and Argentina and have made sizeable acquisitions in Brazil and Peru. As a result, at December 31, 2014 we operated 219 supermarket and hypermarket stores in Brazil under the brands GBarbosa, Mercantil Rodrigues, Perini, Bretas and Prezunic. With our acquisition of Prezunic in January 2012, we consolidated our position as Brazil's fourth-largest supermarket operator, in terms of revenues, according to ABRAS. Regionally, we estimate that we are the second-largest operator in the northeast of Brazil, the largest operator in Minas Gerais in Brazil and, following the acquisition of Prezunic, the third-largest operator in Rio de Janeiro, in terms of sales. In Peru, we operated 87 Metro and Wong hypermarkets and supermarkets at December 31, 2014. According to Apoyo, we are the largest supermarket operator in Peru in terms of sales. In 2012, we entered the Colombian supermarket industry inorganically through the purchase of the second largest player in the country, Carrefour. Our supermarket operations in the country dropped the use of their former brand and were rebranded Jumbo and Metro. In 2013, the rebranding process was completed and Cencosud has focused on building brand awareness. According to information received from Nielsen we estimate that we are the third largest player in the Colombian market. For the year ended December 31, 2014, our supermarkets generated revenues from ordinary activities, gross profit and Adjusted EBITDA of Ch\$8,159,237 million, Ch\$1,955,127 million and Ch\$424,108 million, respectively.

As noted under "Item 4. Information on the Company—A. History and Development of the Company—History" above, our supermarket operations have expanded through organic growth and several acquisitions over the past few years. The following table sets forth, for the periods indicated, the effect of the expansion of our supermarket operations:

	Year ended December 31,		
	2014	2013 (in millions of Ch\$) ⁽¹⁾	2012
Number of stores	934	922	888
Total selling space (square meters)	2,386,391	2,353,168	2,275,172
Average sales per store	8,228 ⁽²⁾	8,228 ⁽²⁾	8,356 ⁽²⁾
Sales per square meter	2.40 ⁽²⁾	2.14 ⁽²⁾	0.28 ⁽²⁾

(1) Except numbers of stores and selling space.

(2) Does not include Colombian Supermarket operations

The following table sets forth, for the periods indicated, the revenues from ordinary activities of our supermarkets per country:

<u>Revenues from ordinary activities</u>	Year ended December 31,		
	2014	2013 (in millions of Ch\$)	2012
Chile	2,354,805	2,227,303	2,057,975
Argentina	1,813,585	1,786,933	1,751,868
Brazil	2,154,313	2,003,898	2,095,104
Peru	836,676	745,470	713,307
Colombia	999,857	919,390	115,354
Total	8,159,237	7,682,994	6,733,610

Chile

At December 31, 2014, we operated 238 supermarkets in Chile, which together had 567,873 square meters of total selling space.

Table of Contents

The following table sets forth certain information regarding our supermarkets in Chile as of and for the periods indicated:

	Year ended December 31,		
	2014	2013	2012
Number of stores	224	224	214
Total selling space (square meters)	546,236	546,236	524,677

Hypermarkets. Our Jumbo hypermarkets are our largest stores in Chile and have selling areas ranging from 6,000 square meters to 11,816 square meters. At December 31, 2014, we operated 37 Jumbo hypermarkets Chile with total selling space of 279,575 square meters.

The following table sets forth certain information related to our Jumbo hypermarkets in Chile for the periods presented:

	Year ended December 31,		
	2014	2013 (*)	2012
Number of stores	37	37	43
Total selling space (square meters)	279,575	279,085	286,664

(*) the number of hypermarkets has been adjusted in 2013 due to new standards for their classification. Previously some new Jumbo stores of a smaller format (app. 2,500 sq. meters) were classified as hypermarkets. The current presentation separates stores by format (supermarket and hypermarkets) instead of by brand.

Our Jumbo hypermarkets are primarily oriented towards middle and upper-middle income consumers and are designed to provide a “one-stop” shopping experience by offering a wide selection of quality products with a high level of service. We tailor the product mix of each Jumbo hypermarket according to the preferences of consumers of each specific community. In recent years, we believe Chilean consumers have shown an increasing preference for food stores that offer not only a wide variety of traditional food and non-food items, but also an expanded assortment of prepared items and fresh fruits and vegetables. To respond to this trend, we have decided to upgrade, and continue to upgrade existing departments with product categories, such as the textiles, electronics and home appliance departments. This strategy allows us to provide consumers with a wider selection of food products and services, while shifting our sales mix toward higher-margin products.

Supermarkets At December 31, 2014, we operated 201 supermarkets in Chile under the Santa Isabel and Jumbo Express brands with selling areas ranging from 350 square meters to 3,000 square meters, and total selling space of 279,575 square meters.

The following table sets forth certain information related to our supermarkets in Chile for the periods presented:

	Year ended December 31		
	2014	2013(*)	2012
Number of stores	201	187	171
Total selling space (square meters)	272,881	266,661	238,013

(*) the number of supermarkets has been adjusted in 2013 due to new standards for their classification. Previously some new Jumbo stores of a smaller format (app. 2,500 sq. meters) were classified as hypermarkets. The current presentation separates stores by format (supermarket and hypermarkets) instead of by brand.

We operate our supermarkets in Chile mainly under our Santa Isabel brand, which is primarily aimed at the low- to middle-income segment of the Chilean population. Our Santa Isabel stores sell a wide variety of food products and general merchandise items similar to that offered by our Jumbo hypermarkets; however, Santa Isabel stores also offer higher quality merchandise, and convenient locations. In addition, certain Santa Isabel stores feature higher margin specialty departments such as prepared foods, fresh seafood and bakery departments. Santa Isabel also offers products such as alcohol, cosmetics, household and other non-food items. We recently began using our Jumbo brand to open supermarkets aimed at a middle and upper-middle income consumers interested in quality products and a high level of service. These stores mainly market food items with a special focus on fresh fruits and vegetables while offering a wide array of ready-made foods.

Table of Contents

Argentina

General

We operated 290 supermarkets in Argentina at December 31, 2014, which together had 529,428 square meters of total selling space. Of our 290 supermarkets in Argentina, 20 were hypermarkets and 270 were supermarkets as of December 31, 2014.

The following table sets forth certain information regarding our supermarkets in Argentina as of and for the periods indicated:

	Year ended December 31,		
	2014	2013	2012
Number of stores	290	290	288
Total selling space (square meters)	529,428	524,921	522,416

Hypermarkets. We opened our first Jumbo hypermarket in Argentina in 1982. Our Jumbo hypermarkets and supermarkets are our largest stores in Argentina and have selling areas ranging from 3,000 square meters to 12,223 square meters. As of December 31, 2013, we operated 20 Jumbo hypermarkets in Argentina, 18 of which are located in the Buenos Aires metropolitan area.

The following table sets forth certain information related to our hypermarkets in Argentina for the periods presented:

	Year ended December 31,		
	2014	2013 (*)	2012
Number of stores	20	21	24
Total selling space (square meters)	163,068	154,100	162,499

(*) The number of hypermarkets has been adjusted in 2013 due to new standards for their classification. Previously some new Jumbo stores of a smaller format (app. 2,500 sq. meters) were classified as hypermarkets. The current presentation separates stores by format (supermarket and hypermarkets) instead of by brand.

As in Chile and Colombia, the target market of our Jumbo hypermarkets in Argentina is primarily the middle to upper-middle income segment of the Argentine population. Our Jumbo hypermarkets are generally open 14 to 15 hours per day, depending on location, and have flexible closing hours to accommodate the requirements of the local community. In recent years, upper- and middle-class consumers have shown an increasing preference for food stores that offer not only a wide variety of traditional food and non-food items, but also an expanded assortment of prepared items and fresh fruits and vegetables. Thus, we choose our product mix according to the socioeconomic make-up of the customers at each hypermarket. Each of our Jumbo hypermarkets in Argentina has an area dedicated to customer parking.

As in Chile, our Jumbo hypermarkets in Argentina offer a wide range of food and non-food items, including fresh fruits and vegetables, baked goods, fresh meats and other grocery items. We select our products according to quality and value rather than looking to offer the lowest price products in the market.

Supermarkets. Our supermarkets in Argentina operate under the Disco and Super Vea brands. Disco was founded in 1961 as a small grocery store and was acquired by Ahold in 1998. We acquired Disco on November 1, 2004 for approximately U.S.\$315 million. This acquisition added 234 strategically located supermarkets to our operations in Argentina, thus adding an important presence in the city of Buenos Aires. Disco's strategy has been to segment its stores into "service-oriented" (Disco) and "price-oriented" (Super Vea) formats. Disco also operates a virtual supermarket (Disco Virtual) which allows customers to place orders by telephone and over the internet for home delivery in the Buenos Aires and Córdoba metropolitan areas.

The following table sets forth certain performance metrics related to our supermarkets in Argentina for the periods presented:

	Year ended December 31,		
	2014	2013 (*)	2012
Number of stores	270	269	266
Total selling space (square meters)	366,360	365,071	359,917

(*) The number of supermarkets was adjusted in 2013 due to new standards for their classification. Previously some new Jumbo stores of a smaller format (app. 2,500 sq. meters) were classified as hypermarkets. The current presentation separates stores by format (supermarket and hypermarkets) instead of by brand.

The target market of our Disco stores is primarily the middle- and high-income segment of the Argentine population. Disco has a service-oriented format and offers a wide variety of products and services to our customers. This format caters to more affluent customers who are willing to pay a premium for higher quality products, a more personalized service and a broader product

Table of Contents

assortment. To emphasize the service concept, Disco offers a wide variety of services, including internet purchasing options (Disco Virtual), photo developing services (Disco Foto), an in-store credit card (Discocard or Válida), a loyalty program (Discollus) and a system for customers to pay their utility bills at the checkout (Discolago).

We also operate price-oriented stores under the Super Veá brand, which targets primarily the low- and middle-income segment of the Argentine population. Super Veá stores are primarily concentrated in the Cuyo (San Juan and Mendoza) and Northwest (Tucumán, Salta, Catamarca and Santiago del Estero) regions of Argentina and offer a lower level of services with a higher proportion of secondary brands and private labels.

Disco offers a wide range of food and non-food items, including fresh fruits and vegetables, baked goods, fresh meats, cleaning, health and beauty products and other grocery and supermarket items. In addition to general food and non-food items, Super Veá also sells a variety of home appliances, including televisions and refrigerators, as well as other household consumer products.

Brazil

In November 2007, we expanded our supermarket operations into Brazil with the acquisition of the GBarbosa chain of hypermarkets, supermarkets and electronics stores in the North-East region of Brazil, specifically in the states of Alagoas, Bahia and Sergipe. GBarbosa traces its origins to the opening of its first store in the city of Aracaju in July 1955 by its founder, Mr. Gentil Barbosa.

In 2010, we further expanded our operations in Brazil with the acquisitions of the Super Família supermarket chain and the Perini supermarket chain. Our expansion continued in 2011, with the acquisition of Cardoso, a three-store supermarket chain in the state of Bahia. In 2012, we acquired Prezunic which we estimate is the third-largest supermarket chain in Rio de Janeiro.

As of December 31, 2014, we operated 219 stores in Brazil that together had 602,194 square meters of total selling space. In addition to these, we also operate 152 locations in numerous formats such as Eletro-show stores, pharmacies, gas station and delicatessen under our GBarbosa, Bretas and Perini brands in Brazil. For the year ended December 31, 2014, our supermarkets in Brazil generated revenues from ordinary activities of Ch\$2,003,898 million, representing 19.4% of our consolidated revenues from ordinary activities for such period.

The following table sets forth certain information related to our supermarkets in Brazil for the periods presented:

	Year ended December 31,		
	2014	2013	2012
Number of stores	219	221	204
Total selling space (square meters)	602,194	596,746	552,764

* Excluding Eletro-show stores and pharmacies operating under the GBarbosa brand. See “—Other Operations—Electronic Stores” and “—Other Operations—Pharmacies.”

GBarbosa. Our GBarbosa supermarkets represent our largest store format in Brazil. Our GBarbosa supermarkets have selling areas ranging from 400 to 8,000 square meters. GBarbosa supermarkets sell products such as fresh fruit and vegetables, meat, poultry, dairy products, alcoholic beverages, textiles, cosmetics and cleaning products, in addition to more gourmet items, such as delicatessen products, fresh fish and bakery items. Our GBarbosa supermarkets also offer a wide range of non-food products, such as electronics, home appliances and textiles, which represent an important share of its sales.

Mercantil Rodrigues. At December 31, 2014, we also owned and operated Mercantil Rodrigues cash and carry in Brazil. Mercantil Rodrigues offer a wide range of food items, including fresh fruits and vegetables, baked goods, fresh meats and other grocery items.

Super Família. On March 23, 2010, we acquired 100% of the outstanding shares of Super Família Comercial de Alimentos Ltda., operator of the Super Família supermarket chain in Brazil, for approximately U.S.\$33.1 million (approximately Ch\$17,396 million). We acquired four Super Família stores in the city of Fortaleza, with a total sales area of 7,000 square meters, and two distribution centers. In 2011, we rebranded the Super Família stores into the GBarbosa brand.

Perini. On July 5, 2010, we acquired 100% of the outstanding shares of Perini Comercial do Alimento Ltda., operator of the four-store chain of Perini supermarkets in the city of Salvador da Bahia in Brazil, for approximately U.S.\$27.7 million (approximately Ch\$14,899 million). Perini is a well-known brand in Brazil with 47 years in the market that targets the high-end retail customer segment and complements our business portfolio in Brazil. In addition to the four Perini stores in the city of Salvador da Bahia, we also acquired four additional points of sales inside shopping centers, with a total sales area of 4,900 square meters, and two distribution centers. In 2012, we opened a new Perini store in the city of Recife inside the Riomar shopping center and closed one distribution center. We currently operate five stores that are serviced by a single distribution center.

Table of Contents

Bretas . On October 31, 2010, we acquired 100% of the outstanding shares of Irmaos Bretas Filhos e Cía. Ltda., operator of the 63-store chain of Bretas supermarkets in the state of Minas Gerais in Brazil, for approximately U.S.\$705 million (approximately Ch\$336,630 million). Bretas is a well-known brand in Brazil with 56 years in the supermarket industry. In addition to the 63 Bretas stores, we also acquired 10 additional gas stations, and two distribution centers.

Cardoso . In October 2011, we acquired Cardoso, a three-store supermarket chain in the state of Bahia, with annual net sales of approximately R\$60 million (U.S.\$35.9 million) in 2011. We agreed to pay the purchase price of R\$18 million (approximately U.S.\$11.3 million or Ch\$5,429 million) in three installments, 60% on the closing of the transaction, 20% on the six-month anniversary of the closing date and the remaining 20% on the first year anniversary of the closing date. We have converted the acquired stores to the GBarbosa format and are now operating them under that brand.

Prezunic . On January 2, 2012, pursuant to a stock purchase agreement executed on November 16, 2011, Cencosud Brasil acquired from the Dias Da Cunha family 100% of the capital stock of Prezunic. We estimate that Prezunic is the third-largest supermarket chain in Rio de Janeiro with 31 stores and net sales of approximately R\$2.2 billion in 2011. The aggregate purchase price of the operation was R\$875 million (or approximately Ch\$242,690 million), payable as follows: R\$580 million on the closing date of the transaction (January 2, 2012), from which R\$190 million were deducted as working capital adjustments, with the balance to be paid as follows: R\$80 million, R\$85 million, R\$80 million and R\$50 million, on the first, second, third and fourth anniversary of the closing date, respectively. Pursuant to the stock purchase agreement, Cencosud Brasil was also granted a preferential right from third-party landowners to acquire or lease two supermarket properties that were not owned by Prezunic at the time of the transaction, but were instead leased. Under the terms of this agreement, Cencosud S.A. serves as guarantor of Cencosud Brazil.

Peru

On January 31, 2008, we acquired 100% of the shares of GSW S.A., operating under the brand name Wong in Peru, for approximately U.S.\$467 million (approximately Ch\$217,295 million). As of December 31, 2014, we operated 87 Wong and Metro hypermarkets and supermarkets in Peru which together had 261,700 square meters of total retail selling space. For the year ended December 31, 2014, our stores in Peru generated revenues from ordinary activities of Ch\$745,470 million, representing 7.2% our consolidated revenues from ordinary activities for such period.

The following table sets forth certain information related to our Wong and Metro supermarkets and hypermarkets in Peru for the periods presented:

	Year ended December 31,		
	2014	2013	2012
Number of stores	87	87	86
Total selling space (square meters)	261,700	259,360	258,762

Hypermarkets . As of December 31, 2014 we operated 73 hypermarkets mainly under our Metro brand in Peru, which had an average selling area of 2,962 square meters. Metro stores carry our full line of products and brands, at a variety of price points. The target market of our Metro stores is primarily the middle- and low-income segment of the Peruvian population.

Supermarkets . As of December 31, 2014 we operated 14 supermarkets in Peru mainly under our Wong brand, which had an average selling area of 2,310 square meters. Our Wong stores carry our full line of products and brands, at a variety of price points. In addition, some Wong stores contain separate specialty retail facilities operated by third parties. The target market of our Wong stores is primarily the middle- and high-income segment of the Peruvian population.

Colombia

On November 30, 2012, we completed the acquisition of Carrefour's supermarket operations in Colombia, for a total purchase price equal to €2 billion. Carrefour previously operated supermarkets under the "Carrefour" and "Maxi" brand names in Colombia, including 72 hypermarket stores, 16 convenience stores, and four cash and carry stores and gas stations. See "Item 4. Information on the Company—A. History and Development of the Company—History."

Table of Contents

The following table sets forth certain information related to our supermarkets and hypermarkets in Colombia for the periods presented:

	Year ended December 31,		
	2014	2013	2012
Number of stores	100	100	96
Total selling space (square meters)	425,196	425,908	416,699

As of December 31, 2014 the hypermarkets we operated in Colombia had an average selling space 4,252 square meters. These stores carry a varied assortment of goods at a variety of price points. Cencosud completed the rebranding of these supermarkets in the third quarter of 2013, bringing to the Colombian market its Jumbo and Metro brands. As in the other countries where we operate, Jumbo hypermarkets are primarily targeted at the upper- to middle-income segment of the population offering a wide range of imported products with high quality standards for its perishables and service. As in Peru our Metro hypermarkets target the mid to lower income segment of the population and have a more promotional approach offering a combination of competitive pricing through specific promotional activities and lower degree of service relative to Jumbo while trying to offer the highest quality product available at those prices.

Hypermarkets . As in Chile and Argentina, the target market of our Jumbo hypermarkets in Colombia is primarily the middle to upper-middle income segment of the Colombian population. Our Jumbo hypermarkets are generally open 14 to 15 hours per day, depending on location, and have flexible closing hours to accommodate the requirements of the local community. After the acquisition of Carrefour's supermarket operations in Colombia Cencosud chose to rebrand locations aimed at this time of consumer under its flagship Jumbo brand. Cencosud aims to take best practices from its operations in Chile and Argentina to Colombia, taking its focus on food and particularly perishable items in conjunction to its service focus to the Colombian consumer. Our Jumbo locations are usually situated in areas of the country that support the need for an upper-middle income focused store and they adapt their product assortment to the needs of each community.

In addition to its Jumbo hypermarket operations in Colombia, Cencosud also operates hypermarkets under its Metro brand. These hypermarkets have a greater focus on the middle-low income segment of the population. These stores are usually open 14 to 15 hours a day, depending on location and have flexible closing hours to accommodate the needs of the local community. Unlike Jumbo hypermarkets, Metro has a greater focus on promotional strategies for its clients and is aimed at those that value price without neglecting quality.

Total selling space for our hypermarkets in Colombia is 425,196 square meters.

Supermarket. Our supermarkets in Colombia operate under the Metro Express brand. These locations are aimed at a consumer that values proximity to a "one-stop shop" location. As of December 31, 2014, Cencosud operated 21 stores under this brand with a total selling space of 4,065 square meters. These supermarkets offer a limited variety of products due to the size of the locations.

Home improvement stores

General

In 1993 we opened our first Easy home improvement store segment in Chile and, since 2002, we have rapidly expanded our home improvement operations. As of December 31, 2014, we operated 93 Easy home improvement stores in Argentina, Chile and Colombia dedicated to home improvement, hobbies and construction. We believe we are the second-largest home improvement store operator in Chile and the largest in Argentina in terms of selling space, based on our comparisons against information from public filings of our main competitors as of December 31, 2014, and on information provided in the report by Planet Retail, a third-party research company, dated as of that date. In October 2008, we opened the first home improvement store in Colombia, where we operated ten stores and 82,320 square meters of selling space as of December 31, 2014. For the year ended December 31, 2014, our home improvement stores generated revenues from ordinary activities, gross profit and Adjusted EBITDA of Ch\$1,225,616 million, Ch\$425,275 million and Ch\$119,148 million, respectively.

Our home improvement operations have expanded through organic growth and several acquisitions over the past three years. The following table sets forth, for the periods indicated, information regarding the expansion of our home improvement operations:

	Year ended December 31,		
	2014	2013	2012
Number of stores	93	89	82
Total selling space (square meters)	779,606	757,074	705,933

Table of Contents

The following table sets forth, for the periods indicated, the revenues from ordinary activities of our home improvement stores per country:

	Year ended December 31,		
	2014	2013	2012
	(in millions of Ch\$)		
Revenues from ordinary activities			
Chile	465,520	448,703	400,375
Argentina	692,925	682,010	619,985
Colombia	67,171	46,177	42,727
Total	1,225,616	1,176,890	1,063,086

Chile

In Chile, we operate our home improvement store business through 33 Easy home improvement stores. For the years ended December 31, 2014, 2013 and 2012, Easy home improvement stores in Chile generated revenues from ordinary activities of Ch\$465,520, Ch\$ 448,703 million and Ch\$ 400,375 million, respectively, representing 4.3%, 4.4% and 4.4% of our consolidated revenues from ordinary activities during those periods.

The following table sets forth certain information related to our Easy home improvement stores in Chile for the periods presented:

	Year ended December 31,		
	2014	2013	2012
Number of stores	33	32	31
Total selling space (square meters)	313,500	307,853	299,806

Our Easy home improvement stores are oriented toward three groups of consumers: professional construction contractors and home improvement professionals, people interested in “do-it-yourself” projects and hobby enthusiasts. Each store is designed to provide customers with a “one-stop” shopping experience for home improvement needs. Our Easy home improvement stores offer a wide variety of home improvement items, including hardware, tools, construction and plumbing materials, electrical products, sporting goods, gardening supplies and other household wares. To complement our products and enhance service, each of our Easy home improvement stores also provides for free, or at a nominal charge, technical advice, home delivery, recommended contractors or builders, and cutting of wood and steel. Additionally, Easy allows customers to return unused products for any reason within a certain period of time.

Easy has a centralized purchasing model based on demand forecasting. However, each store can generate its own supplementary purchases. Price and commercial terms are overseen by different business managers in charge of negotiating with major providers. The product mix is determined based on the needs of the particular community that the store serves. Each year a commercial agreement is signed with each of our suppliers. These commercial agreements are standard for all suppliers and cover the terms on which goods are bought by Easy including volume, discounts, marketing expenses born by the supplier, fees charged for the use of space in the store, logistics expenses, and space in new stores. At December 31, 2014, our Easy home improvement stores in Chile have an average selling area of ranging from 3,266 square meters to 14,469 square meters, with an average of 9,500 square meters of selling area. Each of our Easy home improvement stores has easily accessible car parking and many are located at our shopping centers. Our Easy home improvement stores offer a variety of products, including (i) flooring, paints, bath and kitchen materials; (ii) home, furniture, garden and hobby materials; (iii) hardware, electrical and plumbing materials; (iv) building and wholesale construction materials; and (v) agricultural products.

Argentina

In Argentina, we operate our home improvement store business through 50 Easy and Blaisten home improvement stores, which had 383,786 square meters of total selling space as of December 31, 2014. For the year ended December 31, 2014, our home improvement stores in Argentina generated revenues from ordinary activities of Ch\$ 692,925 million, representing 6.5% of our consolidated revenues from ordinary activities during such period.

Table of Contents

The following table sets forth certain information related to our Easy home improvement stores in Argentina for the periods presented:

	Year ended December 31,		
	2014	2013	2012
Number of stores	50	48	47
Total selling space (square meters)	383,786	373,490 ⁽¹⁾	369,067

(1) Methodology for the calculation of selling space was modified in 2013 to exclude aisles and cashier space.

Our home improvement business in Argentina has expanded rapidly over the past few years, primarily through the acquisition of four former Home Depot stores in 2002 and nine Blaisten stores in 2008. Our home improvement stores are located in 14 provinces of Argentina and include 11 stores in the Buenos Aires federal district and 23 in the Buenos Aires province. At December 31, 2014, our Easy and Blaisten home improvement stores in Argentina have an average of 7,676 square meters of selling space. Each of our Easy home improvement stores in Argentina has easily accessible car parking and many are located at our shopping centers.

Our Easy home improvement stores in Argentina offer a variety of products, including (i) flooring, paints, bath and kitchen materials; (ii) home, furniture, garden and hobby materials; (iii) hardware, electrical and plumbing materials and (iv) building and wholesale construction materials.

Colombia

In May 2007, we entered into a joint venture with Casino to develop the home improvement store business in Colombia, and subsequently acquired 100% ownership of the joint venture. In October 2008, we opened our first Easy home improvement store in Bogota, and as of December 31, 2014 we operated ten Easy home improvement stores. For the year ended December 31, 2014, our Easy home improvement stores in Colombia generated revenues from ordinary activities of Ch\$67,171 million, representing 0.6% of our consolidated revenues from ordinary activities for such period. Nine of our Easy home improvement stores are located in Bogota and one is located in the city of Medellin.

The following table sets forth certain information related to our Easy home improvement stores in Colombia for the periods presented:

	Year ended December 31,		
	2014	2013	2012
Number of stores	10	9	4
Total selling space (square meters)	82,320	75,733	37,060

Our Easy home improvement stores in Colombia have selling areas ranging from 8,168 square meters to 9,895 square meters, with an average selling area of 8,232 square meters. Each of our Easy home improvement stores has easily accessible car parking.

Our Easy home improvement stores in Colombia offer a variety of products, including (i) flooring, paints, bath and kitchen materials; (ii) home, furniture, garden and hobby materials; (iii) hardware, electrical and plumbing materials; (iv) building and wholesale construction materials and (v) agricultural products.

Table of Contents

Department Stores

We entered the department store business in March 2005 through the acquisition of Empresas Almacenes Paris S.A., one of Chile's leading department stores in terms of sales and number of stores. The principal activity of Paris is the retail sale of clothing products (including clothes for women, men and children, shoes and accessories) which represent approximately 55% of Paris' sales, as well as of household goods, electronics and technology products which represent the other 45% of Paris' sales, each as of December 31, 2014. As of December 31, 2014, we estimate that we were the second-largest department store operator in Chile, in terms of sales. Based on our comparison against information from public filings of our main competitors as of December 31, 2014, we also believe we have the largest selling space for department stores in Chile.

As of December 31, 2014, we operated 79 department stores in Chile, which together had 375,586 square meters of total selling space. In Peru, our Paris store operations comprise 9 stores with 45,232 square meters of selling space. For the years ended December 31, 2014, 2013 and 2012, our department stores generated revenues from ordinary activities of Ch\$ 991,442 million, Ch\$ 970,360 million, and Ch\$886,075 million, respectively, representing 9.3%, 9.4% and 9.7% of our consolidated revenues from ordinary activities for such periods.

The following table sets forth certain information related to our department stores in Chile for the periods presented:

	Year ended December 31,		
	2014	2013	2012
Number of stores	79	77	78
Total selling space (square meters)	375,586	371,891	377,191

Chile

Our Paris department stores in Chile have selling areas ranging from 2,568 square meters to 11,872 square meters, with an average selling area of 6,704 square meters. In our Johnson format in Chile, we have selling areas ranging from 454 square meters to 5,718 square meters, with an average selling area of 2,967 square meters.

Our Paris department stores carry a variety of products, including (i) clothing, (ii) accessories and cosmetics, (iii) home décor, (iv) electronic and household appliances, (v) sporting goods, and (vi) footwear. Our Paris department stores currently carry private label products under the brands Opposite, Alaniz, Tribu, Attimo, Rainforest, Greenfield, Suburbia, Muv, Fes, Yoko and Aussie, among others.

Peru

The following table sets forth certain information related to our department stores in Peru for the periods presented:

	Year ended December 31,		
	2014	2013	2012
Number of stores	9	6	—
Total selling space (square meters)	45,232	32,208	—

Our Paris department stores operations in Peru were launched in 2013 and have selling areas ranging from 3,543 square meters to 7,970 square meters, with an average selling area of 5,026 square meters.

Shopping Centers

General

We are a regional operator of shopping centers in Latin America with operations in Chile, Argentina, Peru and Colombia. We are the largest operator of shopping centers in Argentina and the second in Chile in terms of total area for lease, on the basis of our comparisons with public information of our main competitors. We had a total leasable area of 800,272 square meters December 31, 2014. We are owners and operators of 25 shopping centers in Chile, 22 in Argentina and four in Peru, in addition to having the majority stake in two shopping centers in Colombia.

Within the shopping center business, we operate the following formats:

- Mega Center (1): Shopping Centers over 100,000 square meters of gross leasable area, or GLA, containing mixed-use space, anchor stores, satellite shops, medical centers, offices and hotels.

Table of Contents

- Regional (3): Shopping Centers up to 100,000 square meters of GLA with impact on multiple geographic areas, anchors, satellites and medical centers.
- Neighborhood (20): Shopping Malls with up 70,000 square meters of GLA with areas of influence in the surrounding communities, with anchors, satellites and in some cases medical centers.
- Factory (3): Shopping Centers for discount brands.
- Power Centers (17): Centers of up to 35,000 square meters of GLA including a maximum of two Anchor stores and a small number of local satellite stores.
- Strip Centers (2): Centers with up to 10,000 square meters of GLA with one anchor store with a maximum of 5,000 square meters, plus an additional satellite store.

In Chile and Argentina, almost all of our shopping center formats host a Jumbo hypermarket, an Easy home improvement store, and in Chile and Peru they host a Paris department store while also housing other third party business. Cencosud seeks to attract more traffic by meeting the consumers' needs in a better fashion and by improving the overall shopping experience.

The following table sets forth, for the periods indicated, the revenues from ordinary activities of our shopping centers per country:

	Year ended December 31,		
	2014	2013	2012
	(in millions of Ch\$)		
Revenues from ordinary activities			
Chile	120,734	112,838	93,091
Argentina	66,589	69,297	65,468
Peru	17,438	14,555	12,726
Colombia	10,089	8,642	819
Total	<u>214,850</u>	<u>205,332</u>	<u>172,104</u>

Chile

In Chile, Cencosud is the second largest mall operator, and owns and operates 25 shopping centers with 98% occupancy and with over 1 million square meters in total GLA, under the following formats Mega Center, Regional, Neighborhood, Strip Centers and Power Centers.

The shopping centers are located throughout Chile, having nine shopping centers located in Santiago and 16 other regions. During 2012 we opened Costanera Center, the first mixed-use Mega Center in Chile and one of the largest and most successful in the Latin American shopping center industry. The waterfront project also comprises four office towers and a hotel, within the project. The mall itself is six stores high with segmented levels by categories, which marks another step towards the innovation taken by Cencosud in the industry. The Shopping center boasts a marketable area of 152,667 square meters and over 300 stores.

Additionally Cencosud operates a mega center in Santiago, eight regional shopping centers, fifteen neighborhood shopping centers in Santiago and the rest of the country under the brand Portal (e.g. La Dehesa, La Florida, Nuñoa and La Reina, Bellotto, Rancagua, Talcahuano, Temuco, Osorno) and one Power Center.

The following table shows certain information regarding the shopping centers we own in Chile as of and for the year ended December 31, 2014.

<u>Chile</u>	Number	GLA	GLA	GLA Related
	<u>of Malls</u>	<u>Total</u>	<u>Third Party</u> (square meters)	<u>Party</u>
Mega Center	1	152,667	115,740	36,927
Regional	8	471,603	221,501	250,102
Neighborhood	15	360,871	21,253	339,618
Power Center	1	117,920	74,559	43,362
Total	25	1,103,061	433,053	670,008

Table of Contents

Argentina

Cencosud is the first shopping center operator in Argentina, with a market share estimated at 36%, and a total GLA of over 700,000 square meters in the country, with 22 shopping centers with 97% occupancy.

In Argentina, Cencosud owns and operates five different formats: regional, neighborhood, factory, power centers and strip center.

Unicenter, based in Buenos Aires, is the main regional shopping center in the country. Cencosud also operates 6 neighborhood shopping centers under the brand Portal, 1 factory, 3 power centers and 11 strip centers.

Marketing strategies and advertising, along with the creation of an attractive and efficient operational mix, have positioned us at the top in terms of brand recognition as evidenced by the rankings compiled by various industry magazines.

Each of our shopping centers in Argentina has a Jumbo hypermarket or a Disco or Super Vea supermarket, and all except Unicenter have an Easy home improvement store. We seek to “anchor” shopping centers around Jumbo and Easy stores and to promote the flow of consumers to such destinations by including other tenants that complement the services and merchandise offered by Jumbo and Easy stores. Since 2002, we have also actively worked to promote this flow with the launch of our Aventura family entertainment centers. Unlike Chilean shopping centers, shopping centers in Argentina typically do not have anchor department store tenants.

The following table presents certain information regarding the shopping centers we own in Argentina as of December 31, 2014.

<u>Argentina</u>	<u>Number of Malls</u>	<u>GLA Total</u>	<u>GLA Third Parties</u> (square meters)	<u>GLA Related Parties</u>
Regional	1	98,374	74,632	23,741
Neighborhood	6	102,888	15,748	87,140
Factory	1	5,229	492	4,737
Power Center	3	117,632	37,073	80,559
Strip Center	11	422,616	153,569	269,047
Total	22	746,739	281,515	465,225

Peru

In Peru, Cencosud owns and operates three malls, with a GLA of 123,144 square meters, a regional shopping center called Plaza Lima Sur located in Lima, a neighborhood mall in the city of Arequipa, called Arequipa Center and two Strip Centers in Lima.

The following table presents certain information regarding the shopping centers we own in Peru as of December 31, 2014:

<u>Peru</u>	<u>Number of Malls</u>	<u>GLA Total</u>	<u>GLA Third Parties</u> (square meters)	<u>GLA Related Parties</u>
Regional	1	75,897	43,634	32,263
Neighborhood	1	30,280	17,075	13,204
Strip Center	2	16,968	10,481	6,486
Total	4	123,144	71,191	51,953

Colombia

In Colombia, Cencosud has a majority stake in two shopping centers, El Limonar Shopping Center in the city of Cali with 154 stores and Shopping Center Santa Ana with 54 stores in the city of Bogotá, altogether totaling 34,094 square meters of GLA.

<u>Colombia</u>	<u>Number of Malls</u>	<u>GLA Total</u>	<u>GLA Third Parties</u> (square meters)	<u>GLA Related Parties</u>
Local	2	34,094	14,514	19,580
Total	2	34,094	14,514	19,580

Table of Contents

Financial Services

General

Our financial services division was established in 2003 when we launched our “Jumbo Más” credit card. With our acquisition of Paris in 2005, we obtained our predecessor’s credit card accounts and thus significantly expanded our credit card business. We rolled out a single Cencosud brand for our credit cards throughout our operations in South America, which will allow us to take a greater advantage of the “Cencosud” brand as well as to achieve greater operational efficiencies, and will make us able to consolidate under one common database all relevant information for our customers. Through this strategy, we expect to achieve higher penetration of our credit card business as we encourage consumers to use our credit cards rather than third-party cards, such as Visa or MasterCard. In Chile, during the year ended December 31, 2014, 43.0% of total sales in department stores, 13.2% in supermarkets and 20.5% in home improvement stores, were paid with one of our credit cards. As of December 31, 2014, we had over 6 million active credit card accounts. Our financial services operations also include joint ventures in Brazil and Colombia and an insurance brokerage in Chile.

The following table sets forth, for the periods indicated, the revenues from ordinary activities from our financial services operations per country, as of December 31, 2014:

	Year ended December 31,		
	2014	2013	2012
	(in millions of Ch\$)		
Revenues from ordinary activities (continuing operations)			
Chile	330	0	0
Argentina	62,596	44,740	41,238
Brazil ⁽¹⁾	3,843	3,983	3,676
Peru	42,814	25,347	13,115
Colombia ⁽²⁾	8,095	7,581	425
Total	<u>117,679</u>	<u>81,651</u>	<u>58,453</u>

⁽¹⁾ Joint venture with Banco Bradesco

⁽²⁾ Joint Venture with Colpatría

Credit Risk from the credit card business.

Given the relative importance of our exposure to the credit card business as compared to total maximum credit risk exposure, Cencosud has targeted its credit risk management toward developing a management model for its own credit cards as well as the banking business that is consistent with the Company’s strategic guidelines and the profiles of its credit transactions. The model takes into consideration the large-scale and fragmented nature of the cardholder portfolio and is structured in terms of cardholder selection, portfolio management and recovery of cardholders in default.

Business Definition

The financial services business is defined as one more element of Cencosud’s value offering, which complements the comprehensive product and service offerings the Company provides through each of its retail business units and is aimed at building long-term relationships with our customers. The largest percentage of the financial retail business corresponds to the Cencosud Credit Card in Chile, which has been operating for more than 20 years. In order to continue the development of this business the Company entered the Joint Venture Framework Agreement. In other markets the Company had already established joint ventures in order to complement its value offering for consumers in Brazil with Banco Bradesco, and in Colombia with Banco Colpatría. Compared to Chile, the card’s market penetration is less pronounced in other countries, such as Peru where it has been available for three years and for one year under the name of Banco Cencosud Peru.

Risk Model

Foundations:

The Risk Management Model is tightly linked to the large-scale and fragmented nature of the retail cardholder portfolio with a very large volume of cardholders (more than 6,000,000 in the region).

In this context, the challenge lies in managing the cardholder portfolio and its associated risk, building long-term relationships with cardholders and making the value proposition and the retail business sustainable over time. Risk management is structured to ensure:

- Optimum cardholder selection.

Table of Contents

- Optimum portfolio management, which involves activating, strengthening, retaining, reducing and containing the portfolio card holders.
- Optimum collections management for cardholders in default, maximizing recovery with high standards of quality and service, without affecting the comprehensive bond with Cencosud's customers.

Cardholder management efforts are broadly targeted to include all customers, from our target market to prospective customers, including those with or without retail purchases, with or without credit card movements and with or without payments in default.

a. Key Risk Management Factors

The large-scale and fragmented nature of the business determines portfolio management, in which the following key risk management factors are key:

- Automation and centralization of decision making.
- Customer segmentation.
- Management of information and earnings projections.
- Collections management.
- Large-scale and selective control model for credit and collections circuit.
- Provision models to cover portfolio risk in line with Basel II standards.

Automation and centralization of decision making: credit and collections decisions are large-scale and automated and only specific cases are analyzed by very specialized personnel. The Company features world class risk management and collections systems, including Capstone Decision Accelerator (CDA), TRIAD, Model Builder (from Fair Isaac Corporation - FICO) and Cyber Financial (from Inffinix), among others.

Customer segmentation: processes are segmented, differentiated by strategy and action tactics per risk profile, activity level and likelihood of occurrence, among others.

Management of information and earnings projections: the Company manages comprehensive information and statistical models on all relevant business and customer variables, which allows it to make timely, prognostic decisions.

Collections management: the Company has one sole collections model for managing collections for retail cards, which uses an outsourcing collection model to efficiently recover debt through quality management of debtors.

Large-scale and selective control model for credit and collections circuit: the Company has large-scale controls over all phases of the credit and collections process, from its centralized processes to its point-of-sale and collections processes.

Provision models to cover portfolio risk in line with Basel II standards: the Company has different provisions models that adhere to local regulations in each country as well as Basel II standards, in order to most adequately reflect cardholder portfolio risk. External variables which affect payment behavior are also included in statistical models for estimating provisions. The Company is making progress in each country on implementing anti-cyclical provisions based on industry best practices, having started with Chile and Peru and, in 2012, Argentina. It also uses back testing to periodically monitor the sufficiency of the provisions it establishes.

Lastly, the Company has a corporate governance strategy that includes, among others, local Risk Committees for each country and a Corporate Risk Committee in which directors and senior executives participate. These committees have the following objectives, among others:

- Monitor the business's main risk indicators.
- Monitor the correct functioning of policies and credit and collections processes.
- Authorize entry into new markets and/or new products that impact risk.
- Authorize provisions models and monitor sufficiency.

Table of Contents

Chile

Credit cards

We are engaged in the credit card business in Chile through the issuance of our private label Cencosud credit card, which has a strong presence in our stores and can be used at a variety of affiliated businesses and by offering cards under the Visa and Mastercard banners. As of December 31, 2014, we had approximately 2,069 million active credit card accounts in Chile. Through our Cencosud card, we have increased the purchasing power of our middle- and low-income clients, who generally do not have credit offers with other institutions, and are generally unable to bear the fixed costs charged by other credit cards.

In addition to increasing sales and traffic in our stores, we also seek to achieve a financial return by facilitating access to credit for an underserved segment of the population. We target all customers of our stores as well as customers in affiliated businesses. Many of our credit card customers also have access to cash advances they can access from tellers at Jumbo, Santa Isabel, Paris, Easy and Turbus stores or from the ATM network of Banco Santander, allowing them to make cash withdrawals in many points of Chile.

Our Cencosud credit cards offer a single credit card with features including monthly payments of minimum charge, revolving credit and installment loans. In addition, when using our Cencosud credit cards, customers also receive added benefits such as access to discounts and special offers and accumulation of points, which are usable in our loyalty program and can later be used to make purchases in our stores. Cardholders are charged administrative fees, and interest charges are based on individual extensions of credit. The average monthly interest rate charged to cardholders as of December 31, 2014, 2013 and, 2012 was 2.90%, 3.35% and 3.27% respectively. We adjust the interest rates on our credit cards regularly in response to costs of funding and standard rates in the industry. The revolving interest rates charged to cardholders are floating.

The following table sets forth the credit cards sales by Jumbo, Santa Isabel, Easy and Paris in Chile and the percentage that such sales represent of each store's total sales for the periods presented:

	Year ended December 31,					
	2014		2013		2012	
	Sales	%	Sales	%	Sales	%
	(in millions of Ch\$) ⁽¹⁾					
Jumbo	293,222	17.5%	276,449	17.6%	264,586	18.58%
Santa Isabel	69,978	6.2%	74,470	6.8%	83,146	8.04%
Easy	115,262	20.7%	109,803	20.5%	95,517	19.95%
Paris	400,536	43.6%	426,533	46.0%	430,019	49.42%
Johnson	47,948	26.8%	46,384	26.9%	0	0
Total ⁽²⁾	926,946	21.2%	933,639	21.7%	873,269	22.94%

(1) Except percentages.

(2) Includes value added taxes.

The table below sets forth information with respect to our credit card receivables in Chile:

Portfolio Status	Year ended December 31,		
	2014	2013	2012
	(in millions of Ch\$) ⁽¹⁾		
Performing ⁽²⁾	351,532	406,239	401,360
Past due:			
31-89 days	18,425	20,542	25,116
90-180 days	14,752	17,106	20,923
181-365 days			—
Total	384,709	443,888	447,400
Over 365 days and legal proceedings ⁽³⁾			—
Loan loss allowance as % of past due loans	61.9%	77.01%	67.2%
Loan loss allowance as % of all loans ⁽⁴⁾	5.3%	6.53%	6.9%

(1) Except percentages.

(2) Performing loans not past due more than 30 days.

(3) Entire portfolio written off. These claims are subject to a 100% allowance.

(4) Loan loss allowance does not include Ch\$3,533 million of anti-cyclical provisions

Table of Contents

The following table sets forth certain information regarding our non-performing loans and write-offs, for the periods indicated:

	Year ended December 31,		
	2014	2013	2012
	(in millions of Ch\$) ⁽¹⁾		
Non-performing loans as % of total loans	8.6%	8.48%	10.29%
Total write-offs	41,382	57,018	69,980
Average monthly write-offs as % of total loans	0.9%	1.07%	1.30%

(1) Except percentages.

On June 20, 2014, we entered into the Joint Venture Framework Agreement with Scotiabank to develop, on a joint basis, the retail finance business in Chile. Under this agreement, we believe that 2.5 million cardholders will benefit from easier access to new products and financial services and the expertise of Scotiabank, while receiving the Company's client benefits at our Jumbo, Santa Isabel, Easy, Paris and Johnson stores and shopping centers. See "Item 4. Information on the Company – A. History and Development of the Company – History."

Insurance brokerage

We entered into the insurance business to complement our credit card offerings, offering extended warranties for certain of the electronic products sold at our stores. We also offer other attractive insurance plans to our existing retail customers. Our insurance activities focus on the sale of life, medical, unemployment, home and car insurance, in simple formats and at accessible rates focusing on underserved socio-economic segments. Our insurance products are sold through our distribution channels and are supported by telemarketing and personalized marketing to customers in Paris and Jumbo stores. During the years ended December 31, 2014, 2013 and 2012, our insurance activities in Chile generated revenues from ordinary activities of Ch\$11,438 million, Ch\$ 21,513 million and Ch\$25,769 million, respectively, representing approximately 0.2% of our consolidated revenues from ordinary activities for such periods. These figures do not include extended warranty proceeds, which are booked in the retail division.

Argentina

Credit cards

In Argentina we operate a credit card business for each of our retail brands. The Argentine market for financial services is served by domestic and foreign private banks, public sector banks, credit card operators and retailers. In April 2007, we entered the financial services and insurance markets in Argentina through the launch of our "Tarjeta Más." As of December 31, 2014, we had issued 1.169 million active credit cards. For the year ended December 31, 2014, revenues from our proprietary cards in Argentina represented 0.6% of our total revenue. Through our Cencosud credit card, we have increased the purchasing power of our middle and low-income clients, who generally do not have credit with other institutions, and are generally unable to bear the fixed costs charged by other credit cards. The following table sets forth the credit cards sales by Jumbo, Disco and Veá, and Easy in Argentina and the percentage that such sales represent of each store's total sales for the periods presented:

	Year ended December 31,					
	2014		2013		2012	
	Sales	%	Sales	%	Sales	%
	(in millions of Ch\$) ⁽¹⁾					
Jumbo	115,071,39	20,8%	131,306	23,9%	116,142	21,4%
Disco and Veá	90,474,10	5,4%	92,378	5,5%	75,455	3,9%
Easy ⁽²⁾	158,058,90	21,3%	141,033	21,2%	113,925	18,0%
Total	363,604,39	12,2%	364,717	12,6%	305,522	10,9%

(1) Except percentages.

(2) Does not include Blaisten

Table of Contents

The following table sets forth certain information regarding our non-performing loans and write-offs in Argentina, for the periods indicated.

	Year ended December 31,		
	2014	2013	2012
	(in millions of Ch\$) ⁽¹⁾		
Non-performing loans as % of total loans	3.8%	3.8%	6.4%
Total write-offs	7,104	7,226	7,251
Average monthly write-offs as % of total loans	0.30%	0.36%	0.47%

(1) Except percentages.

The table below sets forth information with respect to our credit card receivables in Argentina:

	Year ended December 31,		
	2014	2013	2012
	(in millions of Ch\$) ⁽¹⁾		
Portfolio Status			
Performing ⁽²⁾	211,169	163,092	120,956
Past due:			—
31-89 days	5,855	4,471	4,618
90-180 days	2,590	1,524	2,136
181-365 days	—	0.81	1,486
Total	219,615	169,088	129,198
Over 365 days and legal proceedings ⁽³⁾	364	364	370
Loan loss allowance as % of past due loans	110%	93.8%	99.1%
Loan loss allowance as % of all loans	4.2%	3.3%	6.3%

(1) Except percentages.

(2) Performing loans not past due more than 30 days.

(3) Entire portfolio written off. These claims are subject to a 100% allowance.

Insurance brokerage

We entered into the insurance business to complement our credit card offerings, offer extended warranties for certain of the electronic products sold at our stores and to offer other attractive insurance plans to our existing retail customers. In Argentina we offer insurance brokerage in the following areas: personal coverage, life insurance, homeowners and renters insurance, auto insurance, fraud insurance, health insurance, unemployment insurance, extended warranty coverage, pet insurance and others. The products are sold in our own retail chains and are also available via telemarketing through our call center. The insurance business has experienced substantial growth in recent years, and we believe it will continue to grow as new products are introduced and use of insurance in Argentina becomes more widespread. At December 31, 2014, our insurance brokerage operations in Argentina accounted for less than 1.0% of our consolidated revenues from ordinary activities.

Brazil

In Brazil we operate our financial services through a joint venture with Brazil's Banco Bradesco, under which they operate our Credi-Hiper card, one of the largest private label credit cards in the northern region of Brazil. In 2011, we also granted Banco Bradesco the exclusive right to issue and operate our Cencosud Card (*Cartão Cencosud*) within our stores in Brazil, consumer loans, purchase financing and insurance products.

Our relationship with Banco Bradesco began in May 2006, when GBarbosa entered into a five-year operating agreement with Banco Bradesco to jointly operate Credi-Hiper. Credi-Hiper was developed 29 years ago as a key tool used to maintain the loyalty of GBarbosa's clients and generate a significant portion of GBarbosa's revenues. In August 2011, GBarbosa amended and restated the agreement with Banco Bradesco and expanded its scope.

Pursuant to the amended and restated agreement, Cencosud Brasil Comercial, which operates our GBarbosa stores in Brazil, Bretas, Mercantil Rodrigues, Perini and Cencosud Brasil entered into a joint venture agreement with Banco Bradesco pursuant to which Banco Bradesco agreed to offer financial services in Cencosud stores in Brazil. Banco Bradesco was also granted a right of first refusal, subject to certain limitations, if we decide to offer certain additional financial services in its stores in Brazil. Banco Bradesco also has the right to require Cencosud Brasil to engage Banco Bradesco to manage all of its payroll processing and related services, as long as the price, terms and conditions of such payroll services are competitive, as assessed by us. Additionally, the parties agreed to enter into an agreement setting forth terms and conditions for our stores to operate as Banco Bradesco representatives for processing payment of credit card bills. We also granted to Banco Bradesco a limited, non-assignable, trademark license, for the use of certain of our trademarks on the Cencosud Card.

Table of Contents

As consideration for Banco Bradesco's rights under this agreement, Banco Bradesco agreed to pay up to R\$300 million including an upfront payment of R\$100 million and two other R\$100 million payments that are subject to reaching certain goals with respect to Cencosud credit card revenues. Additionally, with the exception of certain fees charged by Banco Bradesco from customers, the net revenue from the Cencosud credit card operation and the provision of certain other financial services is to be shared equally between Banco Bradesco and us, and we bear 50% of the credit risk associated with the credit cards operated pursuant to this agreement, including defaults in payment and losses. The term of this agreement is 16 years from the execution date, but it can be terminated at any time subject to the payment of certain penalties.

We believe our long-term partnership with Banco Bradesco facilitates the sustainable growth of our financial services segment in Brazil by providing a number of competitive financing alternatives and affordable financial services products to our clients. As of December 31, 2014, we had approximately 1.209 million active credit card accounts in Brazil.

In the year ended December 31, 2014, 0.04% of our gross revenues in Brazil were derived from our financial services business carried out through *Cartão Cencosud* cards. Through these cards, we have increased the purchasing power of our middle-income and low-income clients, who generally do not have credit with other institutions, and are generally unable to bear the fixed costs charged by other credit cards. These cards do not currently have administrative fees, are accepted only in our stores and allow our clients to purchase food and non-food products. We believe that without access to these cards, many of our clients would not be able to afford purchases of higher-priced non-food items. Despite the poor credit background of some of our clients, these cards have low delinquency rates.

Colombia

In Colombia, we operate our financial services through a joint venture with Colombia's Banco Colpatría "Colpatría". Under this agreement, Colpatría is entitled to market private label and cobranded cards in all of Colombia. Private label cards are only accepted in Cencosud Colombia stores while those that are co-branded are internationally accepted. This agreement commenced prior to our acquisition of Carrefour's supermarket operation in Colombia. Pursuant to the agreement, Colpatría is given selling space in all of our stores to market its financial services to store customers. Promotional and marketing efforts for this joint venture are carried out by both parties.

Colpatría is responsible for all administrative processes related to the execution of the business such as the approval and upkeep of all credit facilities granted to clients and collection of receivables. Handling of the loan portfolio is the responsibility of Colpatría and all related efforts must be carried out in compliance with rules and under the supervision of the Superintendencia Financiera de Colombia ("SuperFinanciera") or any other regulatory body governing the business being carried out. Results from the financial business in Colombia for the year ended December 31, 2014 were included in the supermarket segment.

Profits or losses derived from this joint venture are distributed equally between the parties on a quarterly basis. This joint venture has a term of five years from 2012 being automatically extendable for an additional one year if neither party notifies the other six months prior to the original termination date. Our financial services operations have a total of 593 thousand active credit cards in Colombia.

Peru

We aim to provide financial solutions to our customers in order to make our private label cards the primary form of payment used in our supermarkets in Peru.

In August 2011, we launched our own private label credit card in Peru and we are expanding our offerings of financial services. The credit cards are operated through our supermarkets in Peru. In 2011, Cencosud created Banco Cencosud in Peru. In June 2012, we received the operation license from the SBS, and started operations in August 2012 through our Cencosud credit card. Our financial services segment also includes insurance brokerage services in Argentina, Chile, Brazil and Peru. Cencosud has a total of 478 thousand active credit cards in Peru. In addition to our private label cards, Cencosud offers Visa and Mastercard credit cards. Currently 66.8% of our portfolio is under this type of card.

Table of Contents

The following table sets forth the credit cards sales by Paris, Metro and Wong in Peru and the percentage that such sales represent of each store's total sales for the periods presented:

	Year ended December 31,					
	2014		2013		2012	
	Sales	%	Sales	%	Sales	%
	(in millions of Ch\$) ⁽¹⁾					
Paris	16,428	35,4%	4,556	26,58%	0	0
Metro	91,246	15,5%	77,164	14,46%	64,183	12,45%
Wong	3,950	1,1%	3,906	1,27%	2,901	0,99%
Total ⁽²⁾	<u>111,625</u>	<u>11,3%</u>	<u>85,626</u>	<u>100%</u>	<u>67,084</u>	<u>8,28%</u>

(1) Except percentages.

(2) Includes value added taxes.

Other Operations

Electronic stores

As of December 31, 2014 we also operated 77 Eletro-show electronic goods stores in the state of Sergipe in Brazil, through which we sell non-food items. The first Eletro-show store was opened in December 2005. Our Eletro-show stores are operated in small cities where the opening of a traditional store is not viable. This original and cheap format of store contributes to the enhancement of the GBarbosa brand in cities where we do not have other GBarbosa stores.

Our Eletro-show stores consist of small show rooms with up to a dozen products on display plus an online catalogue accessible at the store through in-store computers. Eletro-show stores have an average selling space per store of less than 100 square meters. The main target market is low- and middle-income classes of consumers, who do not have access to internet at home, are not used to making virtual purchases, and do not reside near one of our traditional stores. The store has a number of computers where potential clients can access a wide range of products. Our sales people are available to support the customers in the selection and purchase of desired products. We only sell non-food products in the kiosk. Once a customer places an order for products, we assure delivery within 48 hours. The Eletro-show stores have a separate space for community activities, which enables us to attract more customers. We intend to continue installing kiosks in select locations where there is appropriate demand. At December 31, 2014, our Eletro-show stores accounted for less than 1.0% of our consolidated revenues from ordinary activities.

The results of our Eletro-show stores are reported under our "supermarkets" segment in our financial statements.

Pharmacies

We also operated 62 pharmacies in Brazil under the GBarbosa brand as of December 31, 2014, which are located inside or adjacent to our GBarbosa supermarkets. At December 31, 2014, our GBarbosa pharmacies accounted for less than 1% of our consolidated revenues from ordinary activities. The results of our GBarbosa pharmacies are reported under our "supermarkets" segment in our financial statements.

As of December 31, 2014, we operated 47 pharmacies in Peru under the Punto Farma Wong and Punta Farma Metro brands, which are located inside or adjacent to our Wong and Metro supermarkets. At December 31, 2014, our Punto Farma pharmacies accounted for less than 0.2% of our consolidated revenues from ordinary activities. The results of our Punto Farma pharmacies are reported under our "supermarkets" segment in our financial statements.

As of December 31, 2014, we operated 39 pharmacies in Colombia under the FarmaSanitas brand, which are located inside or adjacent to our supermarkets acquired from Carrefour in Colombia. At December 31, 2014, our FarmaSanitas pharmacies accounted for less than 0.2% of our consolidated revenues from ordinary activities. The results of our FarmaSanitas pharmacies are reported under our "supermarkets" segment in our financial statements.

Gas stations

We also operate 11 gas stations in Brazil, under the Bretas brand, which are located inside or adjacent to our Bretas supermarkets. At December 31, 2014, our Bretas gas stations accounted for less than 1.0% of our consolidated revenues from ordinary activities. The results of our Bretas gas stations are reported under our "supermarkets" segment in our financial statements.

We also operate 40 gas stations in Colombia, under the Terpel, Chevron and Biomax brands, which are located inside or adjacent to our supermarkets in Colombia. At December 31, 2014, our gas stations in Colombia accounted for less than 1.0% of our consolidated revenues from ordinary activities. The results of our gas stations in Colombia are reported under our "supermarkets" segment in our financial statements.

Table of Contents

Entertainment centers

In Chile and Argentina, we operate twelve family entertainment centers under the Aventura brand. Our Aventura entertainment centers offer arcade games, mechanical games, bowling lines, 3D games and even an indoor roller coaster in our Aventura center at Florida Center in Santiago. At December 31, 2014, our Aventura entertainment centers accounted for less than 1.0% of our consolidated revenues from ordinary activities. The results of our Aventura entertainment centers are reported under our “Other” segment in our financial statements.

Loyalty programs

General

For the last 14 years we have invested in loyalty programs designed to reward, retain and attract new customers. Our loyalty programs allow us to develop customer consumption databases which enable us to enhance our merchandise selection and to more effectively target our marketing efforts. Further, our loyalty programs allow us to enhance customer retention by improving our understanding of the buying patterns and preferences of our customers.

Our loyalty programs allow customers to benefit by accumulating points from the purchases they make in our different stores as well as purchases they make with our affiliates, which can then be used to acquire products listed in special catalogues and sold in our stores. In 1999, we started with Jumbo Más and, in 2006, after significant growth in our operations due to several acquisitions, we migrated to a multi-sponsor program named Circulo Más. In 2010, we launched the Nectar loyalty program through a partnership with Groupe Aeroplan Inc. (“Groupe Aeroplan”), a leading loyalty management and customer insights company.

Nectar was created in the United Kingdom in 2002 and has become one of the largest loyalty programs in the world. Through our partnership with Groupe Aeroplan, we are able to utilize some of the most sophisticated loyalty and customer intelligence experience from over 15 countries provided by leading retailers like Sainsbury’s, one of the United Kingdom’s leading food retailer, Auchan, the Italian hypermarkets operator, and CVS Caremark, one of the largest pharmacy health care provider in the United States. Nectar allows us to enhance our customers’ experience by providing a generous, flexible, every-day rewards program, reduces our overall operating costs as some costs are shared by the group of businesses that participate in the program, and provides us with a large and rich customer consumption database that allows us to better understand a large number of our customers.

We believe that our loyalty programs strengthen our relationship with our customers and believe that a substantial majority of our sales come from loyalty clients.

In 2014, the alliance between Cencosud – and Aeroplan changed regarding the use of the brand. We decided to develop our own loyalty program, Puntos Cencosud, which was launched on March 28, 2014 with new benefits for customers: including simplifying the redemption system by allowing consumers to redeem loyalty benefits by presenting their ID cards and, the incorporation of Johnson department stores as well as Eurofashion with its brands Umbrale, Foster, Topshop, Topman, u*Kids, Moon by Foster, JJO, Legacy and Women´Secret, as new sponsors. Starting April 1, 2014 customers will earn additional loyalty points at these locations and will be able to redeem their points during the second semester. The new program additionally offers extra bonus points for the use of Cencosud’s private label credit card.

The program is already operating in Colombia and Chile. We are currently planning to replicate the business model in the other countries of the region.

The results of our loyalty programs are reported under our “Other” segment in our financial statements.

Chile

We offer our Puntos Cencosud loyalty programs in Chile. As of December 31, 2014, we had over 3 million active loyalty members in Chile, and as of the same date, 75% of our sales in Chile came from loyalty club members.

Table of Contents

The following table sets forth certain information regarding our loyalty program sales by each of our divisions in Chile, for the periods indicated.

	Year ended December 31,					
	2014		2013		2012	
	Sales (W/tax)	% ⁽¹⁾	Sales (W/tax)	% ⁽¹⁾	Sales (W/tax)	% ⁽¹⁾
	(in millions of Ch\$, except percentages)					
Jumbo	1,673,103	84%	1,570,694	83%	1,428,399	84%
Santa Isabel	1,133,754	62%	1,081,17	62%	1,034,326	63%
Easy	442,895	68%	436,352	65%	381,974	66%
Paris	922,445	79%	933,451	80%	875,538	80%
Total	4,172,197	75%	4,021,670	74%	3,720,237	76%

(1) Percentage that such sales represent of total sales by each of our stores in Chile.

Argentina

In Argentina we also offer our Jumbo Más and Vea Ahorro loyalty programs. As of December 31, 2014, we had over 2 million loyalty club members in Argentina and, as of the same date, 59.0 % of our supermarket sales in Argentina came from loyalty club members.

The following table sets forth certain information regarding our loyalty program sales by each of our divisions in Argentina, for the periods indicated.

	Year ended December 31,					
	2014		2013		2012	
	Sales (W/tax)	% ⁽¹⁾	Sales (W/tax)	% ⁽¹⁾	Sales (W/tax)	% ⁽¹⁾
	(in millions of nominal Ar\$, except percentages)					
Jumbo	5,005	63%	3,979	65%	3,333	65%
Disco	4,935	63%	3,892	63%	3,722	66%
Vea	3,517	50%	1,744	35%	494	31%
Total	13,457	59%	9,615	55%	7,549	61%

(1) Percentage that such sales represent of total sales by each of our stores in Argentina.

Peru

In Peru, we are members of the Bonus loyalty program, with a 42.5% ownership. Bonus is a leading multi-participant loyalty program that develops and manages loyalty and incentives programs through a system that rewards customers by giving them points for their purchases in any of our stores that later can be exchanged for other products. At the same time, it allows us to administer a database for marketing campaigns directed to specific segments.

The following table sets forth certain information regarding our loyalty program sales by each of our divisions in Peru, for the periods indicated.

	Year ended December 31,					
	2014		2013		2012	
	Sales (W/tax)	% ⁽¹⁾	Sales (W/tax)	% ⁽¹⁾	Sales (W/tax)	% ⁽¹⁾
	(in millions of S/., except percentages)					
Wong	1,407	80%	1,337	80%	1,302	81.0%
Metro	2,203	73%	2,158	73%	2,230	79.0%
Total	3,610	76%	3,495	76%	3,532	80.0%

(1) Percentage that such sales represent of total sales by each of our stores in Peru.

Colombia

In Colombia we launched our loyalty program in February 2014 with 100% percent ownership of the program. Our loyalty program in Colombia has quickly become widely used by our shoppers achieving very impressive penetration levels with 76% of our

Table of Contents

sales coming from loyalty members. This program manages loyalty and incentives programs through a system that rewards customers by giving them points for their purchases in any of our stores that later can be exchanged for other products. At the same time, it allows us to administer a database for marketing campaigns directed to specific segments.

The following table sets forth certain information regarding our loyalty program sales by each of our divisions in Colombia, for the periods indicated.

	Year ended December 31,	
	2014	
	Sales (W/tax)	% ⁽¹⁾
	(in millions of COP/, except percentages)	
Jumbo	1,337	80%
Metro	2,158	73%
Total	3,495	76%

(1) Percentage that such sales represent of total sales by each of our stores in Colombia.

Retail Consumer Banking

Banco Paris

Since 2005, we have owned Banco Paris, a specialty retail consumer bank in Chile. Banco Paris was formerly the Santiago Express division of Banco Santander Santiago, which we acquired in 2005 and registered as a separate bank under the Banco Paris brand with the *Superintendencia de Bancos e Instituciones Financieras* (the Superintendency of Banks and Financial Institutions, or "SBIF").

Banco Paris' lending and credit activities are primarily aimed at satisfying the demands for financial services of individuals. Banco Paris offers its individual customers a range of products and services aimed at satisfying their financial service needs, including consumer loans, credit cards and residential mortgage loans. In keeping with its orientation to the retail banking market, Banco Paris offers a range of traditional deposit instruments, including savings and time deposits. Banco Paris also offers its customers life and homeowner's insurance.

As of December 31, 2014, Banco Paris served more than 400,781 individual customers, with loans outstanding to approximately 350,973 debtors, including approximately 315,373 consumer loans and 87,276 credit card accounts. At the same date, Banco Paris had 1,235 time deposits.

To evaluate a customer's credit risk, Banco Paris uses scoring and other automated systems to determine the customer's profile and payment capacity in terms of income, education, family obligations, other financial obligations and other factors.

To evaluate a customer's credit risk, Banco Paris uses scoring and other automated systems to determine the customer's profile and payment capacity in terms of income, education, family obligations, other financial obligations and other factors.

The table below sets forth information with respect to our Banco Paris loan portfolio:

Portfolio Status	Year ended December 31,		
	2014	2013	2012
	(in millions of Ch\$) ^{(1) (2)}		
Performing ⁽³⁾	214,332	239,986	195,293
Past due:			
31-89 days	8,549	4,375	6,719
90-180 days ⁽⁴⁾	6,620	2,996	5,354
+ 180 days	499	456	660
Total	230,000	247,813	208,025
Loan loss allowance as % of past due loans	85%	79%	84%
Loan loss allowance as % of all loans	6%	3%	5%

Table of Contents

- (1) Includes activities from postponed commissions.
- (2) Except percentages.
- (3) Performing loans not past due more than 30 days. Excludes Chilean credit card portfolio.
- (4) Entire portfolio written off. These claims are subject to a 100% allowance.

Banco Cencosud

In 2011, we established Banco Cencosud in Peru and in June 2012 we received the operation license from the SBS, and started operations in August 2012 through our Cencosud credit card. Banco Cencosud is regulated by the banking, insurance and pensions superintendence of Peru (*Superintendencia de Bancos, Seguros y Pensiones*).

The tables below sets forth information with respect to our credit card receivables in Peru:

	2014	
	(in millions of S.\$) ^{(1) (2)}	
Portfolio Status		
Performing ⁽³⁾		64,189
Past due:		
31-89 days		3,564
90-180 days		2,142
181-365 days		27
Total	S,\$	69,923
Over 365 days and legal proceedings ⁽⁴⁾		
Loan loss allowance as % of past due loans		277.1%

- (1) Includes activities from postponed commissions.
- (2) Except percentages.
- (3) Performing loans not past due more than 30 days.
- (4) Entire portfolio written off. These claims are subject to a 100% allowance.

The table below sets forth information with respect to our credit card receivables in Peru:

	2014	
	(in millions of S.\$) ^{(1) (2)}	
Non-performing loans as % of total loans		8.2%
Total write-offs	Ch\$	15,889
Average monthly write-offs as % of total loans		1.9%

- (1) Except percentages.

Prices

Our price strategy varies depending on the format, market and business unit. For our high-end formats, we seek to offer quality and service while for our mid- and low-income formats; we seek to offer competitive prices without compromising service and quality. In addition, for seasonal items, our strategy is to periodically mark down these items until we have sold all seasonal stock. To ensure the maintenance of competitive market prices, we monitor periodically the prices of our competitors and position our prices to keep our competitiveness. Finally, we also support our prices with special offers and also with discounts through our private label credit cards.

Purchasing

We purchase our products from approximately 13,000 suppliers. No single supplier or group of related suppliers accounts for more than 10% of the total products purchased by us in 2014 on a consolidated basis. In addition to local and regional suppliers, we are also able to import products directly from Asia, where we are able to obtain more favorable pricing, and which in turn allows us to negotiate improved purchasing terms with certain suppliers. We believe that the sources and availability of materials for our retail store operations are adequate and will continue to be so for the foreseeable future. We have not experienced any difficulty in obtaining the types or quantities of the merchandise we require on a timely basis and believe that, if any of our current sources of supplies were to become unavailable, alternative sources could be obtained without any material disruption to our business.

Table of Contents

Private Label Business

Private label products are those manufactured by one company for offer under another company's brand. We carry our own private label program in both our food-retail and non-food-retail businesses, which allows us to offer a variety of products using our own portfolio of brands rather than third-party brands. The main objectives of our private label program are:

- to provide differentiation and uniqueness to our stores by offering a unique set of products available only in our stores; and
- to achieve incremental margin versus the national brands.

In 2008, we started to optimize and streamline our brand portfolio from 70 to 53 brands. We also established a private brand development process, a key performance index (KPI), toured retailers worldwide searching for benchmarks, and created network of suppliers, agencies, consultants and research companies to help develop our private label brands. Our Paris department stores currently carry private label products under the brands Tribu, Opposite, Aussy, Greenfield and Alaniz. We have also developed the URB and NEXT brands for our supermarket and home improvement operations. Our strategy is to develop a portfolio of private brands shared across all countries and business units and to cover the most important categories and developing value added (70%) and first price (30%) brands. To achieve this, in 2009, we assembled a corporate private label team consisting of former employees of consumer goods companies, such as L'Oreal, Unilever, P&G and Nestlé.

As a result of these actions, our private label brands continue to grow two to three times faster than the rest of our business, and we expect this trend to continue, not only in term of shares of sales but also in incremental profitability to our business.

Country	Supermarkets-	Supermarkets -	Home Improvement-	Department Stores –
	Food	Non-Food	Non-Food	Non-Food
Argentina	2.8%	20.4%	10.2%	
Brazil	0.4%	3.5%		
Chile	4.5%	27.4%	16.5%	30.4%
Colombia	6.4%	8.7%	5.9%	
Peru	5.1%	28.4%		54.9%
Total	3.3%	15.5%	10.6%	30.4%

Distribution

General

Some of our products are delivered directly to our stores by our major suppliers and others are sent to our distribution centers. The use of our own distribution centers allows us to achieve operational efficiencies as suppliers can deliver their products to centralized locations rather than to our many store locations and we can benefit from economies of scale. In the event we experience significant growth outside our current geographic area, however, we may choose to lease additional facilities under similar terms or seek alternatives in order to recognize certain cost efficiencies.

Supermarkets

Chile

For fast-moving and high-volume sales merchandise, national suppliers distribute products directly to each store. For slow-moving groceries, perishable fruits and vegetables and imported products and meat, distribution is centralized through our distribution centers and delivered by third-party transportation companies. Sales from products delivered to our distribution centers accounted for approximately 39.0% of our sales at December 31, 2014.

We operate in three distribution sites in the Santiago metropolitan region from which we conduct all centralized deliveries to our Jumbo and Santa Isabel stores, including:

- A 41,000 square meter distribution center that operates in three shifts six days a week and is used to deliver non-perishable products, perishable fruits, vegetables and other refrigerated food categories to Santa Isabel and Jumbo stores.

Table of Contents

We use a cross-docking system for fresh products that allows fresh products to reach stores in 24 hours. Cross-docking is the practice of receiving goods at a distribution center, which are immediately consolidated with other goods for quick distribution to stores.

- A 90,000 square meter distribution site used to deliver non-perishable, non-food and textile products. Three quarters of the distribution center are dedicated to imported products and the remainder is used for a cross-docking system of national products that allows products to be shipped in less than 24 hours.
- A 2,500 square meter distribution center that is used for storage and delivery of imported fresh meat.

As of the second quarter of 2013, our 3,000 square meter cross-docking center in Concepcion was fully operational, servicing our 19 stores in the city, thus improving our lead time and service with smaller local trucks.

Frozen products (imported and national) are stored and delivered using a third-party logistics provider.

In order to achieve operational efficiencies, during 2011 we increased the use of our centralized distribution system for Jumbo stores in the Santiago metropolitan region, primarily for non-perishable products and fruit and vegetables. During 2013 we finished the implementation of McKinsey's "Lean Logistics Project," which reviewed and rationalized our warehouse procedures. We use a SAP-based automatic replenishment system for all products stored in our distribution centers with the goal of increasing availability of products and maintaining lower inventories. During 2013 we improved our fresh products picking with Voice Picking technology obtaining a more accurate delivery.

Deliveries are made using external carriers. Freight contracts are generally signed for three- or four-year periods, and include a rate adjustment based on changes in oil prices, exchange rates and other factors.

Argentina

Distribution to our stores in Argentina is centralized from three distribution centers located in Buenos Aires, Cuyo and Córdoba, and a transfer site in Tucuman totaling 153,000 square meters, which together accounted for 80.0% of our supermarket sales in Argentina in 2014, including meat and bakery products. Approximately 20% of our products are distributed to our stores directly by our suppliers.

Each distribution center supports between 60 and 120 specific stores in a five to six days a week basis, running both a stock operation of national and imported products and a cross-docking operation for fresh vegetable and fruits, and a share of groceries received from national suppliers. All operations are supported by a warehouse management system and radio frequency technology (consisting of a special chip attached to our products which can be later detected by antennas, allowing real-time knowledge about the location of our products). During 2013 we conducted an important nationwide upgrade of our communication hardware. We also completed and modernized our forklift park.

Real-time order information is transmitted from stores to distribution centers and subsequently to suppliers via our intranet site. This real-time system allows us to optimize product availability and delivery time. In addition, our distribution centers in Argentina have an automatic replenishment system to manage all non-perishable goods, including discount and seasonal goods, which helps maintain proper inventory levels and avoid shortages.

In order to increase our capacity and productivity, we rolled out the voice picking software to the Mendoza Distribution Center. This technology gives our employees free use of their hands, thus improving their productivity and safety.

All trucks are provided by third-party companies pursuant to one- to three-year contracts.

In December 2013, our distribution center in the Argentine city of Cordoba was stormed and damaged in the middle of civil unrest that was occurring in the city as a product of a civil servant strike. Losses from this were partially covered by insurance, and were in our profit (loss) line for the period. No insurance payments were received during the 2013 period. This distribution center has since resumed operations.

Brazil

We currently use three distribution centers for our GBarbosa stores in the north east of Brazil, totaling approximately 51,000 square meters. They are located in Aracaju (32,000 square meters), Salvador da Bahia (21,000 square meters) and Fortaleza (8,000 square meters). Our distribution centers accounted for approximately 80% of our sales as of December 31, 2014. The GBarbosa distribution centers run a dry and fresh goods stock operation. The rented distribution Center in Salvador was increased to 21,000

Table of Contents

square meters in order to support our increased operations in the State of Bahia in 2013, and reduce transportation costs from other distribution centers. Deliveries to GBarbosa stores are made primarily through external carriers although we do own a small fleet of delivery vehicles. Home deliveries are handled entirely by external carriers.

Bretas stores in central Brazil are supported by two distribution centers, totaling approximately 40,000 square meters and a 6,000 square meters warehouse for fresh vegetables in the city of Uberlandia. The two large distribution centers are located in Belo Horizonte (30,000 square meters) and Goiania (10,000 square meters). Both distribution centers store dry goods, vegetables and fresh goods operations. Both distribution centers have staple stock (storage) and cross-docking capabilities, which enable goods received at the distribution center to be stocked and distributed at a later time or distributed immediately to our stores. Currently, the distribution centers include electronic goods for store and home delivery. Products stored in our distribution centers accounted for approximately 60 % of our sales in 2014. Distribution to stores and home deliveries are made entirely by external carriers.

Perini stores in Salvador da Bahia also have their own distribution center located in one store, because of their smaller scale and the higher-quality fresh products offered, Perini stores also receive direct deliveries from suppliers. Perini owns a small fleet of vehicles for distribution to its stores.

Mercantil Rodrigues are stores with high rotation food goods, such as fresh fruits and vegetables, meat and poultry, dairy and others. These stores receive direct deliveries from suppliers.

Our 31 Prezunic stores in the city of Rio de Janeiro were served by a rented distribution center. This distribution center is located in Rio de Janeiro city's center, has an area of 45,000 square meters and has facilities for dry goods, chilled goods and frozen goods. The distribution to stores are made by a standardized fleet of 21 trucks, which we own, with a complete GPS monitoring system, and a fleet rented from a third party contractor for the peak season. During 2013, we began delivering to nine former Bretas Stores in the Minas Gerais State from our Rio de Janeiro facility.

During the fourth quarter of 2013 we completed the rollout of the SAP ERP to all of the Distribution Centers in Brazil, replacing different legacy systems.

Peru

We operate three distribution centers and three warehouses, which support both Wong and Metro supermarkets and hypermarket stores. The main distribution center is a 26,248 square meter site, owned and used for the cross-docking of fresh vegetables, meat and other food products. Additional rented distribution centers add 29,200 square meters of storage area, for non-food, textile, imported goods, and for home delivery operations of home appliances and other large sized items. During the second quarter of 2013 an important upgrade of SAP warehouse management software and administrative procedures was done, achieving more speed and increasing throughput of our logistic operation in Lima.

Two of the other facilities are situated on the northern coast, and the last one is situated in Lima for storage of frozen and refrigerated goods. Centralized distribution accounts for approximately 76% of Peru supermarkets sales.

Cross-docking of national groceries and fresh-products represents approximately 80% of centralized distribution while a regular in-stock operation is used for distribution of imported products and some categories of national non-food products. We use a SAP-based warehouse management system for our operations. Deliveries are made using external carriers and delivery contracts are negotiated periodically.

Colombia

Our distribution operations in Colombia are conducted through a third party that offers storage services and handling of products. Approximately 60% of our goods sold are handled through one of the three different platforms used by our third-party contractor.

Cross docking is used in the cities of Bogota, Cali, Bucaramanga, Barranquilla and Medellin. This service has no charge for Cencosud as suppliers carry the cost of these operations and each negotiates on an ad hoc basis. Both perishable and non-food items are handled through this platform. Cencosud assumes logistical costs associated with the handling of perishable goods. Imported goods are handled by a specific platform in Bogota from which goods are distributed to our stores.

Department stores

We operate one 80,137 square meter distribution center located in Santiago that services all our Paris department stores in Chile. Centralized distribution accounts for nearly all of our Paris sales. We use a warehouse management system, RF technology and an

Table of Contents

automated sorter for cases and certain textiles. In addition, we have another operation in the same distribution center for internet sales and offer special value-added services (packing, gift wrapping and gift cards and others) and deliver the products directly to our customers' homes.

Deliveries are made using external carriers. We have different contracts for each distribution zone and type of service required. Contracts are generally negotiated on a two- to three-year basis.

For the Johnson department store chain, we operate a 21,175 square meter rented distribution center located in Santiago. Centralized distribution accounts for all sales. The distribution is made by third-party contractors. Home delivery operations are shared nationwide with Paris delivery routes and fleet.

Distribution for our Paris stores in Peru is handled by a third party due to the size of the operations.

Home improvement stores

Chile

Our 90,000 square meters distribution center is located in Santiago and accounted for approximately 65% of our Easy sales in 2014. Centralized distribution is mainly supported by a cross-docking system that operates with more than 450 vendors and accounts for two thirds of the distribution operations, while the rest arises from imported stored goods.

Transportation is handled by external carriers. Home delivery transportation contracts are signed for a one- to two-year period. Distribution center-to-store transportation contracts are signed for four years because of the high investment required to customize trucks for optimal load capacity. Special two-story trucks with side load compartments are designed to transport irregular-shape products that are commonly sold in our Easy stores.

An automatic replenishment system manages the stock levels in stores in order to maximize service level and optimize inventory turnover.

Argentina

We operate three distribution centers located in Buenos Aires for our Easy and Blaisten operations, totaling 59,000 square meters. Easy Argentina also relies on direct deliveries from suppliers to stores.

Centralized distribution includes a regular warehouse operation from stocked merchandise (imported and domestic goods) and a growing cross-docking operation with more than 600 vendors. There is also a home delivery operation which accounted for approximately 15.0% of sales in 2014.

Transportation is handled by external carriers. Distribution center-to-store transportation and home delivery transportation contracts are negotiated every two years.

Marketing

During 2013, we worked to further develop our Cencosud brand, with two main objectives: (i) consolidating Cencosud as a strong brand, widely recognized across socioeconomic groups and across regions, and (ii) creating a family of brands recognized and valued by our customers, with the endorsement of Cencosud as a seal of quality and reliability.

Our aim is to develop strong brands prepared for competition with global brands, but with an appeal to local consumers. For this, we have an internal consumer research unit that allows us to better understand our consumers' behaviors, attitudes, demographics and trends, providing us with important and valuable information necessary to adjust our marketing strategy in each of our business units in all the countries in which we operate.

Supermarkets

Chile

Consistent with our business strategy, our marketing plan is directed at projecting our image as a hypermarket and supermarket chain which offers value through a combination of high-quality service and competitive prices. In Chile, Jumbo is one of the most valued brands, mainly for its association with quality, variety and service. Our principal marketing themes for our Jumbo hypermarkets in Chile and Argentina are “*Jumbo te da más*” (“*Jumbo gives you more*”). Santa Isabel is a supermarket based on the concept of familiarity and closeness with our customers. Our principal marketing theme for our Santa Isabel supermarkets is “*Santa Isabel te Conoce*” (“*Santa Isabel knows you*”).

Table of Contents

We operate separate, marketing programs for our Jumbo hypermarkets and Santa Isabel supermarkets. Our primary advertising outlets, in addition to point-of-sale marketing, are mass marketing, mainly television and radio, nationwide and regional press, brochures and magazine-type inserts in major newspapers, and we are investing strongly and steadily in digital marketing, including social networks and email marketing. We receive fees from our Chilean suppliers for access to selling space in our hypermarkets and supermarkets and in connection with special promotions and other marketing programs.

Argentina

As in Chile, our marketing strategy in Argentina is directed primarily at increasing net sales and projecting our image as a hypermarket chain which offers high-quality service and competitive prices. Our marketing efforts for Jumbo and Disco in Argentina are, however, aimed more at consumers in the middle and higher income levels. For lower income levels, we operate Super Vea supermarkets. Located mainly in the provinces, Super Vea supermarkets are focused on the concept of value priced products and, consequently, financial saving to the retail customer. Our primary advertising outlets in Argentina, in addition to point of sale marketing, are mass marketing, mainly television and radio, nationwide and regional press, brochures and magazine-type inserts in major newspapers, and we are investing strongly and steadily in digital marketing, and email marketing.

Brazil

We believe we have a very positive image in the eyes of our clients in the locations we operate, due to our low prices, the high quality of services we offer, and the wide range and superior quality of products. During 2014 the Company decided to take marketing to a regional level in Brazil, allowing for greater flexibility in all campaigns launched in the country to better target each core target audience. Brazil is the only country where Cencosud currently operates with regional marketing due to the structure of its operations there.

Our marketing department and external advertising agencies meet on a periodic basis to analyze and develop our marketing strategies, product development and advertising campaigns. As a result, we are able to customize and adjust our marketing strategy to local traditions and ethnical backgrounds, adding significant value. Our GBarbosa Brand sponsors traditional Brazilian northeastern celebrations of “Sao Joao” (St. John’s Day) and “Carnaval” (summer carnival).

For higher income consumers, we operate Perini supermarkets, offering a wide variety of delicatessen and premium products, and in-store produced food and pastries. Perini communication is mainly direct. Each client segment receives tailored communication, with activities and events of interest. We focus our marketing and advertising efforts on regional television advertisements, local press and also on the distribution of promotional flyers in our stores. Since a significant number of our clients are from middle- and low-income segments, and the majority is middle-aged housewives, television advertising is our main marketing tool.

We have included Cartao Cencosud (our private label card) in our advertising campaigns for GBarbosa, as it is one of the main drivers of our clients’ loyalty. In 2014, we held our anniversary sale commemorating Cencosud’s arrival to the Brazilian market. These celebrations were accompanied by special sales in selected products across our operations in Brazil. The result of these efforts was an immediate increase in traffic and sales for the products encompassed in the offers.

Peru

Our marketing strategy in Peru is segmented. Our marketing strategy for our Wong brand, which primarily targets the upper-income consumer, relies heavily on well-known newspapers and sponsors and promotes Peruvian products and festivities such as “El Corso,” “Evento del Pisco” and others. Our marketing strategy for the Metro brand relies more on mass media, mainly television, which allows us to broadly communicate our offers and value proposition to middle-income families, a growing segment in the Peruvian market. As in Chile, we receive fees from our Peruvian suppliers for access to selling space in our Peruvian stores and in connection with special promotions and other marketing programs.

Colombia

2013 was the year when Jumbo and Metro arrived to Colombia. This entailed the transformation of stores according to each brand’s identity and their launch to the market.

In 2014, with the brands already established, our challenge was to work for recognition and to position Jumbo and Metro within each target audience and begin their consolidation. Accordingly, we planned to focus on the following areas:

1. Establishing and strengthening the value proposal for each brand through the attributes that distinguish them leveraging on Cencosud’s own prestige and recognition among Latin American consumers.

Table of Contents

2. Building “price image” for both brands, acknowledging that factor as a vital driver for the Colombian market.
3. Customizing Jumbo and Metro to Colombian expectations and regionalizing communication in order to better relate to the needs of customers and become ingrained in Colombian society.
4. Enhancing the relationship with customers to establish a rapport with consumers and better funnel marketing investments.

Home improvement stores

Chile

Our home improvement marketing efforts are directed at projecting our image as provider of everything necessary for small to large construction projects under one roof to the general population, including professional contractors and homeowners. Our marketing strategy reinforces our commitment to offer the best solutions for our customers at the best prices. Our marketing strategy relies heavily on mass media and recently, but with growing importance, on digital media. Consistent with our policy of customer satisfaction, we guaranty the lowest price in the market and accept returned products if the client is not satisfied.

Argentina

In Argentina, in addition to traditional mailings and catalogues similar to Chile, we conduct programming through our website, www.easy.com.ar, television and radio that teaches our clients how to use our products. We also educate clients through practical classes at our store locations. Our television and radio programming runs continuously on local channels. In Argentina, we also guarantee customer satisfaction and accept any returns within the timeframes established by the consumer protection guidelines currently in place.

Department stores

Our Paris department stores have a complete marketing calendar, with a strong and consistent investment in mass media as well as digital media. Our Paris Facebook page has more than 1 million fans. Paris has pioneered the creation of special events for its fans and social media followers. Paris has advertising contracts with well-known celebrities in the local community, positioning Paris as a fashionable, modern and women-oriented brand.

Since 2010, Paris, concerned about its social impact on stakeholders, has organized various projects that positively impacted the community and the environment. “Paris Parade” has become of a fixture of the city of Santiago for the month of December. This event, similar to the Macy’s Thanksgiving Day Parade in New York, draws over 1 million people to Santiago’s Main Avenue to watch a parade of large inflatable balloons. Additionally, in 2013, Paris launched a CSR program called “Ropa x Ropa,” or clothes for clothes, to encourage garment recycling, turning the department store into one of the main recycling institution in South America.

Shopping centers

Marketing activities and programs for our shopping centers are conducted by each individual shopping center. Our principal marketing objective is to attract customers to our shopping centers through traditional publicity on television, radio and in newspaper announcements as well as through special events at the shopping centers, including fashions shows, concerts, theater productions, wine tastings, cooking classes and aerobics classes. In addition, we regularly give away gifts through lotteries that customers can enter by purchasing a product from one of our shopping center retailers.

All shopping center promotional and marketing costs are paid by our tenants as part of their monthly maintenance fees. Each tenant’s contribution is proportional to its sales.

Competition

The retail industry is highly competitive and characterized by high inventory turnover, controlled operating expenses and small profit margins as a percentage of sales. Earnings primarily depend upon the maintenance of high per-store sales volumes, efficient product purchasing and distribution and cost-effective store operations and inventory management. Advertising and promotional expenses are necessary to maintain our competitive position in our major markets. We compete principally on the basis of price and, to a lesser extent, location, selection of merchandise, quality of merchandise (in particular perishables), service, store conditions and promotions. We face strong competition from international and domestic operators of supermarkets, department stores, home improvement stores and shopping centers, including Casino, Carrefour, Wal-Mart, and Falabella.

Table of Contents

The following table provides a brief overview of our competitive position in each of our principal markets as of December 31, 2014:

	<u>Chile</u>	<u>Argentina</u>	<u>Brazil</u>	<u>Peru</u>	<u>Colombia</u>
Supermarkets	2 nd	2 nd	4 th	1 st	3 rd
Department stores	2 nd	—	—	*	—
Home improvement	2 nd	1 st	—	—	—
Shopping centers	2 nd	2 nd	—	—	—

Source: ASACH, ABRAS, Nielsen, competitors' press releases, and company estimates.

* our Paris department stores operations are now starting up.

See “—Industry Overview and Competition” below for more information about the markets in which we compete.

Management Information Systems

Our management information systems include technology that permits us to automate our back office, distribution, checkout operations and analytics. Our technology department is responsible for technical support, operations, development and maintenance of our management information systems and infrastructure. Our team specializes in providing company-wide business intelligence according to our business strategy to achieve a competitive advantage.

We have made significant investments in maintaining and updating our technology infrastructure and systems applications and business solutions. Our customized information systems have contributed significantly to our competitiveness and growth to date, however, they have been also diverse, complicated, increasingly expensive and of limited flexibility in respect of evolving technology and growth of our business. Therefore, starting in 2010, we began simplifying our systems architecture. For example, last year we started integrating the operations of our supermarkets in Brazil, under SAP Retail and the POS application, resulting in operating efficiencies and cost savings. We have also been working on the integration of SAP FICO on a regional level in Argentina and Colombia since 2012 and in Peru since 2013. Finally, all of our entities including newly acquired ones are operating over the same data network, sharing network services, IP phone and video conferencing services, as well as information technology security tools and protocols, allowing us to operate at lower costs and setting the ground for wide-scale Information Technology (“IT”) integration across the regions in which we operate.

We are in the process of a company-wide roll out of single business solutions for each of our business segments, which will simplify the current processes and further enable our growth strategy. The business solutions are based in technology obtained through a strategic agreement with SAP A.G. These projects are expected to improve financial control, inventory optimization, store operations and supply chain planning and execution. Furthermore, it will facilitate and simplify the incorporation of new stores, allowing us to maintain competitiveness and quickly adapt to trends and our customers' needs. We expect to have the totality of our supermarket division on the regional SAP platform by 2016. For our home improvement stores segment, the platform roll-out began in 2011 in Chile and was completed for Argentina and Colombia in 2012. We estimate to conclude the same process for our department store segment in 2016, with Paris in Peru having already completed implementation in 2013. For the financial services division in Peru, we have rolled out the necessary systems to support the opening of Banco Cencosud and provide the necessary systems to support the daily operations of our financial arm in the country.

As part of the process of integrating the operations, systems, processes and controls that are part of the businesses we have acquired, we are working to strengthen existing control mechanisms in accordance with the provisions of Section 404 of the Sarbanes Oxley Act. In connection therewith, we created a new area in our IT department whose role is to lead all IT initiatives related to upgrading our internal controls and complying with the requirements and standards of the Sarbanes Oxley Act. Currently, the work is focused on improvements to our systems in order to gather the general control information in an efficient manner.

In the case of logistics, we started to implement SAP WMS (Warehouse Management System) in Brazil. The first implementation was started in our Aracayú distribution center; we plan to finish all distribution centers in Brazil by 2015.

We are implementing infrastructure improvements to be better prepared in the event of a catastrophe or a failure of our key systems. During 2013, we established two datacenters in Santiago and Buenos Aires with the assistance of global service providers, replaced the infrastructure of our key systems in order to have redundancy and updated our key systems in both datacenters. Our key systems (ERPs) are already on the new platforms.

Table of Contents

Cyber security

Our security platform allows us to manage user identities, allocate resources to users and secure access to corporate resources. Our Information Security Department and Corporate Audit Department review segregation of duties. We have an access management process for all the key applications that support business units based in Chile, Argentina, Peru, Brazil and Colombia.

Cyber-attack detection systems are currently in place, including firewalls and intrusion prevention systems. We have deployed antivirus solutions for endpoints and servers, antispam and antivirus for corporate e-mail and a web filtering solution to secure internet access. Security infrastructure is deployed in Chile, Argentina, Peru, Brazil and Colombia.

All policies, procedures and tools described above are also used in credit card and banking operations. Additionally, in 2011 we initiated a program to ensure our compliance with the Payment Card Industry Data Security Standard (PCI DSS), an information security standard for organizations that handle cardholder information for the major debit, credit, prepaid, e-purse, ATM, and POS cards. Defined by the Payment Card Industry Security Standards Council, the standard was created to increase controls around cardholder data to reduce credit card fraud via its exposure. Validation of compliance is done annually—by an external Qualified Security Assessor (QSA) for organizations handling large volumes of transactions, or by a Self-Assessment Questionnaire (SAQ) for companies handling smaller volumes.

All of our distribution centers have a backup network link, uninterruptible power supply and emergency power systems in order to be protected from link cuts and main power disruptions. We also use a daily data backup system and have service contracts in place to repair any hardware failures.

In April 2009, the home page for our Unicenter Shopping Center in Argentina was hacked. As a result, our customers were unable to access the home page for a brief period. There were no material disruptions to our business operations. In response to this event, and to prevent any future disruptions, we have defined more stringent security recommendations for software development. Software is subjected to an exhaustive security test before the application is moved to the production environment and ethical hacking activities are performed periodically to ensure security.

In April 2014, we experienced a security breach whereby several company websites in Chile were attacked by an organized group of hackers. As a consequence of this most of the sites were taken offline. We experienced data breaches at two websites whereby access to our server was obtained, but with low impact and no client information was obtained. We have since made arrangements to remediate security weaknesses in our websites, including through testing security for our websites by a third party, strengthening security protocols and procedures, providing relevant technical training to IT administrators, increasing periodic testing by third party specialized teams, and engaging real-time monitoring security services for our critical websites in order to remain alert to any malicious activity.

Property, Plants and Equipment

Our properties include hypermarkets, supermarkets, home improvement stores, department stores, shopping centers and land reserves for the construction of stores and shopping centers. All of our properties are located in Argentina, Brazil, Chile, Colombia and Peru. We believe that all of our facilities are adequate for our present need and suitable for their intended purposes.

We own our headquarters, located at Av. Kennedy 9001, Las Condes, Santiago, Chile.

The following table sets forth certain information with respect to our facilities at December 31, 2014:

Segment	Country	Number of		% Leased
		stores	Area ⁽¹⁾	
Supermarkets	Chile	201	272	68%
Hypermarkets	Chile	37	279	16%
Supermarkets	Peru	73	167	51%
Hypermarkets	Peru	14	94	38%
Supermarkets	Argentina	270	366	57%
Hypermarkets	Argentina	20	163	16%
Supermarkets	Brazil	178	434	96%
Hypermarkets	Brazil	41	167	73%
Supermarkets	Colombia	21	4	100%
Hypermarkets	Colombia	79	421	15%
Home Improvement	Argentina	50	383	28%

Table of Contents

Segment	Country	Number of		
		stores	Area ⁽¹⁾	% Leased
Home Improvement	Chile	33	313	3%
Home Improvement	Colombia	10	82	30%
Department Stores	Chile	79	375	73%
Shopping Centers	Argentina	22	746	13%
Shopping Centers	Chile	25	1,103	27%
Shopping Centers	Peru	4	123	0%
Distribution Centers	Argentina	14	227	29%
Distribution Centers	Brazil	12	147	100%
Distribution Centers	Chile	9	334	78%
Distribution Centers	Colombia	9	33	100%
Distribution Centers	Peru	6	55	100%

(1) In thousands of square meters.

In addition, we routinely purchase undeveloped properties that we anticipate to use for future supermarket construction, home improvement stores and shopping centers. As of December 31, 2014, we had the following undeveloped properties:

Country	Number of properties ⁽¹⁾	Total area (in square meters)	Ownership
Argentina	26	1,439,357	Owned
Brazil	25	354,253	Owned
Brazil	21	173,958	Leased
Chile	35	2,461,171	Owned
Chile	7	301,828	Leased
Colombia	4	89,953	Owned
Peru	29	148,210	Owned
Peru	11	21,230	Leased
Total	158	4,989,960	

(1) Includes properties where construction is ongoing.

Intellectual Property

The principal trade names and service marks used in our business are *Jumbo*, *Jumbo Más*, *Easy*, *Más Easy*, *Santa Isabel*, *Disco*, *Vea*, *Paris*, *Más Paris*, *Paris Corredores de Seguros*, *Banco Paris*, *Johnson*, *Puntos Cencosud*, *Wong*, *Metro*, *GBarbosa*, and *Prezunic* among others, and their respective logos, covering all major South American markets. We own or have the rights to use the trade names and service marks and the respective logos related to all our marks. We believe that our trademarks, trade names and service marks are valuable assets to us which successfully differentiate us from our competitors.

Insurance

We maintain insurance policies covering, among other things, fires, earthquakes, floods, acts of terrorism and general business liability. Business interruption insurance is not currently available in Chile on terms we consider commercially attractive. Management believes that our insurance coverage is adequate for our business.

Material Agreements

For a description of the material agreements relating to our indebtedness, please see “Item 5.—Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Indebtedness.”

On November 30, 2012, Cencosud S.A. completed the acquisition of Carrefour supermarket operations in Colombia, for a total purchase price equal to €2 billion. The company rebranded all acquired stores to Cencosud formats in 2013. See “Item 4. Information on the Company—A. History and Development of the Company—History.”

Table of Contents

Industry Overview and Competition

Our countries of operation—Argentina, Brazil, Chile, Colombia and Peru—represent a combined population of approximately 331.0 million, according to each country’s statistics agency as of 2014. Chile, our largest market in terms of revenues from ordinary activities, has a population of approximately 16.5 million and experienced GDP growth of, 6.0% in 2011, 5.5% in 2012 and is estimated to have expanded 4.7% in 2013 and 1.8% in 2014, as reported by the Central Bank of Chile. Argentina, our second-largest market in terms of revenues from ordinary activities, has a population of approximately 41.0 million and, according to the Central Bank of Argentina, experienced annual GDP growth of 1.9% in 2012, 5.3% in 2013 and 0.5% in 2014, as reported by the Argentine Ministry of Economy. Brazil, our third-largest market in terms of revenues from ordinary activities, has a population of approximately 196.5 million and, according to the Central Bank of Brazil, experienced annual GDP growth of approximately 0.9% in 2012, 1.9% in 2013 and GDP contraction of -0.9% in 2014.

We have supermarkets in Argentina, Brazil, Chile, Peru and Colombia; home improvement stores in Argentina, Chile and Colombia; shopping centers in Argentina, Chile and Peru; and department stores in Chile. During the year ended December 31, 2014, 76.2% of our revenues from ordinary activities came from our supermarket operations, 11.4% came from home improvement operations, 9.4% from our department stores, 2.0% from our shopping centers and 3.0% from our financial services.

	Year Ended December 31, 2014					Other ⁽¹⁾
	Supermarkets	Home improvement	Department stores	Shopping centers	Financial services continuing operations	
Revenues from ordinary activities	8,159,237	1,225,616	991,442	214,850	117,679	2,205
Gross profit	1,955,126	425,274	250,163	186,821	78,632	238
Adjusted EBITDA from continuing operations ⁽²⁾	424,108	119,148	21,854	150,412	38,042	(111,868)

(1) See “Item 4. Information on the Company—B. Business Overview” for a description of our “Other” segment.

(2) See “Presentation of Financial Information” for the definition of Adjusted EBITDA and the reconciliation of Adjusted EBITDA to IFRS measures.

The Supermarket Industry

Chile

As of December 31, 2013, we estimate that the Chilean supermarket industry is composed of approximately 1,372 stores nationwide, including hypermarkets and supermarkets. As of December 31, 2014, total net sales by supermarkets in Chile grew by 3.9% as compared to the same period in 2013, according to the Chilean National Institute of Statistics. During the last three years, nominal same-store sales at our supermarkets grew by 4.3%, 1.6%, and 4.8% in 2014, 2013 and 2012, respectively.

The Chilean supermarket industry had been characterized by the construction of larger stores (including more hypermarkets), both on a free-standing basis and within shopping centers and other commercial developments, and consolidation of ownership in fewer, larger supermarket chains. Current trends in the industry include increased differentiation among competitors, with some supermarket chains emphasizing a low price/low service strategy, while others have pursued a strategy of moderate or higher prices with higher levels of service. Other recent trends in the Chilean supermarket industry have include the development of specialized internet sale channels by major players, increased funding of marketing costs by suppliers, expansion by chains outside the Santiago metropolitan region and to urban areas with lower purchasing power, the growth of private label products, and increased demand for organic products and prepared foods.

As noted above, we believe that the Chilean supermarket industry in Santiago shows certain signs of saturation, and as a result newly opened stores to some extent cannibalize the sales of existing stores. As of December 31, 2014, we estimate that the four largest supermarket operators in Chile represented over 90% of the industry in terms of net revenues. Our growth prospects in the Chilean food retailing sector are likely to depend to a large extent on future growth in Chilean GDP or acquisitions of other supermarket chains, and we cannot assure you that either will in fact occur. Our competitors include hypermarkets, supermarkets, hard discount stores, self-service stores, traditional, family-owned neighborhood grocers and open markets. Although competition is already intense in many locations, we believe that competition is likely to intensify further as existing competitors expand the number of their stores and improve the quality of their operations and as new competitors enter the market. Competition is based on price, quality, variety, customer service and store location, with various competitors emphasizing these factors to varying degrees.

Table of Contents

The following table presents certain information about us and our principal competitors in the Chilean supermarket industry as of December 31, 2014:

	Wal-Mart			Falabella (Tottus)
	Chile	Cencosud	SMU	
Number of stores	380	238	393	52
Total selling space (square meters)	890,000	567,873	575,00	182,892
Market share ⁽¹⁾	38.1%	33.1%	22.9%	6.0%

Source: Public filings, INE, ASACH, Nielsen.

(1) As of December 31, 2014, based on reported net revenues from supermarket operations in Chile.

We estimate that Walmart Chile is the largest supermarket chain in Chile in terms of net revenues and, at December 31, 2014, it operated 380 stores in Chile. Walmart Chile operates four different sizes of stores under different brands, allowing it to target different segments of the market offering a combination of everyday low prices, service and proximity. Walmart Chile entered the Chilean market in January 2008, and due to its association with Wal-Mart, we believe it has greater leverage with its suppliers than us or its other competitors. As a result, it is able to obtain more favorable purchasing terms than us.

Recent efforts by Chilean retail holding company SMU S.A. (“SMU”) to consolidate over 50 regional food retailers in Chile into a single integrated rival threaten to increase competition in the Chilean supermarket industry. Additionally, in September 2011 SMU announced it had acquired rival Supermercados del Sur, which we estimate was the fourth-largest supermarket chain in Chile in terms of revenues at the time. These consolidation efforts have not yet had a material impact, but we perceive increased risk over the intermediate-to-longer term. We see similar consolidation efforts targeting smaller hardware stores and “do-it-yourself” retailers in the home improvement industry, such as the SMU’s acquisition of Construmart, the third-largest retailer in the Chilean home improvement industry in terms of revenues in our estimation. During 2013 SMU had to amend its financial statements to better reflect lease agreements for its operations. This led to a restructuring of their liabilities. SMU further announced it had resolved to sell Construmart and Monserrat in Chile and Mayorsa in Peru, in addition to several supermarket stores operated under the Unimarc brand. We believe other regional rivals could emerge in the future. In December, 2014 SMU announced it had successfully divested from its 40% stake in supermarket chain Montserrat for a price of U.S.\$ 44.3 million.

Moreover, on December 14, 2011, the *Fiscalía Nacional Económica*, or “FNE”, announced an investigation into anti-competitive practices in the food retail industry including several local operators such as Cencosud. Details of the investigation have not been made public. However, Cencosud believes that it has complied with all applicable regulations in conducting its business. The investigation may result in the imposition of fines on the parties being investigated.

We generally perceive homogeneity in retail pricing and terms. Chile’s vendor base is largely consolidated, and characterized by oligopoly and monopoly structures that have generally limited procurement power among retailers, despite their perceived scale advantages.

Argentina

Historically, the Argentine supermarket industry was dominated by traditional, family-owned neighborhood grocers (*almacenes*). In the 1980s, supermarkets began to proliferate and the first hypermarkets appeared, a trend that accelerated in the early 1990s with significant expansion of modern supermarket operations, including minimarkets, supermarkets and hypermarkets in urban areas. During the 1990s, consumer grocery purchases at *almacenes* declined. Since 1999, the level of market penetration has remained relatively stable. The Argentine supermarket industry is highly competitive and fragmented, and we estimate that the four largest supermarket chains in Argentina account for approximately 68% of total supermarket net sales as of December 31, 2014. In Argentina, where foreign food retailers have an established presence and we are a smaller competitor, we face a very different competitive atmosphere than in Chile. We believe that some of these food retail companies have substantially greater financial resources than us. In addition, there is strong competition from small independent stores and individual, non-chain stores that represent a significant and growing part of the food and grocery business in Argentina.

For many years, large international retail chains, such as Wal-Mart, the largest U.S. retailer based on market capitalization, and Carrefour have operated in the Argentine market. When Wal-Mart entered the Argentine retail market in 1995, it implemented a strategy of low food prices that was aimed at capturing market share from large hypermarkets such as Carrefour. As a result, the rate of industry consolidation increased substantially during recent years, as larger store formats have been increasing their market share at the expense and through the purchase of smaller store formats.

Table of Contents

The following table presents certain information about us and our principal competitors in Argentina as of December 31, 2014:

	<u>Cencosud</u>	<u>Carrefour</u>	<u>Wal-Mart</u>	<u>Coto</u>
Number of stores	290	442 ⁽²⁾	100 ⁽³⁾	130
Market share ⁽¹⁾	17.3%	22.5%	15.3%	14.8%

Source: Public Filings, INDEC, Planet Retail.

- (1) In terms of sales.
(2) Includes Express format
(3) Walmart & Changomas stores

Our main competitor in Argentina is Carrefour. At December 31, 2014, Carrefour operated 442 stores. Part of Carrefour's competitive advantage arises from its low prices and aggressive promotional campaigns around special seasonal events coupled with a multiformat strategy.

We expect this highly competitive environment to continue to exert pressure on our results of operations in this market.

Brazil

The Brazilian food retail industry is highly fragmented. Despite consolidation within the Brazilian food retail industry, according to ABRAS, in 2012, the twenty largest supermarket chains represented only approximately 76% of the food retail industry. According to ABRAS our stores accounted for approximately 4.2% of the gross sales of the entire Brazilian food retail industry in 2013. We believe that future acquisitions will mainly involve smaller-sized stores. Another trend in the retail food industry is large chains migrating to smaller local, such as Tesco Express and Sainsbury's Local.

As set forth in the following table, according to ABRAS data, in 2013, the ten largest retailers recorded revenues of approximately R\$140 billion, conducting business in approximately 3,301 stores

<u>Company</u>	<u>Gross revenues</u>		<u>Number of Stores</u>	<u>Space available for sales (square meters)</u>	<u>Number of Checkouts</u>	<u>Employees</u>
	<u>(R\$ million)</u>	<u>%</u>				
Companhia Brasileira de Distribuicao	64,405	27.76%	14,993	2,752,860	16,079	156,342
Carrefour	34,012	14.66%	241	NA	NA	64,776
Wal-Mart Brasil	28,477	12.27%	544	1,544,074	9,381	75,475
Cencosud Brasil	9,811	4.23%	221	596,746	2,962	35,133
Zaffari	3,765	1.62%	30	132,454	852	9,691
Total —five largest	140,472	60.55%	3,035	5,026,134	29,274	341,417
Condor Super Center Ltda	3,190	1.38%	918	128,024	852	9,716
Irmão Muffato & Cia	3,111	1.34%	820	131,295	1,003	9,115
Supermercados BH	2,848	1.23%	1,120	113,340	1,300	12,200
Sonda	2,639	1.14%	847	86,428	905	8,075
A Angeloni	2,364	1.02%	652	107,096	691	9,547
Total —ten largest	154,626	66.65%	33,451	5,592,317	34,025	390,070

Source: ABRAS.

* Denotes sales for companies during the 2013 period

Our main competitor in Brazil is Bompreço, a company controlled by Wal-Mart. It ranks third in sales in Brazil, according to ABRAS. Bompreço is the largest retailer in the Northeast of Brazil, where we believe we hold the number two position in terms of sales, and is our competitor in the states of Sergipe, Bahia and Alagoas, with six, 54 and eight stores, respectively. We also compete against Companhia Brasileira de Distribuição, through its brands Extra, Assai and Pao de Azucar, across several of our markets. In Minas Gerais, we also compete against Carrefour through its Carrefour and Atacadao brands. We believe we hold the number one position in terms of sales in that state. In Rio de Janeiro, where we believe we hold the number three position in terms of sales, we compete against Guanabara and Mundial. We also compete against open fairs and small- and medium-sized retailers that buy their products from informal distribution networks to obtain prices lower than the prices charged by our suppliers.

Table of Contents

Peru

As of December 31, 2014, we estimate that the Peruvian supermarket industry was composed of approximately 237 stores nationwide, including hypermarkets and supermarkets. We believe supermarket penetration for the Lima metropolitan area was approximately 35.0 % resulting in a country average of less than 20.0 %. A large percentage of consumption in Peru is still served by informal trade. Smaller grocery stores, convenience stores and open air markets play an important role in this industry with roughly 75% of the market share as of 2014. The level of competition and the identity of competitors have changed over the last several years.

The following table presents certain information about us and our principal competitors in Peru as of December 31, 2014:

	Supermercados		
	<u>Cencosud</u>	<u>Peruanos</u>	<u>Tottus (Falabella)</u>
Number of stores	87	101	40
Total selling space (square meters)	261,700	269,718	182,892

Source: Public filings.

For the year ended December 31, 2014, we believe we were the largest operator of supermarkets in Peru in terms of net sales based on our comparisons against information from public filings of our main competitors as of December 31, 2014. Our principal competitors in the hypermarket format are InRetail, controlled by the Rodriguez Pastor family, who also control the Peruvian financial group Intergrup, through its brands Plaza Vea, Plaza Vea Super and Vivanda and Tottus, controlled by Falabella.

Colombia

The Colombian retail market is driven principally by the general level of economic activity and the growth of per capita available income in Colombia. Since emerging from recession in the early 2000s, the Colombian economy has experienced significant growth, and improved security conditions. According to DANE, total retail sales including formal and informal trade and other channels, such as on-premise food outlets and drugstores, stood at U.S.\$15 billion in 2012 with 76% of total sales made by the formal market being controlled by the four largest players in the country. We believe future growth in the retail sector will be driven by, among other things, economic expansion and increasing credit availability to consumers in Colombia

The Colombian retail food sector comprises various types of stores, including privately-owned supermarkets, limited assortment stores and convenience stores, government-subsidized merchandising cooperatives known as *cajas de compensación*, specialty stores (such as butcher shops and bakeries) and delivery operations. A large number of Colombians also shop through informal channels, such as neighborhood grocery stores and outdoor food markets.

The positive macroeconomic environment in recent years has contributed to the growth of both the formal and informal markets. In the past several years, the formal market has grown at a faster pace than the informal market driven mainly by increased purchasing power, aggressive penetration strategies by well-capitalized formal retailers which has reduced the proximity advantage of informal outlets, greater packaging options in the formal channels including better presentations at competitive prices, and growing credit product offerings by large retailers. The formal retail market is expected to continue growing in the medium term due to the strong macroeconomic outlook, increasing market consolidation and relatively low penetration when compared with other countries. We believe the growth of the formal market will also be driven by the increasing concentration of Colombia's population in urban centers. Colombia has a population of approximately 47 million, 46% of which is 25 years old or younger. The food and merchandise retail business in Colombia is highly competitive and is characterized by increasing pressure on profit margins. The number and type of competitors and the degree of competition experienced by each of our stores vary by location. Competition occurs principally on the basis of price, location, selection of merchandise, quality of merchandise (in particular for perishables such as produce), service, store conditions and promotions.

The following table presents certain information about us and our principal competitors in Colombia as of December 31, 2014:

	<u>Cencosud</u>	<u>Exito</u>	<u>Olimpica</u>
Number of stores	100	537	260
Total selling space (square meters)	425,196	818,132	282,980

Source: Public filings.

Table of Contents

The Home Improvement Industry

Chile

We believe the Chilean home improvement industry is the most developed in South America. However, this is still highly fragmented among big-box operators and several hardware stores (some of which have teamed up in associations such as MTS and Chilemat), according to our estimates. Growth of the industry's main players has been based on expansion of Chile's construction and housing industries, as well as sector consolidation.

The Chilean home improvement industry is highly competitive and has been subject to increased consolidation. In 1998, Home Depot entered the Chilean market and was subsequently acquired by Falabella, through its Home Store subsidiary in 2001. In November 2002, we purchased the Chilean home improvement stores and agricultural product chain, Proterra. In January 2011, the Chilean retail holding company SMU acquired the entire share capital of the hardware store chain Construmart, operating a number of stores under the brand Construmart with an average size of 2,500 square meters being the third most relevant player in the home improvement market.

The home improvement industry caters to home improvement, repairs and maintenance, and new construction. Customers in this sector include homeowners, small contractors and large construction companies seeking building materials for new projects. The sector is characterized by high price sensitivity and demand for high levels of product variety.

The following table presents certain information about us and our major competitors in Chile, as of December 31, 2014:

	<u>Sodimac</u>	<u>Cencosud</u>
Number of stores	84	33
Total selling space (square meters)	689,217	313,500

Source: Public filings, Internal estimates.

For the year ended December 31, 2014, we estimate that we were the second-largest operator of home improvement stores in Chile in terms of net sales based on our comparison against publically filed information from our main competitors as of December 31, 2014. At December 31, 2014, Sodimac operated 84 home improvement stores with a total of 689,217 square meters of selling space. Its competitive advantage arises from its multi-format structure, with its Sodimac Homecenter stores that are similar to our Easy home improvement stores, as well as its Sodimac Constructor stores that cater to professional builders and its Sodimac Empresas warehouses that facilitate efficient delivery of construction materials in Antofagasta, Viña del Mar, Santiago and Talcahuano primarily used for large construction companies. Sodimac also accepts Falabella's widely-used store credit card CMR that has significant more penetration in the market than our Cencosud credit card.

Argentina

We believe the Argentine home improvement industry is composed of more than 70 home improvements stores nationwide, of which we operated 50 as of December 31, 2014. The remaining stores are operated by Sodimac, Hiper Tehuelche and Barugel Azulay. There are also various small more specialized hardware and construction supply stores. Prior to 2002, we faced competition from Home Depot (Argentina) until our acquisition of its Argentine operations in February 2002. We face strong competition from other hardware stores and specialty stores dedicated to specific areas of construction and home improvement. Until 2007, when Sodimac entered the market, we were the sole big-box home improvement chain in Argentina, with 17% market share, according to our estimates. We believe that the Argentine home improvement market still offers plenty of room for consolidation, leaving enough space for us to grow over the coming years.

The following table presents certain information about us and Sodimac, our main competitor in Argentina, as of December 31, 2014:

	<u>Cencosud</u>	<u>Sodimac</u>
Number of stores	50	8
Total selling space (square meters)	383,786	84,289

Source: Falabella's public filings, internal estimates.

Table of Contents

For the year ended December 31, 2014, we estimate that we were the largest operator of home improvement stores in Argentina in terms of net sales based on our comparison against publically filed information from our main competitors as of December 31, 2014. Our principal competitor in Argentina is also Sodimac, which operated 8 home improvement stores with a total of 84,289 square meters of selling space at December 31, 2014.

Colombia

We believe the Colombian home improvement industry is the most underdeveloped in the countries where we compete. For the year ended December 31, 2014, there were 44 home improvement stores. Hence, the industry is highly fragmented and composed of both general and specialized retailers.

Our main competitor is Sodimac HomeCenter, which is a joint venture between Colombian Grupo Corona (51%) and Chilean Falabella (49%), competing in the home improvement market in Colombia since 1993.

The following table presents certain information about us and Home Center, our main competitor in Colombia, as of December 31, 2014:

	<u>Sodimac Home Center</u>	<u>Cencosud</u>
Number of stores	34	10
Total selling space (square meters)	331,441	82,319

Source: Falabella's public filings, internal estimates.

The Chilean Department Store Industry

The department store industry in Chile traces its origins to 1889, when Salvatore Falabella opened a tailor shop in Chile following his arrival from Italy. Our Department store operations can trace their origins to the founding of Mueblería Paris, a furniture store founded in 1900 by José María Couso. The store later changed its name to Almacenes Paris due to the incorporation of additional product lines to its assortment. Since then, other companies have entered the Chilean market and the industry has experienced intense consolidation. Almacenes Paris was a pioneer in its industry launching in the 1970s the first credit card issued by a retailer, a move that was soon followed by Falabella and smaller competitor Ripley. In the 1990s, following the bankruptcy of Muricy, Almacenes Paris acquired prime locations in shopping center Parque Arauco and Mall Plaza Vespucio. In 1996, Almacenes Paris became a publicly listed company at the Santiago Stock Exchange. Empresas Almacenes Paris S.A. was later acquired by Cencosud in March 2005.

Our principal competitor in Chile is Falabella, which is larger than Paris and Johnson in terms of revenues. The department store industry in Chile is very mature and highly competitive. We compete for customers with specialty retailers, traditional and high-end department stores, national apparel chains, vendor-owned proprietary boutiques, individual specialty apparel stores and direct marketing firms. We compete for customers principally on the basis of quality and fashion, customer service, value, assortment and presentation of merchandise, marketing and customer loyalty programs. Some of these competitors have greater financial resources than we do.

The following table presents certain information about us and our main competitors as of December 31, 2014:

	<u>Falabella</u>	<u>Cencosud</u>	<u>Ripley</u>	<u>La Polar</u>
Number of stores	45	79	43	38
Total selling space (square meters)	304,994	375,586	276,080	159,000

Source: Falabella's public filings, Ripley's public filings and internal estimates.

For the year ended December 31, 2014, we believe we were the second-largest operator of department stores in Chile in terms of net sales based on our comparison against publically filed information from our main competitor as of the same date. Based on that comparison, we estimate that Falabella is the largest department store operator in Chile in terms of revenues and, at December 31 2014, operated 45 department stores with a total of 304,994 square meters of selling space. Falabella's credit cards and loyalty programs are well-known in the market. On the same basis, we believe Ripley is the third-largest department store operator and, at December 31 2014, operated 43 department stores with a total of 276,080 square meters of selling space. Many of our competitors have active financial services divisions that support their retail activities, and both Falabella and Ripley operate banks focused on consumer lending.

Table of Contents

The Shopping Center Industry

Chile

The first shopping center in Chile, Cosmocentro Apumanque, opened in 1981. Shopping center sales as a percentage of total retail sales in the country have increased continuously since then, according to the Chilean Council of Shopping Centers. However, a majority of retail sales in Chile still take place in standalone stores, according to the International Council of Shopping Centers. We entered the shopping mall industry in Chile in the early 1990s with the Alto Las Condes shopping mall.

The Chilean shopping center industry is highly competitive and, at December 31, 2014, was composed of more than 45 shopping centers nationwide, the majority of which are operated by us, Grupo Plaza (controlled by Falabella), Parque Arauco and Espacio Urbano (controlled by Walmart Chile), according to public and internal estimates. Shopping centers not only compete with other shopping centers, but also with an increasing number of individual retail stores.

The following table provides certain information about us and our competitors in Chile at December 31, 2013:

	<u>Gross leasable area ⁽¹⁾</u>	<u>Market share</u>
GrupoPlaza (Falabella)	832	22%
Espacio Urbano ⁽²⁾ (Wal-Mart)	615	16%
Cencosud ⁽²⁾	1,103	29%
Parque Arauco S.A. ⁽³⁾	306	10%

Source: Chilean Council of Shopping Centers and public filings by Falabella, Parque Arauco and Walmart Chile, as well as internal estimates.

(1) In thousands of square meters.

(2) Includes area leased to related companies.

(3) Gross leasable area adjusted to reflect proportional ownership participation in each shopping center.

At December 31, 2014, we were the largest shopping center operator in Chile in terms of gross leasable space based on our comparison against publically filed information from our main competitor as of December 31, 2014. As noted in the table above, our principal competitors include GrupoPlaza, Espacio Urbano and Parque Arauco. Parque Arauco's shopping center Parque Arauco is located close to and directly competes with two of our largest shopping centers, Alto Las Condes and Costanera Center. Parque Arauco offers many of the same services as Alto Las Condes and Costanera Center, including ample parking and major department stores.

On June 13, 2012, we opened the Costanera Center shopping mall, a land mark development for the city of Santiago, with a total gross leasable of 140,000 square meters. As of December 31, 2014, occupancy at this shopping center was 98% and it had over 3 million visitors a month.

Argentina

In 2014, the Argentine shopping center industry was composed of more than 36 shopping centers, the majority of which are operated by IRSA Inversiones Representaciones S.A. ("IRSA") and Cencosud. As in Chile, shopping centers are relatively new to the market in Argentina, and most retail sales still take place at individual retail stores, according to the International Council of Shopping Centers.

The following table presents certain information about us and our main competitor in Argentina, IRSA, as of December 31, 2014:

	<u>Market share</u>	<u>Gross leasable area ⁽¹⁾</u>
IRSA	17%	311
Cencosud	41%	747

Source: Cencosud and IRSA.

(1) Includes area used by affiliate companies.

Table of Contents

At December 31, 2014, we were the first shopping center operator in Argentina in terms of gross leasable space, with a market share of 41% based on our comparison against publically filed information from our main competitor as of December 31, 2014. Our principal competitor in Argentina's shopping center market is IRSA which owns and operates the Abasto Shopping Center, Alto Palermo, Alto Avellandeda, Paseo Alcorta and Patio Bullrich, among others.

Peru

In 2014, we estimate the Peruvian shopping center industry was composed of more than 30 shopping centers, the majority of which are operated by Real Plaza (associated with the Interbank Group that also operates Supermercados Peruanos), Falabella, Aventura Plaza, Parque Arauco and Jockey Plaza. The shopping center industry is relatively new to the market in Peru, and most retail sales still take place at individual retail stores.

The following table sets forth the market shares held by the major shopping center operators in Peru as of December 31, 2014:

	<u>Gross leasable area</u> ⁽¹⁾	<u>Market share</u> ⁽²⁾
Real Plaza (Interbank)	613	20.3%
Aventura Plaza	234	9.1%
Open Plaza	274	10.7%
Jockey Plaza	156	6.1%
Parque Arauco	124	9.9%
Cencosud	123	4.8%

Source: Company filings

(1) In thousands of square meters.

(2) Based on gross leasable area and including only the operators shown.

Our principal shopping center in Peru is Plaza Lima Sur with a supermarket and leasable area of 40,160 square meters, resulting in a market share of approximately 4.8% of the shopping center market, based on gross leasable area at December 31, 2014. We believe that the shopping center market in Peru has a high potential for growth, and we are currently developing additional shopping centers in Peru.

In June 2012, we opened an additional shopping center in Peru, located in the Miraflores section of Lima, with a 100% occupancy rate, 19 stores and a gross leasable area of 1,196 square meters. In 2013, we opened another shopping center in the city of Arequipa called the Cerro Colorado Shopping Center.

Environmental Regulations and Compliance

In each of Argentina, Brazil, Chile, Colombia and Peru, we are subject to the full range of governmental regulation and supervision generally applicable to companies engaged in business in each country, including labor laws, social security laws, public health, consumer protection and environmental laws, securities laws and antitrust laws. These include regulations to ensure sanitary and safe conditions in facilities for the sale and distribution of foodstuffs and requirements to obtain construction permits for our new facilities. We believe that we are in compliance in all material respects with all applicable statutory and administrative regulations with respect to our business in each of the countries in which we operate, including applicable environmental regulations.

The regulation of matters relating to the protection of the environment is not as well developed in Argentina, Brazil, Chile, Colombia and Peru as in the United States and certain other countries. Accordingly, we anticipate that additional laws and regulations will be enacted over time in these countries with respect to environmental matters. We believe that there are no material judicial or administrative proceedings pending against us with respect to any environmental matter and that we are in compliance in all material respects with all applicable environmental regulations in Argentina, Brazil, Chile, Colombia and Peru. We cannot assure you that future legislative or regulatory developments will not impose restrictions on us that would be material.

Chile

We and all of our subsidiaries with operations in Chile are subject to the *Ley de Protección al Consumidor*. Compliance with the *Ley de Protección al Consumidor* is enforced by SERNAC. Other than as described in "Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Legal and Administrative Proceedings," we do not have any material proceedings arising from the *Ley de Protección al Consumidor*, and we believe we are in compliance with all material aspects of such law.

Table of Contents

Our supermarkets are subject to inspection by the corresponding *Secretaría Regional Ministerial de Salud* (the Regional Sanitary Authority or “SEREMI de Salud”) which inspects supermarkets on a regular basis and takes samples for analysis. We regularly hire a private inspection company to undertake private inspections of our facilities to ensure that they meet or surpass all Chilean health standards. Our supermarkets are also subject to inspection by the *Servicio Agrícola y Ganadero* (the Agricultural and Livestock Service or “SAG”). Concessionaires that operate pharmacies within some of our supermarkets are also subject to licensing and inspection by the SEREMI de Salud. Except for government licenses required for the sale of alcoholic beverages, baked goods, pharmaceuticals, seafood and vegetables and customary business licenses required by local governmental authorities, there are no special governmental licenses or permits required for the sale and distribution of foodstuffs or other products sold by us.

Additionally, the Chilean antitrust authorities have broad regulatory powers and have authority to deny acquisitions which they consider will have adverse competitive effects on the relevant market or will promote anticompetitive behavior. The antitrust authorities have, from time to time, denied authorization for certain acquisitions, such as the denial of the proposed Falabella acquisition of D&S in January 2008.

Banco Paris and CAT are under the supervision of the SBIF, and Paris Corredores de Seguros Limitada is under the supervision of the SVS. Additionally, *Banco Paris* is subject to the *Ley General de Bancos* (the General Banking Law) and its regulations, and is inspected by the SBIF at least once a year. The inspection includes a review of the bank’s credit risk policies and procedures, operational risks and control policies and other issues such as customer service, accounting rules, interest rates, information and technology and financial operations. *Banco Paris* is in compliance in all material respects to the regulations to which it is subject.

CAT started its credit card operations in 2003 and until 2006 was not subject to any special regulation. In 2006 the SBIF issued a set of special regulations targeting the credit card business and placing under its supervision companies engaged in the issuance or operation of credit cards, including CAT, or any other similar systems, where the operator assumes monetary obligations to the public. Moreover the SERNAC regulates credit cards issued by retailers in matters related to consumers’ protection. There is a maximum interest rate that can be charged, but there are certain other fees that are not considered for such purposes which allow retail credit card issuers to increase margins.

Cencosud Administradora de Tarjetas S.A. (“CAT”) was a defendant in a class action suit filed by SERNAC. On April 24, 2013, the Supreme Court of Chile ruled for SERNAC ordering CAT to reimburse certain cardholders for excess maintenance fees charged since 2006 plus adjustments for inflation and interest. As of December 31, 2014 the company continues to have a provision for Ch\$1,887 million for reimbursement of principal in connection with this class action suit in addition to Ch\$759 million for interest and inflation.

In December 13, 2013, an amendment to Law No. 18,010 (governing credit operations) became effective. The amendment resulted in several modifications to the then existing rules, including: (i) the establishment of lower limits on interest charged to outstanding amounts below UF 200, (ii) reductions in the amount of fees charged for prepayment, and (iii) an increase in the minimum period before early payment could be demanded for transactions of UF 200 or below, to 60 days.

Paris Corredores de Seguros Limitada obtained in 1998 an insurance brokerage company authorization with the SVS and is subject to its supervision and regulations. Paris Corredores de Seguros Limitada is in compliance in all material respects with the regulations to which it is subject.

We are required to obtain a series of permits and authorizations to operate our shopping centers, which include the approval of the corresponding *Dirección de Obras Municipales* (Municipal Works Bureau), among others. Additionally, we are required to obtain for every new project a construction permit and be in compliance with a series of land use, commercial real estate and environmental regulations.

In an initiative by President Michelle Bachelet the Chilean Congress approved a modification to the Chilean labor codes amending the regulation governing employment by retail establishments on Sundays and holidays. Both houses agreed to add 7 Sundays a year to the required days off by entities governed by the regulation. This amendment increased days off from the 2 Sundays a month already contemplated in the Chilean labor code for such entities. Hourly wages were also amended by this initiative implementing a minimum 30% surcharge on already agreed upon wages for hours worked on Sundays. Commissions and bonuses are not taken into consideration when calculating said surcharge. The right of an employee to have designated Sundays off cannot be negotiated by employers, and employers cannot compensate employees in cash or by rolling over the number of Sundays from one year to the next.

This bill is currently pending presidential approval. At this point Cencosud does anticipate that the enactment of this bill will have a materially adverse effect on our operations or financial condition.

Table of Contents

Argentina

We and all of our subsidiaries with operations in Argentina are subject to the Consumer Protection Law. Compliance with the said law is enforced by the *Secretaría de Comercio Interior* on a national level. On the provincial and municipal level, there are numerous agencies that also enforce violations. We do not have any material proceedings arising from the *Ley de Protección al Consumidor*, and we believe we are in compliance with all material aspects of such law.

Our supermarkets are subject to inspection by national, provincial and municipal authorities, including the *Servicio Nacional de Sanidad y Calidad Agroalimentaria*, *Administración Nacional de Medicamentos, Alimentos y Tecnología Médica* (“ANMAT”) and the *Secretaría de Comercio Interior*. We regularly hire a private inspection company to undertake private inspections of our facilities to ensure that we meet or surpass all Argentine health standards. Concessionaires that operate pharmacies within some of our supermarkets are also subject to licensing and inspection by the ANMAT. Except for government licenses required for the sale of alcoholic beverages, baked goods, pharmaceuticals, meat, seafood and vegetables and customary business licenses required by local governmental authorities, there are no special governmental licenses or permits required for the sale and distribution of foodstuffs or other products sold in our stores. Our supermarkets, shopping centers and home improvement stores in Argentina are required to have a series of authorizations and permits to operate. Also, our new projects in the province of Buenos Aires are required to comply with law 12.573 on major commercial areas to obtain the necessary authorizations. All existing and projected supermarkets are required to comply with the regulations concerning land use, commercial real estate and the environment.

Our credit card operations are subject to the Credit Card Law and its regulations, enforced by the *Secretaría de Comercio Interior*. We are also subject to regulations issued by the Central Bank of Argentina.

Additionally, the Argentine Antitrust Commission has broad regulatory powers and has authority to deny acquisitions which it considers will have adverse competitive effects on the relevant market or will promote anticompetitive behavior.

Brazil

We are subject to a wide range of governmental regulation and supervision generally applicable to companies engaged in business in Brazil, including federal, state and municipal regulations, such as labor laws, public health and environmental laws. In order to open and operate our stores in Brazil, we need a business permit and site approval, an inspection certificate from the local fire department as well as health and safety permits. Our stores are subject to inspection by municipal authorities. We believe that we are in compliance in all material respects with all statutory and administrative regulations applicable to our business.

Our business operations in Brazil are primarily affected by a set of consumer protection rules regulating matters such as advertising, labeling and consumer credit. We believe we are in compliance in all material respects with these consumer protection regulations.

As a result of significant inflation during long periods in the past, it was common practice in Brazil not to label individual items. However, a federal regulation establishes that products exposed to consumers must contain information about prices (for instance price tags, signs or bar codes which can be read with scanners) in order to facilitate the identification of prices of each product by the consumer. Pursuant to these new rules, pricing information must be physically attached or adjacent to the product. When bar codes are used, the commercial establishment is required to provide easily accessible scanners. We believe that we are in compliance with these provisions in all material aspects.

The Brazilian Congress is discussing a bill requiring a prior assessment of the impact of the construction of a hypermarket in excess of 1,000 square meters on the relevant neighborhood. The proposed regulation is intended to protect traditional family-owned retailers that have increasingly lost market share in Brazil to the larger chains and hypermarkets. Regulations of this type already exist at the municipal level. For example, governmental authorities in the city of Porto Alegre in the State of Rio Grande do Sul issued a city ordinance in January 2001 prohibiting the construction of food retail stores with a selling area greater than 1,500 square meters, which in May 2005, was amended as to increase from 1,500 to 2,500 square meters the selling area of food retail stores. Other Brazilian regions may adopt similar laws, and, if the bill pending before the Brazilian Congress becomes law, our future expansion and growth may be subject to significant constraints.

Additionally, the Brazilian antitrust authorities have broad regulatory powers and have authority to deny acquisitions which they consider will have adverse competitive effects on the relevant market or will promote anticompetitive behavior.

Pharmacies. Pharmacies owned or operated by us are subject to the control and monitoring of the Brazilian National Health Surveillance Agency (“ANVISA”) and public state and municipal health authorities. According to Law No. 6,360, of September 23, 1976, and Decree No. 79,049, of January 5, 1977, ANVISA has the power to control, monitor and issue authorizations to companies to

Table of Contents

legally extract, produce, pack, import, export, and store medications, pharmaceutical items, drugs and related products, cosmetics, personal hygiene products, perfumes and similar products, domestic cleaning products and beauty products. The authorization issued by ANVISA enables those kinds of companies to have operations in Brazil, as a whole, during an indeterminate period of time. The ANVISA authorization must be renewed whenever there is a change in a company's activities, shareholders, officers or managers. Moreover, each establishment selling therapeutic, pharmaceutical, cosmetic and/or personal hygiene products, or developing any of the above-mentioned activities must also be licensed by the competent state or municipal sanitary authority, and have a technically responsible person duly authorized by the Pharmacy Regional Committee. On August 17, 2009, ANVISA enacted Regulation No. 44, which made significant changes to existing regulations establishing the (i) types of products that can be commercialized; (ii) how such products are displayed; (iii) pharmaceutical services offered; and (iv) internet sales.

Peru

Our subsidiaries with operations in Peru are subject to the Antitrust Law and the Consumer Protection Law. Compliance with these laws is enforced by *the Instituto Nacional de Defensa de la Competencia y de la Protección de la Propiedad Intelectual* ("INDECOLI"), the Peruvian public antitrust and consumer protection agency. Acquisitions are not subject to authorization from INDECOLI.

In addition to government licenses required for the sale of alcoholic beverages, baked goods, pharmaceuticals, seafood and vegetables and customary business licenses required by governmental authorities, such as the Agriculture Ministry, there are special governmental licenses or permits required for the sale and distribution of foodstuffs or other products sold at our stores. Our supermarkets are subject to inspection by the *Dirección General de Salud* (the General Health Office), a governmental office of the Health Ministry, which verifies the quality of our products. The sanitary inspection of our supermarkets is in charge of the local municipality. Concessionaires that operate pharmacies within some of our supermarkets are also subject to licensing and inspection by the *Dirección Regional de Medicamentos, Insumos y Drogas*. We believe that we are in compliance in all material respects with all applicable statutory and administrative regulations with respect to our business.

Our shopping centers are required to obtain a series of authorizations, such as an operation license from the local municipality, to operate. Additionally, we are required to obtain for every new project a construction permit and license from the local authority. We believe that we are in compliance in all material respects with these requirements.

Colombia

In Colombia, we are subject to laws that regulate competition and consumer protection. These laws include the *Ley de Protección al Consumidor* (Consumer Protection Law), which is enforced by the *Superintendencia de Industria y Comercio* (Superintendency of Industry and Commerce).

Additionally, mergers and acquisitions are reviewed by the Superintendency of Industry and Commerce and by the Colombian Superintendency of Companies for compliance with antitrust and general corporate law requirements.

We are required to obtain a series of permits and authorizations to operate our businesses depending on the type of products and services that are offered to the public, but generally we are required to seek the approval of local and national agencies for sales of pet supplies, personal consumer products whether imported or of domestic origin, and compliance with noise and energy regulations. Each business we operate is also required to obtain environmental approvals. In addition, we are also subject to environmental regulation in respect of waste disposal at each of our stores. Consumer finance and credit card operations are also subject to approval by the *Superintendencia Financiera de Colombia* (Colombian Financial Superintendency).

Pharmacies

Pharmacies owned or operated by us are subject to the control and monitoring of the Superintendencia Nacional de Salud ("SUPERSALUD") through the Instituto Nacional de Vigilancia de Medicamentos y Alimentos ("INVIMA") and city health authorities. According to Law No. 100, of 1993, art. 245, INVIMA has the power to control, monitor and issue authorizations to companies to legally extract, produce, pack, import, export, and store medications, pharmaceutical items, drugs and related products, cosmetics, personal hygiene products, perfumes and similar products, domestic cleaning products and beauty products. The authorization issued by INVIMA enables those kinds of companies to have operations in Colombia, as a whole, during an indeterminate period of time. The INVIMA authorization must be renewed whenever there is a change in a company's activities, shareholders, officers or managers.

Table of Contents

Gas stations

According to section 212 of the Petroleum Code and Law 39 of 1987, distribution of liquid fuels and their derivatives is considered a public utility activity. Consequently, individuals or entities that engage in these activities are subject to regulations issued by the government in the interest of Colombian citizens. The Colombian government has the power to determine quality standards, measurement and control of liquid fuels, and establish penalties that may apply to dealers who do not observe such rules.

The Ministry of Mines and Energy of Colombia is the entity that controls and exercises technical supervision over the distribution of liquid fuels derived from petroleum, including the refining, importing, storage, transport and distribution in the country. Law 812 of 2003 identified the agents of the supply chain of petroleum-derived liquid fuels.

The distribution of liquid fuels, except LPG, is regulated by Decree 4299 of 2005, as modified by Decrees 1333 and 1717 of 2007 and 2008, respectively, which establish the requirements, obligations and penalties applicable to supply agents in the distribution, refining, import, storage, wholesale, transport, retail sale and consumption of liquid fuels.

Decrees 283 of 1990 and 1521 of 1998, and their modifications, establish minimum technical requirements for the construction of storage plants and service stations. The Decrees also regulate the distribution of liquid fuels, establishing the minimum requirements for distributors and the activities and types of agreements permitted for these agents. The Ministry of Mines and Energy also regulates the types of liquid fuels that can be sold and purchased and the penalties for noncompliance with governmental regulations.

As of May 2012, the CREG (Comision de Regulacion de Energia y Gas) determines the prices for regulated crude oil by-products, except for gasoline, diesel and biofuels (all of which are determined by the Ministry of Mines and Energy). The ANH (Agencia Nacional de Hidrocarburos) determines the price for crude oil corresponding to royalty payments. Jet fuel prices are determined according to Law 1450 of 2011.

The distribution of fuels in areas near Colombian borders is subject to specific regulations that impose stringent control procedures and requirements. Currently, Ecopetrol is no longer responsible for fuel distribution in these areas. That responsibility was transferred to the Ministry of Mines and Energy, pursuant to Law 1430 of 2010.

Regulation of Biofuel and Related Activities

The sale and distribution of biofuels is regulated by the Ministry of Mines and Energy. Regulations establish the quality and pricing standards for biofuels and impose minimum requirements for mixing ethanol with gasoline and biodiesel with diesel.

C. ORGANIZATIONAL STRUCTURE

Organizational Structure

The following is a simplified organizational chart showing our company and our principal operating divisions as of December 31, 2014.



Table of Contents

Our Subsidiaries

The following are our direct and indirect majority-owned subsidiaries as of December 31, 2014:

<u>Country</u>	<u>Controlling Stake</u>	<u>Chilean Tax ID number</u>	<u>Company name</u>
Chile	99.9%	81.201.000-K	Cencosud Retail S.A.
Chile	99.9%	76.365.580-6	Jumbo Administradora Norte S.A.
Chile	99.9%	99.571.870-7	Jumbo Administradora Temuco S.A.
Chile			Santa Isabel Administradora Norte Ltda.
Chile	99.9%	76.819.580-3	Santa Isabel Administradora Sur Ltda.
Chile	99.9%	76.062.794-1	Santa Isabel Administradora S.A.
Chile	99.9%	78.448.780-6	Paris Administradora Sur Ltda.
Chile	99.9%	77.779.000-5	Paris Administradora Ltda.
Chile	99.9%	77.301.910-K	Logística y Distribución Paris Ltda.
Chile			Jumbo Supermercados Administradora Ltda.
Chile	99.9%	77.251.760-2	Cencosud Corredores de Seguros y Servicios S.A.
Chile	99.9%	77.218.570-7	Administradora de Servicios Cencosud Ltda.
Chile	99.9%	77.312.480-9	Viajes Paris S.A.
Chile	99.9%	99.586.230-1	Eurofashion Ltda.
Chile	99.9%	79.829.500-4	Administradora TMO S.A.
Chile	99.9%	76.116.801-3	Meldar Capacitación Ltda.
Chile			Sociedad Comercializadora de Vestuarios FES Ltda.
Chile	99.9%	77.566.430-4	MegaJohnsons Puente Alto S.A.
Chile	99.9%	99.512.750-4	MegaJohnsons S.A.
Chile	99.9%	96.953.470-3	MegaJohnsons Maipú S.A.
Chile	99.9%	96.973.670-5	MegaJohnsons Puente S.A.
Chile	99.9%	96.988.680-4	MegaJohnsons Viña del Mar S.A.
Chile	99.9%	96.989.640-0	Johnson Administradora Ltda.
Chile	99.9%	96.988.700-2	MegaJohnsons Quilin S.A.
Chile	99.9%	96.988.690-1	Johnsons Mega San Bernardo S.A.
Chile	99.9%	76.398.410-9	Cencosud Retail Administradora Ltda.
Chile	99.9%	76.190.379-9	Easy S.A.
Chile	99.6%	96.671.750-5	Easy Administradora Norte S.A.
Chile	99.6%	76.365.590-3	Cencosud Administradora de Tarjetas S.A.
Chile	99.9%	99.500.840-8	Cencosud Servicios Integrales S.A.
Chile	99.9%	76.023.825-2	Cencosud Shopping Centers S.A.
Chile	99.9%	94.226.000-8	Sociedad Comercial de Tiendas S.A.
Chile	99.9%	88.235.500-4	Inmobiliaria Bilbao Ltda.
Chile	99.9%	84.658.300-9	ACC Alto las Condes Ltda.
Chile	44.9%	78.409.990-8	Costanera Center S.A.
Chile	99.9%	76.433.310-1	Inmobiliaria Santa Isabel S.A.
Chile	99.9%	96.732.790-5	Comercializadora Costanera Center S.P.A.
Chile	99.9%	76.203.299-6	Banco Paris S.A.
Chile	99.9%	99.565.970-0	Banparis Corredores de Seguros Ltda.
Chile	99.9%	76.099.893-1	Cencosud Internacional Ltda.
Chile	99.9%	96.978.180-8	Jumbo Argentina S.P.A.
Chile	99.9%	76.258.307-0	Cencosud Internacional Argentina S.P.A.
Chile	99.9%	76.258.309-7	
<u>Country</u>	<u>Controlling Stake</u>	<u>Chilean Tax ID number</u>	<u>Company name</u>
Argentina	99.9%	Foreign	Cencosud S.A. (Argentina)
Argentina	99.9%	Foreign	Unicenter S.A.
Argentina	99.9%	Foreign	Jumbo Retail Argentina S.A.
Argentina	87.4%	Foreign	Agrojumbo
Argentina	99.9%	Foreign	Blaisten S.A.
Argentina	99.9%	Foreign	Cavas y Viñas El Acequion S.A.
Argentina	50.0%	Foreign	Carnes Huinca S.A.
Argentina	99.9%	Foreign	Agropecuaria Anjullon S.A.
Argentina	99.9%	Foreign	Corminas S.A.
Argentina	99.9%	Foreign	Invor S.A.
Argentina	99.9%	Foreign	Pacuy S.A.
Argentina	99.9%	Foreign	Supermercados Dave S.A.
Uruguay	100%	Foreign	SUDCO Servicios Regionales S.A.
Colombia	99.9%	Foreign	Cencosud Colombia S.A.
Brazil	99.9%	Foreign	Cencosud Brasil S.A.
U.S.A	99.9%	Foreign	Gbarbosa Holding LLC

Brazil	99.9%	Foreign	Gbarbosa Holding S.A
Brazil	99.9%	Foreign	Cencosud Brasil Comercial Ltda.

Table of Contents

<u>Country</u>	<u>Controlling Stake</u>	<u>Chilean Tax ID number</u>	<u>Company name</u>
Brazil	99.9%	Foreign	Mercantil Rodrigues Comercial Ltda.
Brazil	99.9%	Foreign	Perini Comercial de Alimentos Ltda.
Peru	99.9%	Foreign	Cencosud Perú
Peru	99.9%	Foreign	Teledistribución S.A.
Peru	99.9%	Foreign	Almacenes Metro S.A.
Peru	99.9%	Foreign	E. Wong S.A.
Peru	99.9%	Foreign	Cencosud Retail Peru S.A.
Peru	99.9%	Foreign	Tres Palmeras S.A.
Peru	99.9%	Foreign	Las Hadas Inversionistas S.A.
Peru	99.9%	Foreign	Cinco Robles SAC
Peru	99.9%	Foreign	ISMB Supermercados S.A.
Peru	99.9%	Foreign	Travel International Partners Perú S.A.
Peru	99.9%	Foreign	Banco Cencosud S.A.

D. PROPERTY, PLANTS AND EQUIPMENT

See “—B. Business Overview—Property, Plants and Equipment.”

Item 4A. Unresolved Staff Comments

Not applicable.

Item 5. Operating and Financial Review and Prospects

We believe we are one of the leading multi-brand retailers in South America, based on revenues, selling space, number of stores and gross leasable area in the sectors and countries in which we operate. We operate through a number of formats, including supermarkets, home improvement stores, shopping centers and department stores. We seek to increase operations through organic growth and acquisitions in Brazil, Peru and Colombia, which the Company believes are high growth and underpenetrated markets due to their favorable demographics, sustainable household consumption growth, low formal retail penetration, and strong macroeconomic environments, as described in “Item 4. Information on the Company—B. Business Overview—Our Company” and “—Industry Overview and Competition.” As a complement to our core retailing business, we are actively involved across the region in the commercial real estate development business, particularly in Chile, Argentina, Colombia and Peru, with 53 shopping malls representing 800,272 square meters of gross leasable area for third parties as of December 31, 2014. We also offer private label credit cards, consumer loans and limited financial services to our retail customers.

A. OPERATING RESULTS

Trends and Factors Affecting Our Results of Operations

Our results of operations have been influenced and will continue to be influenced by the following factors:

Developments in the Chilean economy

Our operations in Chile accounted for 36.3% of our consolidated revenues from ordinary activities for the year ended December 31, 2014. Consequently, our financial condition and results of operations are substantially dependent on economic conditions prevailing in Chile. In 2010, the Chilean economy began to recover following the 2009 recession. As reported by the Central Bank of Chile, GDP contracted 1.0% in 2009, but increased by 6.1% in 2010, 6.0% in 2011, 5.5% in 2012 and is estimated to have grown 4.2% in 2013 as reported by the Central Bank of Chile. According to ILACAD World Retail (“ILACAD”), an international consulting company that monitors the retail industry, the Chilean formal retail sector, which consists of business that are taxed and that employ formal labor, accounts for 63% of the retail sector, a relatively high number in comparison to the other countries in which we operate, but low in comparison to the United States, where the formal sector accounts for 92% of the retail sector, according to the U.S. Census Bureau, as of 2013.

The recovery of the Chilean economy in 2010 was led in part by a recovery of the prices of Chile’s exports, which according to the World Bank contributed 32.6% of GDP in the 2010-2014 period. As a result of the economic recovery, the Consumer Price Index (“CPI”) inflation increased 4.6% in 2014, 3.0% in 2013 and 1.5% in 2012, according to the Central Bank of Chile. Inflation began to accelerate during 2014 following less favorable copper prices and increased international oil prices, a lower real interest rate and expectations of monetary policy tightening in the U.S.

Table of Contents

During 2014, the Chilean Central bank began a process of loosening monetary policy in response to weaker economic activity with the aim of boosting growth. Local output, demand and employment indicators continued to show softer dynamics in the economy during this period. These factors, in conjunction with timid global growth prospects, led the bank to cut its benchmark rate for the fourth consecutive time to 3% during its October 16, 2014 meeting. The unemployment rate increased to 6.7% as of December 31, 2014, as internal demand cooled and output decreased, from 5.6% in December 2013, and was 6.1% in December 2012, 6.6% in December 2011, 7.1% in December 2010 and 10.0% in December 2009, according to the Central Bank of Chile. See “Item 3. Key Information - D. Risk Factors . Risks Related to Chile.”

Chile maintains one of the highest foreign currency credit ratings in Latin America, currently rated AA- by Standard & Poor’s Financial Services LLC, (“S&P”), Aa3 by Moody’s Investors Service, Inc. (“Moody’s”) and A+ by Fitch, Inc. (“Fitch”), as of December 31, 2014. The future economic, social and political developments in Chile, over which we have no control, could have a material adverse effect on us, including impairing our business, financial condition or results of operations. Credit ratings are subject to periodic review and we cannot assure you that the current ratings will not be revised or lowered in the future.

On September 29, 2014, Chile enacted Law No. 20,780 (the “Tax Reform Act”). The Tax Reform Act introduced changes to the corporate tax rate, mandating a gradual increase of the rate from 20% to 25% or 27% in certain cases, the rules regarding minimum capitalization, and the taxation of Chilean investments abroad (the controlled-foreign-corporation rules), among others. The new rules are set to come into effect gradually, with the implementation process having commenced on October 1, 2014 and set to be completed by January 1, 2018. The effects of this tax reform may increase our operating and compliance costs, which could negatively affect our financial results and our ability to grow our business.

Developments in the Argentine economy

Our operations in Argentina accounted for 24.7% of our consolidated revenues from ordinary activities for the year ended December 31, 2014. Accordingly, the Company is sensitive to macroeconomic conditions in Argentina.

From late 1998 to 2002, the Argentine economy went through an economic recession marked by reduced levels of consumption and investment and an elevated unemployment rate. As reported by the INDEC (Statistics and Census National Bureau), Argentina’s GDP decreased by 0.8% in 2000, 4.4% in 2001 and 10.9% in 2002. In December 2001, a deep economic and political crisis forced Argentina to declare a suspension on payment of its foreign debt. In early 2002, the government released the Argentine peso from its one-to-one peg to the U.S. dollar and allowed the exchange rate to float, resulting in a 49.6% devaluation of the Argentine peso from January 1, 2002 to December 31, 2002, according to the Central Bank of Argentina. From 2003 to 2010, economic indicators showed signs of recovery, guided by a competitive exchange rate, a healthier international context, higher commodity prices and expansionary fiscal and monetary policies. In 2005, Argentina completed the restructuring of most of its 2001 defaulted public debt, which in turn reduced significantly the risk premium on its outstanding bonds. The government recently completed negotiations to serve the remaining debt owed to the Paris Club. As a consequence, Argentina was able to decrease its public-to-GDP ratio from 139% in 2003 to around 45% in 2014, as reported by the Ministry of Economy.

According to the INDEC, the Argentine economy grew by 9.2% in 2005, 8.5% in 2006, 8.7% in 2007 and 6.8% in 2008. Due to the global financial crisis, Argentina’s GDP according to the World Bank, expanded by only 0.1% in 2009, while it showed strong signs of recovery in 2010 and 2011, growing by 9.1%, and 8.6%, respectively. During 2012 and 2013 Argentina’s GDP grew by 0.9%, and 3.0%, respectively, also according to the World Bank. Unemployment levels also improved, from 8.6% and 7.7% in the fourth quarter of 2009 and 2010, respectively, to 7.2% and 6.8% in the fourth quarter of 2011 and 2012, respectively, as reported by the World Bank. According to INDEC unemployment for 2013 stood at 7.2%. As of December 2014, the unemployment rate was 6.9%. Argentina’s retail market is an underpenetrated sector, as the formal retail sector accounts for 42% of the retail sector, according to ILACAD, as of 2012. As an effect of high consumption, however, the country has experienced inflation of 11% in 2010, 10% in 2011, 11% in 2012 and 10.5% in 2013, as reported by INDEC, exceeding that of other countries in South America, according to publicly available information. In response to demands from international investors and the International Monetary Fund, the government of Argentina introduced a new methodology for the calculation of price variations in the domestic economy. The new index revealed a price increase of 23.9% as of December 2014. As per the Central Bank of Argentina, international reserves reached a record-high of over U.S.\$52 billion in 2010, U.S.\$46 billion in 2011 and U.S.\$43 billion in 2012 before falling to U.S.\$30 billion by the end of 2013. International reserves held by the Central Bank of Argentina stood at U.S.\$31.4 billion as of December 31, 2014.

After several years of price stability, the devaluation of the Argentine peso in January 2002 created pressures on the domestic price system that generated high inflation in 2002 before substantially stabilizing in 2003. The local interest rate, the BAIBAR, was 9.45%, 10.11%, 9.08%, 12.10% and 30.14% on December 31, 2009, December 31, 2010, December 31, 2011, December 31, 2012 and December 31, 2013, respectively, as reported by the Central Bank. The BAIBAR stood at 10.21% on September 30, 2014.

Table of Contents

Argentina is rated SD by S&P, Caa1 by Moody's with negative outlook and RD by Fitch, as of September 30, 2014. The future economic, social and political developments in Argentina, over which we have no control, could impair business, financial condition or results of operations. Credit ratings are subject to periodic review and we cannot assure you that the current ratings will not be revised or lowered in the future. See "Item 3. Key Information - D. Risk Factors . Risks Related to Argentina."

Developments in the Brazilian economy

Our operations in Brazil accounted for 20.1% of our consolidated revenues from ordinary activities for the year ended December 31, 2014. Accordingly, the Company is sensitive to macroeconomic conditions in Brazil.

In recent years, we have benefited from Brazil's reasonably stable economic environment. In 2009, the Brazilian economy stagnated in the wake of the global economic and financial crisis; however, by the second quarter of 2009 the Brazilian economy had emerged from recession and started to regain its growth momentum. To mitigate the impact of the global economic and financial crisis, the Central Bank of Brazil responded in 2009 with a number of measures. Besides reducing the SELIC rate, the Central Bank of Brazil deployed part of its international reserves to replace international credit lines impacted by the Lehman bankruptcy and reduced reserve requirements with the specific purpose of acquiring assets from small banks and increasing the insurance limit for small banks' time deposits. These initiatives, along with fiscal measures, contributed to keeping the recession relatively brief (mostly concentrated between the fourth quarter of 2008 and the first quarter of 2009) and ensured a strong recovery in the second half of 2009, as reported by the Central Bank of Brazil.

The unemployment rate in Brazil has decreased significantly in the past decade from 10.5% at December 2002 to 4.8% as of December 31, 2014, as reported by the Central Bank of Brazil, a record low for the month in the face of weak economic expansion. At the same time, private consumption has followed a similar positive trend. The decrease in unemployment and increase in private consumption drove growth for the Brazilian economy as pent up demand by a growing middle class was being satisfied. The Brazilian retail market is an underpenetrated sector as 48% of the sector is informal according to Credit Suisse Research estimates, as of 2013.

The Brazilian economy has slowed its rate of expansion in the recent past with GDP growth of 2.7% for 2011 and 0.9% in 2012, according to the Central Bank of Brazil, reflecting past policy tightening to contain inflation risks and, more recently, the weaker external environment. Growth during 2013 stood at 1.9%, below consensus for the year. Sluggish growth continued throughout most of 2014, with the Brazilian government cutting its expected growth for the year to 0.9%, which is above the market consensus of 0.3% for the year. The Brazilian government had set early in 2014 a primary surplus goal of 1.9% of GDP for the year which it was forced to reduce several times in the year to 1.3%. Brazil, continues to be a member of the Group of Twenty, leading advanced and emerging economies. It has undergone a remarkable social and economic transformation over the past decade. Income inequality has decreased and the government has adopted a strong policy framework—most notably, fiscal responsibility laws, inflation targeting, and a flexible exchange rate

The Brazilian Central Bank began interest rate hikes in order to protect the Brazilian Real against capital outflows and to reign in inflation, taking its reference rate on the SELIC to 11.75% by December 31, 2014 from 7.25% in 2013 after disappointing growth and inflation above the Central Bank target. Annual inflation rates are measured in Brazil through the Brazilian Extended Consumer Price Index (*Índice de Preços ao Consumidor Amplo*), or IPCA, as calculated by the IBGE. The IPCA inflation rate was 4.3% in 2009, 5.9% in 2010, 6.5% in 2011, 5.8% in 2012 and 5.9% in 2013, as measured by the IPCA. According to "Boletim focus do Banco Central," the IPCA closed 2014 at 6.41% after increasing 0.78% in the month of December 2014, driven upwards by increases in transportation, food and beverages, housing and apparel.

S&P downgraded Brazil on March 24, 2014 citing deterioration in government accounts, rising debt levels and weakening growth. The nation currently holds a BBB- rating from S&P. On September 9, 2014, Moody's changed its outlook on Brazil's credit rating to negative from stable; while affirming it at Baa2 as a result of reduced economic growth, negative investor sentiment affecting the generation of fixed capital in the country and the fiscal challenges that could arise from the aforementioned. Fitch currently rates Brazil at BBB, with stable outlook. Credit ratings are subject to periodic review and we cannot assure you that the current ratings will not be revised or lowered in the future. The future economic, social and political developments in Brazil, over which we have no control, could impair our business, financial condition or results of operations. See "Risk Factors – Risks Related to Brazil."

Developments in the Peruvian economy

Our operations in Peru accounted for 8.7% of our consolidated revenues from ordinary activities for the year ended December 31, 2014. Accordingly, the Company is sensitive to macroeconomic conditions in Peru.

According to the Central Bank of Peru, Peruvian GDP grew 5.8% 6.0%, 6.9% and 8.8% in 2013, 2012, 2011 and 2010, respectively. The Peruvian economy expanded 2.4% in 2014, a level well below the 5.8% seen in 2013 and at the slowest rate since 2009. This was on the back of a lower contribution to GDP from investments, particularly in its mining sector, and subdued private consumption. Falling exports were the main culprit for these two effects. Peru's external accounts and exports were affected by

Table of Contents

weaker global demand and lower commodity prices. A mild recovery for its mining sector is expected to take place this year. The government of Peru is also being proactive in developing anticyclical measures to boost growth with a series of large infrastructure projects.

Urban unemployment rates have remained at stable and low levels during recent years. According to the INEI, in 2009, 2010, 2011, 2012 and 2013 the unemployment rate was 5.3%, 5.9%, 7.0%, 5.6% and 5.7%, respectively. As of December 31, 2014, the unemployment rate in the Lima metropolitan area stood at 5.6%. At its December 2014 meeting, the Central Bank of Peru kept its reference rate at 3.5% in light of the monetary authority's inflation expectation of 2.0% for 2015. The CPI index increased from 2.1% in 2010 to 4.7% in 2011 and decreased to 2.8% in 2012 and 2.8% in 2013, as reported by INEI. The central bank estimates accumulated inflation for the twelve months ended December 31, 2014 to have been at 3.2%. Interest rates were later reduced in January 2015 following the Central Bank's view that inflation was rapidly converging to its target rate of 2.0% for 2015 on the back of below potential growth, anchored inflation expectations, an uneven economic recovery among Peru's trading partners, a higher volatility in international financial markets and lower oil prices.

The Peruvian government's commitment to the current economic, fiscal and monetary policies supported economic growth in 2014. S&P upgraded Peru's credit rating from BBB to BBB+ in August 2013. In October 2013, Fitch upgraded Peru's credit rating from BBB to BBB+. In July 2014, Moody's upgraded Peru's credit rating from Baa2 to A3. Credit ratings are subject to periodic review and we cannot assure you that the current ratings will not be revised or lowered in the future. Peru is currently rated BBB+, A3 and BBB+ by S&P, Moody's and Fitch, respectively.

According to the World Bank, following a decade of record-high growth, Peru's economy has remained strong and resilient despite the persistent global uncertainty, thanks to strong fundamentals, supportive terms of trade and sound policy management. Over the 2010-2014 period, the Peruvian economy experienced GDP growth at an average annual rate of 5.8%, and the average annual inflation rate fell to 2.8% in the same period. For 2015 the International Monetary Fund expects real GDP growth to stand at around 5.1%.

On the downside, the economy is most vulnerable in the short term to a global growth shock that permeates through lower commodity prices. A prolonged period of low growth in the U.S. economy could also hamper Peru's economy over the medium term.

On the upside, upward momentum to growth and inflation could come from large capital inflows and strong credit dynamics in the context of ample global liquidity and continued low growth in advanced economies.

In December 2014, Peru enacted Law No. 4007, reforming the national tax regime. The new law, which came into effect on January 1, 2015, mandates a gradual decrease in the corporate income tax rate and an increase in the tax rates for dividends distributed by Peruvian companies to Chilean shareholders. As a result, the current tax rate applicable to Peruvian corporate income distributed to Chilean shareholders will increase from the current applicable rate of 34.1%, to 34.8% for 2015 and 2016, 35% for 2017 and 2018, and 35.3% for 2019 and onward. As a result, the new Peruvian tax regime is expected to decrease the amount of dividends we receive from our Peruvian subsidiaries.

The future economic, social and political developments in Peru, over which we have no control, could have a material adverse effect on us. See "Item 3. Key Information – D. Risk Factors - Risks Related to Peru."

Developments in the Colombian economy

Our operations in Colombia accounted for 10.1% of our consolidated revenues from ordinary activities for the year ended December 31, 2014. Accordingly, the Company is sensitive to macroeconomic conditions in Colombia.

Beginning in 2007 Colombia grew rapidly, attracting a record U.S.\$10.6 billion in foreign direct investment in 2008 according to the World Bank. However, Colombia's credit rating was not raised to investment grade by Moody's and S&P until 2011, when economic growth accelerated and the threat posed by guerrilla groups and organized crime receded. Moody's upgraded Colombia from Baa3 to Baa2, two notches above junk grade, with a stable outlook on July 28, 2014. Credit ratings are subject to periodic review and we cannot assure you that the current ratings will not be revised or lowered in the future.

The credit upgrade put Colombia's rating on par with Brazil, Latin America's largest economy, based on strong growth dynamics supported by government infrastructure programs encompassed in the "4G" plan, while noting moderate fiscal deficits. Security concerns, historically a major issue for Colombia, have not disappeared, but have been waning after several major government wins against domestic guerrilla groups. Colombia has cut its intentional homicide rate by almost half since 2002, when former President Alvaro Uribe took office, according to the World Bank, and increased investor confidence by sustaining moderate fiscal deficits, maintaining inflation stable and increasing economic growth according to Moody's.

Table of Contents

In October 2012 the US granted congressional approval to the implementation of the United States-Colombia Trade Promotion Agreement under which over 80% of U.S. exports of consumer and industrial products to Colombia will become duty free immediately, with remaining tariffs phased out over 10 years. The U.S.–Colombia Trade Promotion Agreement (TPA) should have beneficial effects over both the U.S. and Colombian economies. Both economies are highly complementary according to the signatories. Between June 2012 and February 2013, compared to the previous year, two-way trade accounted for U.S.\$28.5 billion, an increase of five percent. During that period of time, U.S. exports to Colombia increased 20%, including significant increases in oil and derivatives, aircraft and parts, electric machinery, iron and steel products, cereals, soybean products and pharmaceutical products – accounting for U.S.\$11.4 billion. U.S. agricultural exports alone increased by 68% during that period.

We believe Colombia will be able to respond with both fiscal and monetary countercyclical policies if the international outlook further deteriorates. The most severe risks to the Colombian economy continue to be external; the consequences on the real economy of the sovereign debt crisis in Europe coupled with moderate growth in the United States may affect commodity prices and foreign investment inflows to emerging markets. Domestically, the most significant risk is the failure to execute important public works that are part of the set of infrastructure projects the country desperately needs and for which resources are available. See “Risk Factors – Risks Related to Colombia”

GDP is expected to have grown 3.5% in the fourth quarter of 2014, and has grown 4.5% in 2013 and 4.0% in 2012, and retail sales are estimated to have increased 4.7% in 2012, 4.1% in 2013 and 5.2% as of the third quarter of 2014 according to DANE. The retail sector in Colombia is underpenetrated with 51% of the retail sector being informal according to Credit Suisse Research, as of 2013.

Private consumption has recovered since 2009 as illustrated by the real growth rates of 0.9% and 5.0% in 2009 and 2010, respectively, and estimated growth rates of 4.3%, 4.0% and 4.0% for 2011, 2012 and 2013, according to DANE. We believe this increase in real growth rate has been a key driver in retail growth in Colombia.

Unemployment has gradually decreased in the last few years. According to the Central Bank of Colombia, the unemployment rate was 11.3%, 11.1%, 10.8%, 10.4% and 8.4% in 2009, 2010, 2011, 2012 and 2013, respectively. The unemployment rate was 8.7% as of December 31, 2014.

One factor which differentiates the Colombian recovery from its Latin American peers we believe has been the favorable behavior of inflation, which has been well within the inflation target band of 2-4% set up by the Central Bank of Colombia. Headline inflation ended at 3.7% for 2011, 2.4% for 2012 and 1.9% for 2013.

On the fiscal front, 2013 finished with a fiscal deficit of 2.4%, in line with government estimates and beating the end of year result of 2012 which stood at a deficit of 2.5%. This lower deficit is expected to have improved government debt to GDP ratios which stood at 32.3% in 2013. Government estimates currently place the 2014 government deficit at 2.3%.

In December 2014, Colombia’s legislative branch approved a tax reform bill that came into effect on January 1, 2015. According to the new tax bill, Colombian companies will have to pay an annual wealth tax (between 0.2% and 1.5%, depending on the taxable base) and a higher CREE income tax (3% surcharge for the 2015, 2016, 2017 and 2018 tax years). The resulting increase in the tax liability of our Colombian subsidiaries is expected to decrease the amount of income available for dividends.

The future economic, social and political developments in Colombia, over which we have no control, could impair our business, financial condition or results of operations. See “Item 3. Key Information – D Risk Factors. Risks Related to Colombia”

Expansion activities

A significant proportion of our expected revenue growth is based on our expansion activities, including acquisitions and organic growth. We forecast that our revenue for 2015 will be between U.S.\$19.3 billion and U.S.\$21.3 billion based on the company’s expected revenue growth, due primarily to our expansion activities and growing same store sales. For the same period we expect to invest U.S.\$545 million. This entails planned capex of U.S.\$230 million for new stores and shopping center investments, U.S.\$100 million on IT and related systems, U.S.\$15 million on additional nonretail development of the Costanera Center for the hotel and for traffic mitigation works, U.S.\$100 million for maintenance and U.S.\$100 for remodeling of existing stores.

Impact of acquisitions

Recent acquisitions include:

Acquisition of Bretas Stores in Brazil. On October 29, 2010, pursuant to a stock purchase agreement executed on October 15, 2010, through our subsidiary GBarbosa Comercial Ltda. (“GBarbosa”), we acquired 100% of the outstanding shares of Fag

Table of Contents

Participações Ltda. and Bretas, Filhos e Cia Ltda. (the “Sellers”), which together owned and operated the Brazilian supermarket chain Bretas, which operates 81 supermarkets, 2 distribution centers and 12 gas stations in Central and northern Brazil as of December 31, 2012. The aggregate purchase price of the acquisition was R\$1.17 billion (approximately U.S.\$705 million or Ch\$336,630 million), payable as follows: R\$820 million on October 29, 2010 (the closing date of the transaction) and R\$100 million on December 31, 2011. The balance of R\$250 million will be paid on December 31, 2014. Pursuant to the stock purchase agreement, the Sellers committed to make their best efforts to maintain, for a period of 20 years from the closing date of the transaction, the leases of premises to be opened during the end of 2010 and beginning of 2011 as well as the leases of properties that were leased by the Sellers at the time of the transaction. Under the terms of the acquisition transaction Cencosud S.A. serves as guarantor of GBarbosa in the acquisition transaction. The acquisition was financed with internal cash resources and bank debt totaling U.S.\$290 million.

Acquisition of Cardoso Stores in Brazil. In October 2011, we continued expanding into the Brazilian market through the acquisition of Cardoso. Cardoso is a three-store supermarket chain in the state of Bahia, with net sales of approximately R\$60 million (U.S.\$35.9 million) in 2011. Cencosud negotiated the payment of the purchase price of R\$18 million (approximately U.S.\$11.3 million or Ch\$5,429 million) in three installments, 60% on the closing of the transaction, 20% on the 6-month anniversary of the closing date and the remaining 20% on the first year anniversary of the closing date. We have converted the acquired stores to the GBarbosa format and are now operating those stores under this brand. We consolidated the results of Cardoso into our results of operation since the date of acquisition.

Acquisition of Johnson Stores in Chile. In December 2011, we entered into an agreement with Johnson’s Inversiones S.A. (“Johnson Inversiones”) and Inversiones Bujorico Limitada (“Bujorico” and together with Johnson Inversiones, the “Johnson Entities”), who together owned Johnson. Pursuant to this agreement we acquired an 85.58% interest in Johnson for an aggregate purchase price of Ch\$32,606 million. In December 2013 Cencosud executed its option to purchase the remaining shares that were not held by it and paid UF 315,935.76 in connection therewith.

Johnson is a department store with 39 stores throughout Chile under the Johnson brand and an additional 13 stores under the FES brand, with a total of 117,569 square meters of selling space. In 2011, Johnson registered sales of Ch\$118,447 million from its retail operations. All FES stores were closed during the 2013 period.

During 2012 all former clients of Johnson’s consumer financing arm were migrated to our Tarjeta Cencosud format. With the acquisition of Johnson we are now able to target the low- and middle-income market segments in Chile.

Acquisition of Prezunic in Brazil. On January 2, 2012, pursuant to a stock purchase agreement executed on November 16, 2011, Cencosud Brasil S.A. (“Cencosud Brasil”) acquired from the Dias Da Cunha family 100% of the capital stock of Prezunic. We estimate that Prezunic is the third-largest supermarket chain in Rio de Janeiro, with 31 stores and net sales of approximately R\$2.2 billion in 2011.

The aggregate purchase price of the operation was R\$875 million (or approximately Ch\$242,690 million), payable as follows: R\$580 million on the closing date of the transaction (January 2, 2012), from which R\$190 million were deducted as working capital adjustments. The balance will be paid as follows: R\$80 million, R\$85 million, R\$80 million and R\$50 million, on the first, second, third and fourth anniversary of the closing date, respectively. Pursuant to the stock purchase agreement, Cencosud Brasil, considered a national supermarket operator, therefore able to get better terms from suppliers, was also granted a preferential right from third-party landowners to acquire or lease two supermarket properties that were not owned by Prezunic at the time of the transaction, but were instead leased. Under the terms of this agreement, Cencosud S.A. serves as guarantor of Cencosud Brasil.

Through this strategic acquisition we entered the Brazilian state of Rio de Janeiro. The acquisition of Prezunic consolidated our position as Brazil’s fourth-largest supermarket operator in terms of revenues, as measured by ABRAS. We consolidated the results of Prezunic into our results of operations since the date of acquisition.

Acquisition of Carrefour Colombia. On November 30, 2012, Cencosud S.A. completed the acquisition of Carrefour supermarket operations in Colombia, for a total purchase price equal to €2 billion. The acquired companies operate supermarkets under the “Carrefour” and “Maxi” brand names in Colombia, including 72 hypermarket stores, 16 convenience stores, and four cash and carry stores and gas stations. All stores were migrated to Jumbo and Metro brands during the third quarter of 2013 after dropping the Carrefour brand on May 31, 2013. See “Item 4. Information on the Company—A. History and Development of the Company—History”

In order to finance the purchase of the acquisition of Carrefour’s operations in Colombia, on October 17, 2012, the Company entered into the Bridge Loan Agreement with a syndicate of banks in the amount of U.S.\$2,500 million. As of December 31, 2013 this loan had been repaid. See “—B. Liquidity and Capital Resources—Indebtedness, and B. Liquidity and Capital Resources—Recent Acquisitions” below.

Table of Contents

No additional acquisitions were made in the 2013 or 2014 fiscal periods.

Impact of organic expansion

During the year ended December 31, 2014, (a) in Chile, we opened 14 new stores in our supermarket division adding 21,637 square meters of selling space, we added one new store in our home improvement division with an additional 5,648 square meters of selling space, and we added 2 stores in our department stores division with an additional 3,695 square meters of selling space; (b) in Argentina, we opened 2 home improvement stores that added selling space for 10,297 square meters; (c) in Brazil, we had a net closing of 2 stores but expanded selling space by 5,448 square meters; (d) in Peru, we had no net openings in our supermarkets division but expanded selling space by 2,340 square meters and we opened 3 new department stores that added selling space of 13,025 square meters; (e) in Colombia, we opened one Easy store that added selling space of 6,587. In addition, Maintenance expenditures for existing stores are estimated to have been at U.S.\$75 million in 2014. In our shopping centers division we had investments that added GLA in excess of 20,635 square meters in Chile, 40,105 square meters in Argentina and 12,803 square meters in Peru, totaling 73,543 square meters.

During the year ended December 31, 2013, we opened 2 supermarkets in Argentina, 10 in Chile, 1 in Peru, 3 in Colombia and 17 in Brazil. We opened 6 department stores in Peru and 5 home improvement stores in Colombia, four of these stores were cash & carry stores that have been refurbished and converted into home improvement stores following the Carrefour acquisition, while the same division opened one store in Argentina and one in Chile. During the year ended December 31, 2013, we also opened 1 shopping center in Peru.

During the year ended December 31, 2012, we opened 20 supermarkets in Argentina, 25 in Chile, 12 in Peru and 22 in Brazil. We opened 4 department stores in Chile and 2 shopping centers in Chile and 1 in Peru. During the year ended December 31, 2012, we also opened 2 home improvement stores in Chile.

As a general matter, we believe that a period of several years is frequently required after opening or inauguration for a store or shopping center to mature and achieve its full potential to generate sales. As a result, the increasing maturation of a newly opened store may need to be taken into account when comparing period-to-period store sales. The following tables present a breakdown of our store and shopping center expansion activities for the periods indicated:

	2014				Total 2014
	Total 2013	Openings	Closings	Acquisitions	
Chile					
Supermarkets	224	14	1	—	238
Home Improvement Stores	32	1	—	—	33
Department Stores	77	2	—	—	79
Shopping Centers	25	—	—	—	25
Total Chile	358	17	1	—	375
Argentina					
Supermarkets	290	1	1	—	290
Home Improvement Stores	48	2	—	—	50
Shopping Centers	18	4	—	—	22
Total Argentina	356	9	1	—	362
Brazil					
Supermarkets	221	3	5	—	221
Total Brazil	221	3	5	—	221
Peru					
Supermarkets	87	1	1	—	87
Department Stores	6	—	—	—	9
Shopping Centers	3	1	—	—	4
Total Peru	96	2	1	—	100
Colombia					
Home Improvement Stores	9	1	—	—	10
Supermarkets	100	2	2	—	100
Shopping Centers	2	—	—	—	2
Total Colombia	111	1	2	—	112
Total	1,142	13	8	—	1,168

	2013				Total 2013
	Total 2012	Openings	Closings	Acquisitions	
Chile					
Supermarkets	214	9	1	0	222
Home Improvement	31	1	0	0	32
Department Stores	77	1	2	0	78

Table of Contents

	2014				
	Total 2013	Openings	Closings	Acquisitions	Total 2014
Shopping Centers	23	0	0	0	25
Total Chile	345	11	3	0	357
Argentina					
Supermarkets	288	5	3	0	290
Home Improvement	47	1	0	0	48
Shopping Centers	18	0	0	0	18
Total Argentina	353	6	3	0	356
Brazil					
Supermarkets	204	11	0	0	221
Total Brazil	204	11	0	0	221
Peru					
Supermarkets	86	1	0	0	87
Department Stores	0				6
Shopping Centers	3	1	0	0	2
Total Peru	89	2	0	0	95
Colombia					
Home Improvement	4	5	0	0	9
Supermarkets	96	4	0	0	100
Shopping Centers	0	9	0	1	2
Total Colombia	100	9	0	1	111
Total	1091	39	6	1	1142

	2012				
	Total 2011	Openings	Closings	Acquisitions	Total 2012
Chile					
Supermarkets	190	28	3	0	214
Home Improvement	29	2	0	0	31
Department Stores	35	4	0	39	78
Shopping Centers	9	2	0	0	23
Total Chile	262	36	3	39	349
Argentina					
Supermarkets	269	21	2	0	288
Home Improvement	48	0	1	0	47
Shopping Centers	14	1	0	0	18
Total Argentina	331	22	3	0	353
Brazil					
Supermarkets	152	21	0	31	204
Total Brazil	152	21	0	31	204
Peru					
Supermarkets	74	13	1	0	86
Shopping Centers	2	1	0	0	2
Total Peru	76	14	1	0	88
Colombia					
Home Improvement	4	0	0	0	4
Supermarkets	0	0	4	101	96
Total Colombia	4	0	4	101	100
Total	826	93	11	171	826

Impact of exchange rate fluctuations

The Chilean peso, as well as the currencies of the countries in which we operate, has been subject to large volatility in the past and could be subject to significant fluctuations in the future. During 2014 and 2013, the value of the Chilean peso relative to the U.S. dollar appreciated approximately 15.7% and 8.2%, respectively; the Argentine Peso depreciated approximately 31.2% and 32.6% against the U.S. dollar, respectively; the Brazilian Real depreciated approximately 13.4% and 14.6% against the U.S. dollar, respectively; the Peruvian Sol depreciated approximately 6.7% and depreciated 9.6% against the U.S. dollar, respectively, and the Colombian peso depreciated 24.2% and 9.0% against the U.S. dollar, respectively. The observed exchange rate for the Chilean peso on January 2, 2015 was Ch\$606.75 per U.S.\$1.00. See “Item 3. Key Information—A. Selected Financial Data—Exchange Rates” and “Item 10. Additional Information—D. Exchange Controls.”

Our sales in each of our countries of operations are priced in local currencies. To the extent that the Chilean peso depreciates against the U.S. dollar or the currencies of any of our countries of operation, our revenues may be adversely affected when expressed in Chilean pesos. The effect of exchange rate fluctuations is partially offset by the fact that certain of our operating expenses are denominated in Chilean pesos (such as our corporate overhead) and a significant part of our indebtedness is denominated in Chilean pesos. As of December 31, 2014, 11% of our interest-bearing debt was denominated in U.S. dollars, after taking into account cross-currency swaps, and the remainder of our interest-bearing debt was primarily UF- or Chilean peso-denominated.

Table of Contents

Impact of the 2010 earthquake and tsunami

On February 27, 2010, an 8.8 magnitude earthquake struck the central and central south regions of Chile. The quake epicenter was located 200 miles southwest of Santiago and 70 miles north of Concepción, Chile's second-largest city. The regions of Bío Bío and Maule were the most severely affected regions especially in the coastal area, which, shortly after the earthquake, was hit by a tsunami that significantly damaged cities and port facilities. The regions of Valparaíso and the Santiago Metropolitan area were also severely affected. At least 1,500,000 homes were damaged and more than 500 people were killed. According to an initial assessment by the government of Chile, the repair of the resulting damage, excluding damage to port facilities, is likely to take between three and four years and the preliminary assessments of reconstruction costs indicate that they could total approximately U.S.\$30 billion.

The February 2010 earthquake and tsunami's primary impact on us was Ch\$32,919 million relating primarily to damage to infrastructure, inventory destruction and business interruptions. Our insurance policies cover losses arising from the earthquake and tsunami, amounting to Ch\$21,893 million. The primary financial impact of the earthquake and tsunami on our results of operations was Ch\$4,865 million. The difference between the impact and the claim is related to the depreciation of certain assets at the time of the earthquake, resulting in a claim that is higher than the book value of such assets.

Conversely, following the February 2010 earthquake, during the second and third quarter of 2010 we experienced a 29.4% increase in revenues in our home improvement stores segment, as compared to second and third quarter of 2009.

As a result of the February 2010 earthquake and tsunami, the Chilean government raised the corporate income tax rate in order to pay for reconstruction following the earthquake and tsunami. Such legislation increased the general corporate tax rate from its historic rate of 17.0% to 20.0% for the income accrued in the 2011 commercial year (*año comercial*), which is declared and paid in the 2012 tax year (*año tributario*). On September 27, 2012, Law No. 20,630 introduced new amendments to existing tax legislation. Among the amendments introduced, the corporate income tax was permanently maintained at 20% effective as of the 2013 tax year. On September 29, 2014, Chile enacted Law No. 20,780. The Tax Reform Act introduced changes to the corporate tax rate, mandating a gradual increase of the rate from 20% to 25% or 27% in certain cases, the rules regarding minimum capitalization, and the taxation of Chilean investments abroad (the controlled-foreign-corporation rules), among others. The new rules are set to come into effect gradually, with the implementation process having commenced on October 1, 2014 and set to be completed by January 1, 2018.

According to the Chilean administration, rebuilding efforts after the earthquake were 97% concluded by May 2013.

Impact of the April 24, 2013 Supreme Court ruling on litigation on credit card fees.

On April 24, 2013, the Supreme Court of Chile ruled on the class action suit filed by SERNAC against Cencosud Administradora de Tarjetas S.A. ("CAT"). The court ruled for the plaintiff and at this junction no further appeals are available. In its ruling, the court determined that CAT included certain clauses in its 2006 contracts that were abusive to consumers. Said clauses allowed CAT to charge an incremental maintenance fee of Ch\$530 per month to credit cardholders with a card usage under Ch\$50 thousand per month, without written consent from cardholders as required by the *Ley de Protección al Consumidor*. In the ruling the court ordered CAT to pay a fine of approximately Ch\$ 2 million and to reimburse certain cardholders for the excess maintenance fees charged since 2006 plus adjustments for inflation and interest. We have provisioned Ch\$ 20,000 million for this ruling in our 2012 financial statements. As of December 31, 2014, Ch\$1,887 million were still provisioned in terms of principal reimbursements tied to this ruling and Ch\$759 million tied to interest and inflation.

Impact of the 2014 earthquake and tsunami

On April 1, 2014 an earthquake with a magnitude of 8.2 on the Richter scale hit the north of Chile. The epicenter of the earthquake was approximately 95 kilometers (59 mi) northwest of Iquique and 914 miles north of Santiago. The regions of Parinacota and Tarapacá were the most affect by the quake. The quake and the following tsunami warning resulted in the evacuation of approximately one million people along the Chilean coastline, according to the Chilean Minister of Interior. Both regions were declared disaster areas with the military being sent over to ensure order.

Seasonality

Historically, we have experienced distinct seasonal sales patterns at our supermarkets due to heightened consumer activity throughout the Christmas and New Year holiday season, as well as during the beginning of each school year in March. During these periods, we promote the sale of non-food items particularly by discounting imported goods, such as toys throughout the Christmas holiday season, and school supplies during the back-to-school period. Conversely, we usually experience a decrease in sales during the summer vacation months of January and February. Our sales for the first and fourth quarters of 2014 represented 23.4% and 27.5% respectively, of our total sales for such year.

Table of Contents

We do not experience significant seasonality in the home improvement sector. Home improvement store sales for the first and fourth quarters of 2014 represented 23.8% and 29.0% of our total home improvement sales.

Our department stores have also experienced historically distinct seasonal sales patterns due to heightened consumer activity throughout the Christmas and New Year holiday season. As a result, the strongest quarter in terms of sales is the fourth quarter, which represented 32.3% of total sales for the year 2014, while the first quarter represented 21.6% of total annual sales, respectively.

Our shopping center revenues generally increase during the Christmas and New Year holiday season, reflecting the seasonal sales peak for our shopping centers. For example, during the fourth quarter of 2014 our Chile shopping center revenues represented 29.5% of total Chile shopping center revenues for the year. We generally charge our shopping center tenants double rent for the month of December which is payable in February of the following year when they will have realized collections in respect of most holiday season sales.

Joint Venture

On June 20, 2014, the Company, together with its subsidiaries Cencosud Retail S.A. and Easy S.A., entered into the Joint Venture Framework Agreement with BNS and its wholly owned subsidiary Scotiabank Chile, to further develop, on a joint basis, the retail finance business in Chile. As part of the agreement, Scotiabank Chile will acquire a fifty-one percent (51%) controlling interest of each of the Subject Companies, with Cencosud retaining the remaining forty-nine percent (49%) non-controlling interest of each of the Subject Companies. On April 13, 2015, the Superintendency of Banks and Financial Institutions of Chile announced its approval of the joint venture between the Company and ScotiaBank.

Under IFRS 5, “Disposal of subsidiaries, business and non-current assets”, the Subject Companies are considered as from June 20, 2014, as “Assets held for sale” as a result of Cencosud’s commitment to sell a controlling interest to an unrelated party under the Joint Venture Framework Agreement and the occurrence of such transaction is deemed highly probable by management. IFRS 5 requires that (a) assets that meet the criteria to be classified as held for sale be measured at the lower of carrying amount and *fair value less costs to sell*, and depreciation on such assets shall cease; and (b) assets that meet the criteria to be classified as held for sale be presented separately in the statement of financial position and the results of discontinued operations, net of tax, and be presented separately in the statement of comprehensive income. Net cash flows attributable to the operating, investing and financing activities of discontinued operations are required to be disclosed either in the notes to the financial statements or in the financial statements themselves. Accordingly, our consolidated financial information for the three years ended December 31, 2013, 2012 and 2011 has been revised to present the result of operations of the financial services segment in Chile as discontinued operations.

Potential Initial Public Offering of the Shopping Centers Division

On January 30, 2015, the board of directors of the Company resolved to evaluate a potential initial public offering of the Company’s shopping centers division, focusing on Chile, Peru and Colombia, with the Company maintaining a majority position in the resulting entity. This evaluation process is in the preliminary stages, and any transaction ultimately undertaken with respect thereto will be subject to approval by the board of directors of the Company as well as the procurement of any other regulatory approvals required under applicable law.

Cost of Sales

Cost of sales reflects the costs of goods sold. Gross profit, defined as revenues from ordinary activities less cost of sales, is lower in our supermarkets segment due to higher turnover of our supermarket inventory, which includes primarily basic and staple goods. In our other segments, namely department stores and home improvement stores, we do not experience high inventory turnover and therefore have higher gross profits.

Loan Provisioning

Provision models to cover portfolio risk in line with Basel II standards: the Company has different provisions models that adhere to local regulations in each country as well as Basel II standards in order to most adequately reflect cardholder portfolio risk. External variables that affect payment behavior are also included in statistical models for estimating provisions. The Company is making progress in each country on implementing anti-cyclical provisions based on industry best practices, having started with Chile and Peru and, in 2012, Argentina. It also uses back testing to periodically monitor the sufficiency of the provisions it establishes.

Table of Contents

Critical Accounting Policies and Estimates

A summary of our significant accounting policies is included in Note 2 to our Audited Consolidated Financial Statements included elsewhere in this annual report. We believe that the consistent application of these policies enables us to provide readers of our consolidated financial statements with more useful and reliable information about our operating results and financial condition.

The following policies are the accounting policies that we believe to be the most important in the portrayal of our financial condition and results of operations and require management's most difficult, subjective or complex judgments.

Estimate of impairment of assets with indefinite useful lives

We assess annually, or when there is a triggering event, whether goodwill has experienced any impairment, according to the accounting policy described in Note 2.11 of the annual financial statements. The recoverable balances of the cash generating units have been determined from the base of their value in use. The methodology of discounting cash flows at a real pre-tax discount rate calculated for each country is applied. The projection of cash flows is carried out by each country and by business segment. Using the functional currency of each country and the projection considered a horizon of 5 years perpetuity, unless they justify a different horizon. The projections are the historical information of the last year and the main macroeconomic variables that affect the markets. In addition projections considered a moderate organic growth and recurring investments needed to keep generating capacity of flow of each segment.

The assets measured correspond mainly to trademarks and goodwill arising from past business combinations. The measurements are performed for each operating segment representing the cash generating unit determined to carry out the annual impairment test. The projected cash flows in each segment are allocated initially to identifiable tangible and intangible assets and the exceeding portion is allocated to goodwill. The valuation review of the trademarks incorporates among other factors the market analysis, financial projections and the determination of the role that brand has in the generation of sales. For more information please refer to note 4.1 of our audited consolidated financial statements.

Impairment of accounts receivable

We assesses the impairment of accounts receivable when there is objective evidence that we will not be able collect all the amounts according to the original terms of the account receivable. For further information on our accounts receivable, please see Note 8 to our Audited Consolidated Financial Statements.

Investment property

a) Fair value measurement for lands

The fair value for land was determined by external and independent property valuers, having an appropriate recognized professional qualification and recent experience in the location and category of the property being valued.

The methodology used in determining the fair value of lands was the market approach, which consists of determining the fair value based on recent transactions occurred in the market.

b) Fair value measurements for investment properties other than land.

The Company's finance department is responsible for determining fair value measurements included in the financial statements

The Company's finance department includes a valuations team that prepares a valuation for each investment property every quarter. The valuation team reports directly to the Chief Financial Officer (CFO) and the Audit Committee (AC). Discussions of valuation processes, key inputs and results are held between the CFO, AC and the valuation team at least once every quarter, in line with the Company's quarterly reporting dates.

The fair value measurement for this type of investment has been categorized as a level III fair value based on the inputs used in the valuation technique. Investment properties are valued on a highest and best use basis. Changes in Level 3 fair values are analyzed at each reporting date during the quarterly valuation discussions between the CFO, AC and the valuation team. As part of this discussion, the team presents a report that explains the reasons for the fair value movements.

Table of Contents

For all of the Company's investment properties, the current use is considered to be the highest and best use.

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers in or out of Level 3 fair value measurements for investment properties during the period, nor transfers between Level 1 and Level 2 of the fair value hierarchy.

For investment property the methodology of the discounted future cash flows uses a country-specific WACC post-tax rate, measured in real terms and differentiated by country. The rates used at December 31, 2014 were 7.09% in Chile, 22.53% in Argentina, 7.8% in Peru and 7.7% in Colombia (at December 31, 2013: 7.82% in Chile, 20.08% in Argentina, 8.38% in Peru and 8.24% in Colombia). To this effect, a calculation is performed to obtain the net revenues that correspond to the lease income minus the direct costs and operating expenses. Additionally, the projected cash flows used the historical information of the recent years and the projected macroeconomic variables that will affect each country. As a result of the project of tax reform in Chile enacted in the second half of the year 2014, the company conducted an assessment of changes in the legislation and included such in determining the fair value of the investment properties from June 30, 2014. For more information related to cash flows and main variables used please refer to note 4.3 of our audited consolidated financial statements.

Fair value of derivatives

The fair value of financial instruments that are not traded in an active market as it is the case of the over-the-counter derivatives is determined by using valuation techniques. The company uses its judgement to select a variety of methods and makes assumptions that are mainly based on market conditions existing at the end of each reporting period. The company has used discounted cash flows analysis for various foreign exchange contracts and interest rate contracts that are not traded in active markets. For more information please refer to note 4.4 of our audited consolidated financial statements.

Operating Segments

For purposes of our Audited Consolidated Financial Statements and our Unaudited Interim Consolidated Financial Statements, IFRS 8 "Operating Segments" requires an entity to report financial and descriptive information about its reportable segments, which are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the chief operating officer in deciding how to allocate resources and in assessing performance.

For management purposes, we are organized into six operating segments:

- "supermarkets," which includes the results of our: Jumbo, Santa Isabel, Disco, Vea, Wong, Metro, GBarbosa, Perini, Bretas and Prezunic supermarkets and hypermarkets in Chile, Argentina, Brazil, Colombia and Peru, our Eletro-show stores, GBarbosa pharmacies in Brazil and Colombia and gas stations in Brazil and Colombia;
- "shopping centers," which includes the results of our shopping centers in Chile, Argentina, Colombia and Peru;
- "home improvement stores," which includes the results of our Easy and Blaisten home improvement stores in Chile, Argentina and Colombia;
- "department stores," which includes the results of our Paris and Johnson department stores in Chile and Paris in Peru;
- "financial services," which primarily includes the results of our credit card businesses and consumer loans, as well as our limited insurance brokerage operations in Chile, Argentina, and Peru and through joint ventures in Brazil with Banco Bradesco and Colpatria in Colombia; and
- "other," which includes the results of our entertainment centers, loyalty programs and our corporate back-office operations.

We base operations and resource allocation decisions on these six segments. The operating segments are disclosed in a coherent way consistent with the presentation of internal reports we use in our internal controls and disclosure processes. These operating segments derive their revenues primarily from the sale of products and rendering of services to retail consumers.

Table of Contents

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

The following table presents, for the periods indicated, certain items of our statement of income:

	Year Ended December 31,		% Change
	2014	2013	
	(in millions of Ch\$)		
Revenues from ordinary activities:			
Supermarkets	8,159,237	7,682,993	6.2%
Home improvement stores	1,225,616	1,176,890	4.1%
Department stores	991,442	970,360	2.2%
Shopping centers	214,850	205,332	4.6%
Financial services	117,679	81,651	44.1%
Other	2,205	16,932	(87.0)%
Total revenues from ordinary activities	10,711,029	10,134,158	5.7%
Cost of sales:			
Supermarkets	(6,204,110)	(5,782,590)	7.3%
Home improvement stores	(800,342)	(787,402)	1.6%
Department stores	(741,279)	(701,530)	5.7%
Shopping centers	(28,029)	(23,341)	20.1%
Financial services	(39,046)	(25,938)	50.5%
Other	(1,967)	(3,451)	(43.0)%
Total cost of sales	(7,814,773)	(7,324,252)	6.7%
Gross profit:			
Supermarkets	1,955,127	1,900,404	2.9%
Home improvement stores	425,275	389,487	9.2%
Department stores	250,163	268,830	(6.9)%
Shopping centers	186,821	181,991	2.7%
Financial services	78,632	55,713	41.1%
Other	238	13,481	(98.2)%
Total gross profit	2,896,256	2,809,907	3.1%
Administrative expenses, distribution costs and other expenses	(2,495,436)	(2,357,582)	5.8%
Other revenues by function	114,438	108,291	5.7%
Participation in earnings of associates	6,208	10,289	(39.7)%
Financial income	6,709	5,999	11.8%
Financial expenses	(222,165)	(223,856)	(0.8)%
Other earnings	34,624	26,366	31.3%
Exchange differences	(23,643)	(25,054)	(5.6)%
Losses from indexation	(39,576)	(18,885)	109.6%
Income (loss) before taxes	277,416	335,476	(17.3)%
Income tax charge	(125,932)	(94,068)	33.9%
Profit from continuing operations	151,485	241,408	(37.2)%
Profit from discontinued operations	12,662	8,357	51.5%
Net income	164,146	249,765	(34.3)%
Profit attributable to non-controlling shareholders	(748)	(165)	353.3%
Profit attributable to controlling shareholders	164,894	249,930	(34.0)%

Revenues from ordinary activities

Our consolidated revenues from ordinary activities increased Ch\$576,871 million, or 5.7%, to Ch\$10,711,029 million for the year ended December 31, 2014, from Ch\$10,134,158 million for the same period in 2013, as a result of positive contributions from all business segments, with the largest increase in financial services as a result of the growth of our loan portfolio, followed by supermarkets, home improvement, shopping centers and department stores.

Supermarkets

Our consolidated revenue from ordinary activities from our supermarkets increased Ch\$476,244 million, or 6.2%, to Ch\$8,159,237 million for the year ended December 31, 2014, from Ch\$7,682,993 million for the same period in 2013, primarily due to (i) a revenue increase of Ch\$150,415 million, or 7.5%, in our Brazilian operations, resulting from a 2.5% depreciation of the CLP against the BRL and positive same stores sales, (ii) an increase of Ch\$127,502 million in our Chilean supermarket operations due to a 4.3% increase in same store sales related to the improved performance of our Santa Isabel format and the steady performance of our Jumbo operations in the country, as well as the addition of 14 new stores compared to the same period in 2013, (iii) a 4.6% increase in same stores sales in Peru which increased revenues by Ch\$91,207 million, or 12.2%, in that region, and (iv) an increase of Ch\$80,467 million in revenues from our Colombian operations due to positive same store sales in the second half of the year and increases in perishable products. Our Argentine operations posted a revenue increase of 1.5%, or Ch\$26,653 million on the back of positive same store sales of 29.0% in local currency, which were partially offset by an 11.8% depreciation in the AR\$ against the CLP in the period.

Table of Contents

Home improvement stores

Our consolidated revenue from ordinary activities from our home improvement stores increased Ch\$48,726 million, or 4.1%, to Ch\$1,225,616 million for the twelve months ended December 31, 2014, from Ch\$1,176,890 million for the same period in 2013, primarily due to (i) an increase in revenues from our Colombian operations of Ch\$20,994 million, or 45%, due to an 8.7% increase in selling space as a result of the opening of 1 store and due to CLP variations against the COP during the period, (ii) an increase in revenues of Ch\$16,817 million, or 4% in Chile resulting from a 2.7% increase in same store sales and the addition of one new store (iii) an increase of Ch\$10,915 million, or 2%, in our Argentine operations as a result of a 27.5% increase in same store sales which was partially offset by the 11.8% depreciation in the ARS against the Chilean peso in the period.

Department stores

Our consolidated revenue from ordinary activities from our department stores increased Ch\$21,082 million, or 2.2%, to Ch\$991,442 million for the twelve months ended December 31, 2014, from Ch\$970,360 million for the same period in 2013, primarily due to an increase in the number of our Peruvian stores, jumping from six stores to nine, increasing the selling space by 40.4%, and resulted in a revenue increase of Ch\$24,656 million, or 169% which was offset by a decline in revenues from our Chilean department store operations of Ch\$3,573 million, or 0.3%, as a result of a 0.5% decrease in same store sales for 2014 compared to 2013.

Shopping centers

Our consolidated revenue from ordinary activities from our shopping centers increased Ch\$9,518 million, or 4.6%, to Ch\$214,850 million for the twelve months ended December 31, 2014, from Ch\$205,332 million for the same period in 2013, primarily due to (i) an increase in revenues from our Chilean operations of Ch\$7,895 million, or 7%, as a result of the improved performance of our flagship development Costanera Center, (ii) an increase in revenues from our Peruvian operations of Ch\$2,883 million, or 20%, as a result of an increase in occupancy rates at our developments in the country from 87.0% to 89.0%, and (iii) an increase in revenues from our Colombian operations of Ch\$1,447 million or an increase of 19.1%, primarily due to the reclassification of revenues derived from ancillary stores from the supermarket segment to real estate. These increases were partially offset by a 4% decrease in revenues from our Argentina division as a result of sluggish spending in the country and the depreciation of the ARS during period as described above.

Financial services

Our consolidated revenue from ordinary activities from our financial services increased Ch\$36,028 million, or 44.1%, to Ch\$117,679 million for the twelve months ended December 31, 2014, from Ch\$81,651 million for the same period in 2013, primarily due to (i) an increase in revenues of Ch\$17,467 million, or 69%, from our Peruvian operations as a result of portfolio expansion from the growth of our department store business, (ii) an increase in revenues from our Argentine operations of Ch\$17,857 million, or 40%, as a result of an increase in the size of our loan portfolio and (iii) an increase in revenues from our Colombian operations of Ch\$514 million, or 7%, also due to the increase in the size of our loan portfolio and the addition of new product offerings. These increases were partially offset by a decrease of Ch\$140 million, or 4%, in Brazil, from Ch\$3,983 million to Ch\$3,843 million for the twelve months of 2013 and 2014, respectively, due to a decrease in the size of our loan portfolio in the country.

Cost of sales

Our consolidated cost of sales increased Ch\$490,521 million, or 6.7%, to Ch\$7,814,773 million for the twelve months ended December 31, 2014 from Ch\$7,324,252 million for the same period in 2013, primarily due to an increase in sales of 5.7%.

Supermarkets

Our consolidated cost of sales in our supermarkets increased Ch\$421,520 million, or 7.3%, to Ch\$6,204,110 million for the twelve months ended December 31, 2014 from Ch\$5,782,590 million for the same period in 2013, due to (i) an increase in cost of sales in Brazil of Ch\$170,154 million, or 11%, as a result of a 7.5% increase in sales; (ii) an increase of Ch\$98,232 million, or 5.9%, in Chile which was in line with the sales growth the country experienced, (iii) an increase of Ch\$75,182 million in Peru as a result of an increase of 12.2% in sales as well as increased costs in connection with increased promotional pricing activities, (iv) a Ch\$66,305 million, or 9.0%, increase in cost of sales in Colombia due to a 8.8% increase in sales and (v) an increase in cost of sales in Argentina of Ch\$11,648 million or 0.9%.

Table of Contents

Home improvement stores

Our consolidated cost of sales in home improvement stores increased Ch\$12,940 million, or 1.6%, to Ch\$800,342 million for the twelve months ended December 31, 2014 from Ch\$787,402 million for the same period in 2013, mainly due to (i) an increase in cost of sales in Colombia of Ch\$16,361 million, or 49%, as a result of the expansion of our operations in the country together with an increase of Ch\$10,400, or 3%, in cost of sales in Chile which was in line with the sales growth in our Chilean business. These effects were partially offset by a decrease in cost of sales in Argentina of Ch\$13,822 million or 3% as a result of improved terms with suppliers. Costs as a percentage of sales decreased to 65.3% in the twelve months of 2014, compared to 66.9% for 2013, due to more favorable commercial terms with suppliers due to contract renegotiations, a more flexible pricing environment in Argentina and a greater retail consumer mix, that has higher margin customers, versus wholesale in Chile.

Department stores

Our consolidated cost of sales in our department stores increased Ch\$39,749 million, or 5.7%, to Ch\$741,279 million for the twelve months ended December 31, 2014 from Ch\$701,530 million for the same period in 2013, due to (i) an increase of Ch\$21,655 million, or 178%, in cost of sales in Peru as a result of the abovementioned expansion of the department store business in the country and (ii) an increase in cost of sales in Chile of Ch\$18,095 million, or 3%, as a result of increased promotional activities. Costs as a percentage of sales increased 250 basis points due to the deterioration of the consumer environment in Chile.

Shopping centers

Our consolidated cost of sales, primarily depreciation and expenses, from our shopping centers increased Ch\$4,688 million, or 20.1%, to Ch\$28,029 million for the twelve months ended December 31, 2014 from Ch\$23,341 million for the same period in 2013, due to (i) an increase in Argentina of Ch\$4,843 million, or 35%, as a result of increased operational expenses related to the renegotiation of collective bargaining agreements, (ii) an increase of Ch\$483 million or 7% in cost of sales for our Chilean operations in line with sales growth for the period and (iii) an increase in cost of sales in Colombia as a result of the inclusion of supermarket ancillary stores into this segment of Ch\$21 million, or 6%. These effects were partially offset by a decrease in cost of sales in Peru of Ch\$659 million, or 35%, due to cost reductions and efficiencies.

Financial services

Our consolidated cost of sales, primarily provisions for bad debts and collection and processing costs, from our financial services division increased 50.5%, or Ch\$13,108 million, to Ch\$39,046 million for the twelve months ended December 31, 2014 from Ch\$25,938 million for the same period in 2013, due to (i) an increase of Ch\$8,008 million, or 55%, in Peru as a result of the growth of our loan portfolio and (ii) an increase of Ch\$4,840 million, or 46%, in Argentina also due to the growth of our business during the period.

Gross profit

Our consolidated gross profit increased 3.1%, or Ch\$86,349 million, to Ch\$2,896,256 million for the twelve months ended December 31, 2014 from Ch\$2,809,907 million for the same period in 2013, primarily due to gross profit improvement in the supermarket and home improvement segments.

Our consolidated gross profit as a percentage of revenues from ordinary activities decreased 70 bps to 27.0% for the twelve months ended December 31, 2014 from 27.7% for the same period in 2013.

Supermarkets

Our consolidated gross profit in our supermarkets increased Ch\$54,723 million, or 2.9%, to Ch\$1,955,127 million for the twelve months ended December 31, 2014 from Ch\$1,900,404 million for the same period in 2013, as a result of (i) an increase in gross profit of Ch\$29,270 million, or 5.2%, in Chile as a result of the improved performance of our Santa Isabel format and the steady performance of our Jumbo operations in the country, (ii) an increase in gross profit of Ch\$16,025 million, or 9.6%, in Peru as a result of a 12.2% increase in sales, (iii) an increase of Ch\$15,005 million, or 2.8%, in Argentina as a result of sales growth and improved inventory management and (iv) an increase in gross profit in Colombia of Ch\$14,162 million or 7.9%, in line with sales growth experienced. Gross profit as a percentage of revenues from ordinary activities decreased for the supermarkets segment to 24.0% for the twelve months ended December 31, 2014 compared to 24.7% for the same period of 2013 as a result of a lower gross profit in our Brazilian operations due to increased inventory shrinkage for the operation, and as a result of increased cost of sales in Peru and Colombia due to increased promotional activities to better position our brands and support our market share in those regions.

Table of Contents

Home improvement stores

Our consolidated gross profit in our home improvement stores increased Ch\$35,788 million, or 9.2%, to Ch\$425,275 million for the twelve months ended December 31, 2014 from Ch\$389,487 million for the same period in 2013. Gross profit as a percentage of revenues from ordinary activities increased to 34.6% for the twelve months ended December 31, 2014, compared to 33.9% for the same period in 2013, primarily as a result of improved margins in Chile and Argentina: (i) gross profit as a percentage of revenues from ordinary activities in Argentina increased the most to 39.3% from 36.2% as a result of a more flexible pricing environment in light of government mandated price controls being limited to a reduced share of products sold and inventory accumulation preceding a high inflation period, (ii) gross profit as a percentage of revenues from ordinary activities in Chile increased to 29.2% from 28.8% as a result of having a larger base of retail clients in the sales mix leading to better profit margins and (iii) improvements in the scale of our Colombian operations, which went from 9 to 10 stores adding 6,587 m² of selling space, which resulted in better terms with suppliers as a result of greater purchased volumes increasing gross profit by 37%, or Ch\$4,633 million; however, this effect was offset by inventory clearance sales during the period reducing gross profit as a percentage of revenues from ordinary activities from 26.9% to 25.4% in the country.

Department stores

Our consolidated gross profit in our department stores decreased Ch\$18,667 million, or 6.9%, to Ch\$250,163 million for the twelve months ended December 31, 2014 from Ch\$268,830 million for the same period in 2013. The deterioration in the Chilean economy and reduced consumer spending led to an expansion of our promotional activities, resulting in a decrease in gross profit of Ch\$21,668 million, or 8%, during the twelve months ended December 31, 2014 as compared to the same period in 2013. In Peru, gross profit in Chile increased Ch\$3,001 million, or 124%, as a result of the increase in sales of 169% due to the increase in size of the operation, which went from 6 to 9 stores. Our consolidated gross profit as a percentage of revenues from ordinary activities decreased to 25.2% for the twelve months ended December 31, 2014 from 27.7% for the same period in 2013.

Shopping centers

Our consolidated gross profit in our shopping centers increased Ch\$4,830 million, or 2.7%, to Ch\$186,821 million for the twelve months ended December 31, 2014 from Ch\$181,991 million for the same period in 2013, as a result of (i) an increase in gross profit in Chile of Ch\$7,413 million, or 7% related to the improved performance of our developments in the country, in particular our Costanera Center, (ii) an increase in gross profit in Peru of Ch\$3,542 million, or 29%, as a result of improved occupancy rates at Arequipa Center and Plaza Lima Sur and (iii) an increase in gross profit in Colombia of Ch\$1,426 million, or 17%, mainly due to the reclassification of the activities of ancillary stores that were previously included under supermarkets into this segment. These increases were partially offset by a decline in gross profit in Argentina of Ch\$7,551 million, or 14%, as a result of lower sales made by tenants at our shopping centers as well as the depreciation of the ARS during the period.

As a result of the foregoing factors, our consolidated gross profit as a percentage of revenues from ordinary activities in our shopping centers decreased to 86.9% for the twelve months ended December 31, 2014 compared to 88.6% for the same period in 2013.

Financial services

Our consolidated gross profit in our financial services segment increased Ch\$22,919 million, or 41.1%, to Ch\$78,632 million for the twelve months ended December 31, 2014 from Ch\$55,713 million for the same period in 2013, as a result of (i) a larger loan portfolio and improved risk management activities at our Argentine operations, which increased gross profit in Argentina by Ch\$13,018 million, or 39%, (ii) growth of our loan portfolio in Peru as a result of the development of our department store business, which fueled portfolio growth by financing in-store purchases, increasing gross profit by Ch\$9,459 million and (iii) the expansion of our Colombian operations, increasing gross profit in Colombia by Ch\$514 million, or 7%.

Other revenues by function

Our consolidated other revenues by function increased by Ch\$6,147 million, or 5.7%, to Ch\$114,438 million for the twelve months ended December 31, 2014 from Ch\$108,291 million for the same period in 2013, as a result of an increase in the fair value of properties in the period and a lower discount rate used in the twelve month period ended December 31, 2014 when compared to the same period in 2013 partially offset by the negative effect of rising tax rates on our cash flow model.

Administrative expenses, distribution costs and other expenses

Our consolidated administrative expenses, distribution costs and other expenses increased Ch\$137,854 million, or 5.8%, to Ch\$2,495,436 million for the twelve months ended December 31, 2014 from Ch\$2,357,582 million for the same period in 2013. This increase was in line with the related 5.7% increase in revenue from ordinary activities.

Table of Contents

Results from financial and other activities

The following table presents, for the periods indicated, a breakdown of our consolidated results from financial, tax and other activities, as well as the percentage variation from period to period:

	As of December 31,		% Change
	2014	2013	
	(in millions of Ch\$)		
Other gains (losses)	34,624	26,366	31.3%
Financial income	6,709	5,999	11.8%
Financial expenses	(222,165)	(223,856)	(0.8)%
Exchange differences	(23,643)	(25,054)	(5.6)%
Losses from indexation	(39,576)	(18,885)	109.6%
Total losses from financial and other activities	(244,050)	(235,430)	3.7%

Our consolidated losses from financial and other activities remained essentially flat for the twelve month period ended December 31, 2014 compared to the same period in 2013, in light of the following factors:

- An increase in Other gains (losses) of Ch\$8,258 million, resulting mainly from favorable fair value of derivative contracts in connection with our hedging activities of our U.S.\$ denominated debt (please see note 3 to our financial statements for further details on our hedging activities); and
- A decrease in financial expenses of Ch\$1,691 million, resulting in a financial expense of Ch\$222,165 million for the twelve months ended December 31, 2014 compared to a financial expense of Ch\$223,856 million for the same period of 2013 as a result of lower variable interest rates. As presented, financial expenses were reduced as a result of a lower debt load, despite greater working capital needs; and
- A decrease in exchange differences of Ch\$1,411 million, resulting in exchange losses of Ch\$23,643 million for the twelve month period ended December 31, 2014 compared to exchange losses of Ch\$25,054 million for the same period of 2013 as a result of a lower CLP/USD depreciation.

which were offset by:

- An increase in losses stemming from indexation of Ch\$20,691 million as a result of a higher inflation rate in Chile, resulting in a loss of Ch\$39,576 million for the twelve months ended December 31, 2014, compared to a loss of Ch\$18,885 million for the same period of 2013.

Income tax charge

For the twelve month period ended December 31, 2014, we had an income tax expense of Ch\$125,932 million, compared to an income tax expense of Ch\$94,068 million for the same period in 2013. This increase of Ch\$31,861 million was primarily due to a higher corporate tax rate during the 2014 period.

On September 29, 2014, Chile enacted the Tax Reform Act. The Tax Reform Act introduced changes to the corporate tax rate, mandating a gradual increase of the rate from 20% to 25% or 27% in certain cases, the rules regarding minimum capitalization, and the taxation of Chilean investments abroad (the controlled-foreign-corporation rules), among others. The new rules are set to come into effect gradually, with the implementation process having commenced on October 1, 2014 and set to be completed by January 1, 2018.

Profit (loss) from continuing operations

As a result of the above factors, our net earnings decreased Ch\$89,923 million, or 37.2%, to Ch\$151,485 million for the twelve months ended December 31, 2014 from Ch\$241,408 million for the same period in 2013. Our net earnings, as a percentage of revenues from ordinary activities, decreased to 1.4% for the twelve months ended December 31, 2014 from 2.4% for the same period in 2013.

Table of Contents

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013 for Discontinued Operations

The following table presents, for the periods indicated, certain items of the statement of income for our discontinued operations:

	Year Ended December 31,		% Change
	2014	2013	
	(in millions of Ch\$)		
Revenues from discontinued operations:			
Total revenues	201,826	206,882	(2.4)%
Cost of sales from discontinued operations:			
Total cost of sales	(55,799)	(59,817)	(6.7)%
Gross profit from discontinued operations:			
Total gross profit	146,027	147,065	(0.7)%
Administrative expenses, distribution costs and other expenses	(55,460)	(60,174)	(7.8)%
Other expenses by function	(13,670)	(30,166)	(54.7)%
Other revenues by function	191	423	(54.9)%
Other gains (losses)	35	16	118.8%
Results from operating activities	77,123	57,164	34.9%
Financial income	260	145	79.3%
Financial expenses	(38,953)	(34,829)	11.8%
Exchange differences	(19,199)	(9,670)	98.5%
Losses from indexation	(4,970)	(2,074)	139.6%
Income (loss) before taxes	14,261	10,447	36.5%
Income tax charge	(1,599)	(2,089)	23.5%
Profit (loss)	12,662	8,357	51.2%
Basic earnings (loss) per share	3.0	14.2	(78.9)%
Diluted earnings (loss) per share	3.0	14.2	(78.9)%

Revenues from discontinued operations

Discontinued operations

Our consolidated revenue from discontinued operations decreased Ch\$5,056 million, or 2.4%, to Ch\$201,826 million for the twelve months ended December 31, 2014, from Ch\$206,882 million for the same period in 2013, primarily due to the effects of legal interest rate caps (*Tasa Maxima Convencional*) being applied in Chile as part of a regulatory framework developed in 2013.

Cost of sales

Discontinued operations

Our consolidated cost of sales from discontinued operations, primarily provisions for bad debts and collection and processing costs, decreased 6.7%, or Ch\$4,018 million, to Ch\$55,799 million for the twelve months ended December 31, 2014 from Ch\$59,817 million for the same period in 2013, due to improved risk management activities as a lower percentage of our Chile loan portfolio was provisioned for non-performing loans.

Gross profit

Discontinued operations

Our consolidated gross profit from discontinued operations decreased Ch\$1,038 million, or 0.7%, to Ch\$146,027 million for the twelve months ended December 31, 2014 from Ch\$147,065 million for the same period in 2013, as a result of the enactment of interest rate caps and a reduction in the number of cardholders with payments in arrears, which reduced revenues from overdue payments.

Other revenues by function

Our consolidated other revenues by function from discontinued operations decreased by Ch\$232 million, or 54.9%, to Ch\$191 million for the twelve months ended December 31, 2014 from Ch\$423 million for the same period in 2013, as a result of an increase in the recovery of commission fees.

Administrative expenses, distribution costs and other expenses

Our consolidated administrative expenses, distribution costs and other expenses from discontinued operations decreased Ch\$4,714 million, or 7.8%, to Ch\$55,460 million for the twelve months ended December 31, 2014 from Ch\$60,174 million for the same period in 2013. This decrease was above the related revenue contraction of 7.8%, and was due to cost cutting, expense control and enhanced productivity initiatives across our business divisions.

Table of Contents

Results from financial and other activities

The following table presents, for the periods indicated, a breakdown of our consolidated results from financial, tax and other activities from discontinued operations, as well as the percentage variation from period to period:

	As of December 31,		% Change
	2014	2013	
	(in millions of Ch\$)		
Other gains (losses)	35	16	118.8%
Financial income	260	145	79.3%
Financial expenses	(38,953)	(34,829)	11.8%
Exchange differences	(19,199)	(9,670)	98.5%
Losses from indexation	(4,970)	(2,074)	139.6%
Total losses from financial and other activities	(62,827)	(46,412)	35.4%

Our consolidated losses from financial and other activities from discontinued operations increased 14% for the twelve month period ended December 31, 2014 compared to the same period in 2013, in light of the following factors:

- An increase in financial expenses of Ch\$4,124 million, resulting in a financial expense of Ch\$38,953 million for the twelve months ended on December 31, 2014, compared to a financial expense of Ch\$34,829 million for the same period of 2013 as a result of portfolio expansion in the period;
- An increase in exchange rate differences of Ch\$9,529 million, resulting in a loss of Ch\$19,199 million for the twelve months ended on December 31, 2014 compared to a loss of Ch\$9,670 million for the same period in 2013 as a result of the devaluation of local currencies against the U.S. dollar; and
- An increase in losses stemming from indexation of Ch\$2,896 million as a result of a higher inflation rate in Chile, resulting in a loss of Ch\$4,970 million for the twelve months ended on December 31, 2014, compared to a loss of Ch\$2,074 million for the same period of 2013,

which were partially offset by:

- An increase in Other gains (losses) of Ch\$19 million, from Ch\$16 million for the twelve months ended December 31, 2013 to Ch\$35 million in the same period of 2014 due to the fair value of derivative contracts, and;
- An increase in financial income from Ch\$145 million for the twelve months ended December 31, 2013 to Ch\$260 million for the same period in 2014 due to investments made by the Company with excess cash.

Income tax charge

For the twelve months ended December 31, 2014, we had an income tax expense of Ch\$1,599 million, compared to an income tax expense of Ch\$2,089 million for the same period in 2013. This decrease of Ch\$490 million was a consequence of the tax reform enacted in Chile during 2014. The application of the Chilean tax reform resulted in a profit over the equity held by our financial services business in Chile. This profit due to the application of the tax reform in Chile resulted in a reduction in our effective tax rate in Chile (See Note 26 to our audited financial statements).

Profit (loss) from discontinued operations

As a result of the above factors, our net earnings from discontinued operations increased Ch\$3,052 million, or 36.5%, to Ch\$11,409 million for the twelve months ended December 31, 2014 from Ch\$8,357 million for the same period in 2013. Our net earnings, as a percentage of revenues from ordinary activities, increased to 5.7% for the twelve months ended December 31, 2014 from 4.0% for the same period in 2013.

Year ended December 31, 2013 as compared to year ended December 31, 2012

The following table presents, for the periods indicated, certain items of our statement of income:

	Year ended December 31,		% Change
	2013	2012	
	(in millions of Ch\$)		
Revenues from ordinary activities:			
Supermarkets	7,682,064	6,733,610	14.1%
Home improvement stores	1,176,890	1,063,086	10.7%

Table of Contents

	Year ended December 31,		% Change
	2013	2012	
	(in millions of Ch\$)		
Department stores	970,360	886,075	9.5%
Shopping centers	205,332	172,104	19.3%
Financial services	81,651	58,454	39.7%
Other	17,861	12,022	48.6%
Total revenues from ordinary activities	10,134,158	8,925,351	13.5%
Cost of sales:			
Supermarkets	(5,782,590)	(5,057,477)	14.3%
Home improvement stores	(787,402)	(711,500)	10.7%
Department stores	(701,530)	(644,668)	8.8%
Shopping centers	(23,341)	(27,213)	(14.2)%
Financial services	(25,938)	(21,082)	23.0%
Other	(3,451)	(2,294)	50.4%
Total cost of sales	(7,324,252)	(6,464,234)	13.3%
Gross profit:			
Supermarkets	1,900,404	1,676,133	13.4%
Home improvement stores	389,487	351,586	10.8%
Department stores	268,830	241,407	11.4%
Shopping centers	181,991	144,891	25.6%
Financial services	55,713	37,372	49.1%
Other	13,481	9,728	38.6%
Total gross profit	2,809,907	2,461,117	14.2%
Administrative expenses, distribution costs and other expenses	(2,357,582)	(2,048,390)	15.1%
Other revenues by function	108,291	107,011	1.2%
Participation in earnings of associates	10,289	5,642	82.4%
Financial income	5,999	8,231	(27.1)%
Financial expenses	(223,856)	(178,631)	25.3%
Other earnings	26,366	(7,403)	N/A
Exchange differences	(25,054)	(12,053)	107.9%
Losses from indexation	(18,885)	(23,538)	(19.8)%
Income (loss) before taxes	335,476	311,988	7.5%
Income tax charge	(94,068)	(92,226)	2.0%
Profit from continuing operations	241,408	219,762	9.8%
Profit from discontinued operations	8,357	33,047	(74.7)%
Net income	249,765	252,809	(1.2)%
Profit attributable to non-controlling shareholders	(165)	2,851	(105.8)%
Profit attributable to controlling shareholders	249,930	249,959	0.0%

Revenues from ordinary activities

Our consolidated revenues from ordinary activities increased Ch\$1,208,807 million, or 13.5%, to Ch\$10,134,158 million for the year ended December 31, 2013, from Ch\$8,925,351 million for the same period in 2012, as a result of (i) an increase of Ch\$948,454 million, or 14.1%, in revenue in the supermarket segment, (ii) an increase of Ch\$113,804 million, or 10.7%, in revenue in our home improvement stores, (iii) an increase of Ch\$84,285 million, or 9.5%, in revenue in our department store business, (iv) an increase of Ch\$33,228 million, or 19.3%, in revenue from our shopping center segment and (v) an increase of Ch\$23,197 million, or 39.7%, in revenue in our financial services business as a result of its expansion in Peru and the addition of financial services in Colombia to the segment.

Supermarkets

Our consolidated revenue from ordinary activities from our supermarkets increased Ch\$948,454 million, or 14.1%, to Ch\$7,682,064 million for the year ended December 31, 2013 from Ch\$6,733,610 million for the same period in 2012, primarily due to (i) the consolidation of Colombian supermarket operations for the entire 12-month period of 2013 versus only one month in 2012, (ii) an increase of Ch\$169,327 million, or 8.2%, in sales in Chile as a result of positive same-store sales and the addition of 10 new stores across the country, (iii) and revenue expansion of Ch\$35,064 million or 2.0% in Argentina as a consequence of 17.3% same-store sales growth in local currency and an increase of Ch\$26,530 or 4.0% in Peru, also aided by the opening one store and 1.5% same-store sales growth in local currency. All of the above were partially offset by a decrease in revenues in Brazil of Ch\$91,206 million, or of 4.4%, as a result of decreasing same-store sales of 0.5% in local currency.

Table of Contents

Home improvement stores

Our consolidated revenues from ordinary activities from our home improvement stores increased Ch\$113,804 million, or 10.7%, to Ch\$1,176,890 million for the year ended December 31, 2013 from Ch\$1,063,086 million for the same period in 2012, primarily due to (i) an increase of Ch\$48,328 million, or 12.4%, resulting from an increase in revenues in Chile driven by an increase in same-store sales in local currency of 6.1% and improved terms from suppliers, (ii) an increase of Ch\$62,025, or 10.0%, million in revenues, in Argentina driven by an increase in same-store sales in local currency of 30.3% and an increase in sales resulting from the opening of one new store and (iii) an increase of Ch\$3,450 million, or 8.1%, in revenues in Colombia driven by an increase of 0.1% in same stores sales in local currency and the opening of 5 new stores in the period.

Department stores

Our consolidated revenues from ordinary activities from our department stores increased Ch\$84,285 million, or 9.5%, in 2013 compared to 2012, as a result of (i) an increase of Ch\$69,702 million, or 7.9%, to Ch\$955,777 million of revenues from Chile for the year ended December 31, 2013 from Ch\$886,075 million for the same period in 2012, primarily due to an increase in same-store sales of 4.7% and (ii) increased revenues in Peru as a result of the opening of six new Paris stores in the country during the period that contributed Ch\$14,583 million.

Shopping centers

Our consolidated revenues from ordinary activities from our shopping centers increased Ch\$33,228 million, or 19.3%, to Ch\$205,332 million for the year ended December 31, 2013 from Ch\$172,104 million for the same period in 2012, primarily due to: (i) an increase of Ch\$19,748 million, or 21.2%, resulting from growth in revenues in Chile due to the improved performance posted by all of our properties in the country, particularly Costanera Center and the shopping center's full year contribution to the division; (ii) an increase of Ch\$3,828 million, or 5.8%, resulting from growth in revenues in Argentina due to improved performance, (iii) revenue growth in Peru in the segment of 111% for the year ended December 31, 2013 attributable to the opening of a shopping center in the city of Arequipa (iv) and the consolidation of the Colombian real estate division.

Financial services

Our consolidated revenues from ordinary activities from our financial services increased Ch\$23,197 million, or 39.7%, to Ch\$81,651 million for the year ended December 31, 2013 from Ch\$58,454 million for the same period in 2012, due to portfolio expansion in our markets.

Cost of sales

Our consolidated cost of sales increased Ch\$860,018 million, or 13.3%, to Ch\$7,324,252 million for the year ended December 31, 2013 from Ch\$6,464,234 million for the same period in 2012, primarily due to the increase in sales reported in the period. The main increase was seen in our supermarket segment following the consolidation of our Colombian operations. Cost of sales as a percentage of sales decreased by 0.3% in 2013 compared to 2012 as a result of better cost management by our shopping center and department store segments.

Supermarkets

Our consolidated cost of sales in our supermarkets increased Ch\$725,113 million, or 14.3%, to Ch\$5,782,590 million for the year ended December 31, 2013 from Ch\$5,057,477 million for the same period in 2012, due to (i) cost of sales of Ch\$654,338 million attributable to the consolidation of 12 months of Colombian supermarket operations; (ii) an increase in cost of sales in Chile of Ch\$107,579 million, or 6.9%, as a result of the opening of 10 new stores and (iii) an increase of Ch\$26,862 million, or 5.0%, for cost of sales in our Peruvian supermarkets. The above were partially offset by a decrease in cost of sales in Brazil of Ch\$89,129 million, or 5.4%, as a result of improved terms with suppliers.

Home improvement stores

Our consolidated cost of sales in home improvement stores increased Ch\$75,902 million, or 10.7%, to Ch\$787,402 million for the year ended December 31, 2013 from Ch\$711,500 million for the same period in 2012, primarily due to (i) an increase of cost of sales in Argentina of Ch\$39,615 million (ii) an increase of cost of sales in Chile of Ch\$33,864 million, or 12%, and (iii) an increase of Ch\$2,424 in Colombia. Costs as percentage of sales remained flat due to better terms resulting from negotiations with our suppliers.

Table of Contents

Department stores

Our consolidated cost of sales in our department stores increased Ch\$56,862 million, or 8.8%, to Ch\$701,530 million for the year ended December 31, 2013 from Ch\$644,668 million for the same period in 2012, primarily due to an increase in sales in the period of 9.5%. Costs as a percentage of sales decreased marginally by 0.5% due to greater synergies in our dealings with suppliers and improved margins at our Johnson stores. Cost of Sales in Chile grew 6.9% while the start up of department stores in Peru resulted an increase in cost of sales of Ch\$12,170 million.

Shopping centers

Our consolidated cost of sales, primarily depreciation and expenses, from our shopping centers decreased Ch\$3,872 million, or 14.2%, to Ch\$23,341 million for the year ended December 31, 2013 from Ch\$27,213 million for the same period in 2012, due to: (i) a decrease in cost of sales in Peru in the amount of Ch\$1,266 million (ii) a decrease in Chile of Ch\$1,382 million, or 16.8%, due to higher expenses being recorded in 2012 for the opening of Costanera Center, and (iii) a decline in Argentina of Ch\$666 million, or 4.6%. These were partially offset by the consolidation of our shopping center business in Colombia.

Financial services

Our consolidated cost of sales, primarily provisions for bad debts and collection and processing costs, from our financial services segment increased 23.0%, or Ch\$4,856 million, to Ch\$25,938 million for the year ended December 31, 2013 from Ch\$21,082 million for the same period in 2012, due to portfolio expansion.

Gross profit

Our consolidated gross profit increased 14.2%, or Ch\$348,790 million, to Ch\$2,809,907 million for the year ended December 31, 2013 from Ch\$2,461,117 million for the same period in 2012, primarily due to gross profit improvements in all segments.

Our consolidated gross profit as a percentage of revenues from ordinary activities increased 0.1% to 27.7% for the year ended December 31, 2013 from 27.6% for the same period in 2012.

Supermarkets

Our consolidated gross profit in our supermarkets increased Ch\$224,271 million, or 13.4%, to Ch\$1,900,404 million for the year ended December 31, 2013 from Ch\$1,676,133 million for the same period in 2012, as a result of margin improvements in all of our markets except for Brazil. Gross profit as a percentage of sales remained flat for the overall division at 24.9%. This was a result of (i) the addition of 12 months of operation of our Colombian supermarket operation that contributed Ch\$148,769 million in gross profit; (ii) gross profit in Chile increasing Ch\$61,749 million, or 12.4%, reflecting the maturing of continued investments in distribution centers; and (iii) expanding gross profit in Ch\$25,373 million in Argentina, or 4.9%, as a result of a more flexible pricing environment combined with an improved commercial strategy. These were partially offset by a decrease in gross profit from Brazil of Ch\$2,077 million, or 0.5%.

Home improvement stores

Our consolidated gross profit in our home improvement stores increased Ch\$37,901 million, or 10.8%, to Ch\$389,487 million for the year ended December 31, 2013 from Ch\$351,586 million for the same period in 2012. Cost of sales as a percentage of sales remained flat in the period at 33.1% when compared against the same period 2012. The increase was a result of: (i) an increase in Argentina operations of Ch\$22,411, or 10%, in line with sales growth for the division, (ii) Chile growing Ch\$14,465 million, or 12.6%, as a result of higher sales with increased gross margins for the operation and (iii) an increase in our Colombian operations of Ch\$1,026 million, or 9.0%, with an increase of 0.3% in gross margin for the operation as a result of greater volumes, which diluted expenses.

Department stores

Our consolidated gross margin in our department stores increased Ch\$27,423 million, or 11.4%, to Ch\$268,830 million for the year ended December 31, 2013 from Ch\$241,407 million for the same period in 2012. In Chile, the improvement resulted from better inventory management and sales mix particularly at our Johnson operations. Our consolidated gross profit as a percentage of revenues from ordinary activities increased by 0.5% to 27.7% for the year ended December 31, 2013 from 27.2% for the same period in 2012. Our Peruvian start up contributed Ch\$2,413 million in gross profit to this division.

Table of Contents

Shopping centers

Our consolidated gross margin in our shopping centers increased Ch\$37,100 million, or 25.6%, to Ch\$181,991 million for the year ended December 31, 2013 from Ch\$144,891 million for the same period in 2012, as a result of (i) an increase in Chile of Ch\$21,129 million reflecting a full year contribution of Costanera Center as well as high occupancy levels for that property and Portal Osorno, (ii) the addition of Colombian real estate operations that contributed Ch\$7,502 million in gross profit and (iii) an increase in Argentina of Ch\$4,494 million.

As a result of the foregoing factors, our consolidated gross profit as a percentage of revenues from ordinary activities in our shopping centers increased to 88.63% for the year ended December 31, 2013 from 84.2% for the same period in 2012.

Financial services

Our consolidated gross profit in our financial services segment increased Ch\$18,341 million, or 49.1%, to Ch\$55,713 million for the year ended December 31, 2013 from Ch\$37,372 million for the same period in 2012, as a result of (i) an increase of Ch\$7,996 million in Peru as a result of a greater loan portfolio and (ii) the greater contribution to financial services from our Colombian operations, which added Ch\$7,156 million as a result of having a full year's contribution to the segment.

Other revenues by function

Our consolidated other revenues by function increased by Ch\$1,280 million, to Ch\$108,291 million for the year ended December 31, 2013 from Ch\$107,011 million for the same period in 2012, as a result of an increase in the fair value of investment properties in 2013 when compared to 2012.

Administrative expenses, distribution costs and other expenses

Our consolidated administrative expenses, distribution costs and other expenses increased Ch\$309,192 million, or 15.1%, to Ch\$2,357,582 million for the year ended December 31, 2013 from Ch\$2,048,390 million for the same period in 2012, which exceeded the revenue increase from ordinary activities of 13.5% as a result of real wage increases in the period in most of our segments.

Results from financial and other activities

The following table presents, for the periods indicated, a breakdown of our consolidated results from financial and other activities, as well as the percentage variation from period to period:

	Year ended December 31,		% Change
	2013	2012	
	(in millions of Ch\$)		
Other earnings (losses)	26,366	(7,403)	456.2%
Financial income	5,999	8,231	(27.1)%
Financial expenses	(223,856)	(178,631)	25.3%
Exchange differences	(25,054)	(12,053)	107.9%
Losses from indexation	(18,885)	(23,538)	(19.8)%
Total losses from financial and other activities	(235,430)	(213,394)	10.3%

Our consolidated losses from financial and other activities increased by Ch\$22,036 million, to a loss of Ch\$235,430 million for the year ended December 31, 2013 from a loss of Ch\$213,394 million for the same period in 2012. This increase was primarily due to the following factors:

- An increase in financial expenses of Ch\$45,225 million, resulting in financial expenses of Ch\$223,856 for the year ended December 31, 2013 compared to financial expenses of Ch\$178,631 million for the same period of 2012 as a result of lower cash on hand, and a higher debt load used to fund the company's growth strategy, which mainly related to acquisitions; and
- An increase in exchange rate differences of Ch\$13,001 million, resulting in a loss of Ch\$25,054 million for the year ended December 31, 2013 compared to a loss of Ch\$12,053 for the same period in 2012, as a result of the devaluation of local currencies against the U.S. dollar;

Table of Contents

which were partially offset by:

- A decrease in losses stemming from indexation of Ch\$4,653 million, resulting in a loss of Ch\$18,885 million for the year ended December 31, 2013, compared to a loss of Ch\$23,538 for the same period of 2012, as a result of a lower inflation rate in Chile; and
- Higher earnings related to the fair value of cross currency swaps being booked under other earnings (losses) connected to the hedging of our U.S.\$ denominated debt.

Income tax charge

For the year ended December 31, 2013, we had an income tax expense of Ch\$94,068 million, compared to an income tax expense of Ch\$92,226 million for the same period in 2012. This increase of Ch\$1,842 million was due to better business performance.

Profit (loss) from continuing operations

As a result of the above factors, our net earnings increased Ch\$21,646 million, or 9.8%, to Ch\$241,408 million for the year ended December 31, 2013 from Ch\$219,762 million for the same period in 2012. Our net earnings, as a percentage of revenues from ordinary activities, decreased to 2.4% for the year ended December 31, 2013 from 2.5% for the same period in 2012.

Year ended December 31, 2013 as compared to year ended December 31, 2012 for Discontinued Operations

The following table presents, for the periods indicated, certain items of the statement of income for our discontinued operations:

	Year Ended December 31,		% Change
	2013	2012	
	(in millions of Ch\$)		
Revenues from discontinued operations:			
Total revenues	206,882	223,726	(7.5)%
Cost of sales from discontinued operations:			
Total cost of sales	(59,817)	(83,598)	28.4%
Gross profit from discontinued operations:			
Total gross profit	147,065	140,129	4.9%
Administrative expenses, distribution costs and other expenses	(90,339)	(73,432)	23%
Other revenues by function	423	99	327.2%
Other gains (losses)	16	34	(53)%
Results from operating activities	57,164	66,830	(14)%
Financial income	145	(121)	219.8%
Financial expenses	(34,829)	(32,391)	7.5%
Participation in profit or loss of equity method associates	—	(2,695)	N/A
Exchange differences	(9,670)	9,373	203%
Losses from indexation	(2,074)	(2,378)	(12.8)%
Income (loss) before taxes	10,447	41,310	(75)%
Income tax charge	(2,089)	(8,262)	(75)%
Profit (loss)	8,357	33,047	(75)%

Revenues from discontinued operations

Our consolidated revenues from discontinued operations decreased Ch\$16,844 million, or 7.5%, to Ch\$206,882 million for the year ended December 31, 2013, from Ch\$223,726 million for the same period in 2012, primarily due a smaller credit card receivables portfolio in Chile and the effects of interest rate caps over already extended loans.

On June 20, 2014, Cencosud S.A. and its affiliates Cencosud Retail S.A. and Easy S.A. entered into the Joint Venture Framework Agreement with The Bank of Nova Scotia and Scotiabank Chile S.A., related to the development of financial services in Chile, previously disclosed by Cencosud S.A. in its reports on Form 6-K dated June 23, 2014 and June 25, 2014. Pursuant to the Joint Venture Framework Agreement, Scotiabank Chile or its affiliated entities will acquire a fifty-one percent (51%) of each of the Subject Companies, with the remaining forty-nine percent (49%) owned by us or our affiliates. We and Scotiabank Chile or its affiliates will enter into corresponding shareholder agreements with respect to each of the Subject Companies. We will also enter into a joint venture agreement that will govern the relationship between the parties in regards to the development of the financial retail business in Chile, with the agreement having an exclusivity period of 15 years from the date of the closing under the Joint Venture Framework Agreement. CAT and Scotiabank Chile will, at such closing date or within three days of having constituted CAT as a supporting

Table of Contents

company for bank transfers, enter into a line-of-credit agreement for Scotiabank Chile's portion of the financing of the Chilean retail finance business. At the end of the 15-year period, we will have an option to repurchase Scotiabank Chile's 51% ownership interest in the Subject Companies. On April 13, 2015, the Superintendency of Banks and Financial Institutions of Chile announced its approval of the joint venture between the Company and Scotiabank.

Cost of sales from discontinued operations

Our consolidated cost of sales from discontinued operations, primarily provisions for bad debts and collection and processing costs, decreased Ch\$23,781 million, or 28.4%, as a result of better risk management activities in Chile.

Gross profit from discontinued operations

Our consolidated gross profit from discontinued operations increased Ch\$6,936 million, or 4.9%, as a result of lower provisions for the loan portfolio due to better risk management activities in Chile.

Other revenues by function from discontinued operations

Our consolidated other revenues by function for discontinued operations increased by Ch\$324 million, or 327.2%, to Ch\$423 million for the year ended December 31, 2013 from Ch\$99 million for the same period in 2012, as a result of an increase in the recovery of commission fees.

Administrative expenses, distribution costs and other expenses from discontinued operations

Our consolidated administrative expenses, distribution costs and other expenses from discontinued operations increased Ch\$16,907 million, or 23%, to Ch\$90,339 million for the year ended December 31, 2013 from Ch\$73,432 million for the same period in 2012. This increase was above the related revenue growth of 7.5%, and was mainly due to expenses related to the transaction with Scotiabank.

Results from financial and other activities from discontinued operations

The following table presents, for the periods indicated, a breakdown of our consolidated results from financial, tax and other activities, as well as the percentage variation from period to period:

	Year ended December 31,		% Change
	2013	2012	
	(in millions of Ch\$)		
Other gains (losses)	16	34	(53)%
Financial income	145	(121)	219.8%
Financial expenses	(34,829)	(32,391)	7.5%
Exchange differences	(9,670)	9,373	(203)%
Losses from indexation	(2,074)	(2,378)	(12.8)%
Total losses from financial and other activities	<u>(46,412)</u>	<u>(25,483)</u>	<u>82.1%</u>

Our consolidated losses from financial and other activities increased by 83% for the year ended December 31, 2013 compared to the same period in 2012, primarily due to the following factors:

- A decrease in Other gains (losses) of Ch\$18 million, going from Ch\$34 million for the year ended December 31, 2012 to Ch\$16 million in the same period of 2013;
- An increase in financial expenses of Ch\$2,438 million, resulting in financial expenses of Ch\$34,829 million for the year ended December 31, 2013 compared to Ch\$32,391 million for the same period in 2012, as a result of loan portfolio expansion in the period, and;
- An increase in exchange rate differences of Ch\$19,043 million, resulting in a loss of Ch\$9,670 million for the year ended December 31, 2013 compared to a gain of Ch\$9,373 million for the same period in 2012 as a result of the devaluation of local currencies against the U.S. dollar;

which were partially offset by:

- A decrease in losses stemming from indexation of Ch\$304 million as a result of a lower inflation rate in Chile, resulting in a loss of Ch\$2,074 million for the year ended December 31, 2013 compared to a loss of Ch\$2,378 million for the same period of 2012.

Table of Contents

Income tax charge from discontinued operations

For the year ended December 31, 2013 we had an income tax expense of Ch\$2,089 million, compared to an income tax expense of Ch\$8,262 million for the same period in 2012. This decrease of Ch\$6,173 million is attributed to lower profit in the period.

Profit (loss) from discontinued operations

As a result of the above factors, our net earnings decreased Ch\$24,690 million, or 75%, to Ch\$8,357 million for the year ended December 31, 2013 from Ch\$33,047 million for the same period in 2012. Our net earnings, as a percentage of revenues from ordinary activities, decreased to 4.0% for 2013 from 15.0% for 2012.

B. LIQUIDITY AND CAPITAL RESOURCES

General

Our principal sources of liquidity have historically been:

- cash generated by operations;
- short-term credit extended by suppliers;
- cash from borrowings and financing arrangements; and
- financing provided to us by sellers of businesses we have acquired.

Our principal cash requirements or uses (other than in connection with our operating activities) have historically been:

- acquisition of, or investments in, companies engaged in the retail business; and
- capital expenditures for property, plant and equipment.

The Joint Venture transaction with Scotiabank for the Credit Card business in Chile will also allow the Company to reduce the use of funds devoted to fund the increase in the portfolio in Chile.

At December 31, 2014 we had a positive working capital (defined as total current assets, excluding cash and cash equivalents and other financial assets, minus total current liabilities, excluding other current financial liabilities) of Ch\$311 million.

At December 31, 2013 we had a positive working capital of Ch\$596 million.

At December 31, 2012, we had a negative working capital current of Ch\$146,574 million.

On April 1, 2014, we refinanced liabilities in a collective amount of approximately U.S.\$770 million, reducing liquidity needs for the next 24 months. This debt roll-over operation had the support of 10 regional Banks: BBVA, Banco de Bogotá, Bradesco, Banco del Estado de Chile, HSBC, Mizuho Bank, Banco Popular de Colombia, Rabobank, Santander and Sumitomo Mitsui Banking Corporation, in addition to other competitive offers. Proceeds were used to refinance liabilities in Chile, Brazil, Peru and Colombia with new terms ranging from 3 to 6 years, as follows: U.S.\$270 million in Chile, U.S.\$60 million in Peru, U.S.\$144 million in Brazil and U.S.\$179 million in Colombia. As a result of this refinancing, the average maturity of our outstanding debt was extended while its terms and conditions remained unchanged. This refinancing is in line with the company's financial strategy, seeking to extend payment terms for its debt, shifting focus to the operation and ultimately deleverage the company.

We believe that our cash from operations, current financing initiatives and cash and cash equivalents are sufficient to satisfy our capital expenditures and debt service obligations in 2015. We anticipate financing any future acquisitions or capital expenditures for property, plant and equipment with cash from operations and additional indebtedness.



Leverage

Our objective regarding capital management is to safeguard our capacity to continue ensuring appropriate returns for our shareholders and benefits for other stakeholders, and maintaining an optimum capital structure while reducing capital costs.

In line with the industry, we monitor our capital using a leverage ratio calculation. This ratio is calculated by dividing net financial debt by total capital. Net financial debt corresponds to total indebtedness (including current and non-current debt) less cash and cash equivalents. Total capital corresponds to total equity as shown in the consolidated statement of financial position plus net debt.

In accordance with the above, we combine different financing sources, such as: capital increases, operating cash flows, bank loans and bonds.

Seasonality

Historically, we have experienced distinct seasonal patterns to our liquidity needs, which are highest in the first and second quarters of our fiscal year. Liquidity needs are higher in the first quarter primarily because payment becomes due for goods purchased in the previous quarter for the Christmas and New Year holidays. We also experience greater liquidity needs in the second quarter, as dividends and taxes are paid during this period.

During the periods when we have increased liquidity needs, we obtain funding primarily through short-term bank borrowings, overdraft lines of credit and by reducing our cash outflows, primarily by reducing or suspending advance payments to suppliers.

Indebtedness

At December 31, 2014, financial liabilities not including Cencosud’s banking operations reached Ch\$3,107,487 million, a 13.1% increase when compared to December 31, 2013. As of December 31, 2014 our net financial debt, not considering Cencosud’s banking activities) was Ch\$2,587,834 million, up from Ch\$ 2,457,125 million as of December 31, 2013.

Our total financial debt includes both fixed-rate and variable-rate debt. Taking into account the effects of cross currency swaps, excluding Banco Paris indebtedness, at December 31, 2014, approximately 49% of our debt was variable-rate, and the remainder was fixed-rate. At December 31, 2014, approximately 11% of our debt was denominated in U.S. dollars, approximately 22% in UF, approximately 50% in Chilean pesos, approximately 2% in Argentine pesos, approximately 2% in Peruvian nuevos soles, approximately 6% in Brazilian reais and approximately 6% in Colombian Pesos. As part of our financial management policies, from time to time we enter into swaps and other derivative transactions to hedge our interest rate and exchange rate risk. See “Item 11. Quantitative and Qualitative Disclosures About Market Risk.” Our strategy is to hold the majority of our debt in local currencies, with a target ratio of debt denominated in foreign currency of 10% to 15% of our total debt.

In order to fund our growth plans, improve our amortization profile and reduce our cost of debt, in 2011 we issued bonds with an aggregate principal amount of US\$750 million due 2021 in a 144A/Reg-S offering in the international capital markets, with a fixed interest rate of 5.5% (the “2011 144A/Reg-S Bond”). We have hedged the currency risk associated with this issuance through cross-currency swaps with a nominal amount of U.S.\$535 million. Additionally, in June 2011, we issued in the Chilean debt capital market bonds due 2031 with an aggregate principal amount of Ch\$54,000 million, with a fixed interest rate of 7.40%. This was the first bond

Table of Contents

issuance in the Chilean debt capital market with a maturity of 20 years. As a result of these issuances, we were able to extend the duration of our debt (from approximately 4.8 years at the end of 2010 to over 7.5 years at the end of 2011) and streamline our debt amortization schedule.

On October 17, 2012, the Company entered into the Bridge Loan Agreement with a syndicate of banks, in the amount of U.S.\$2,500 million to finance the purchase of Carrefour's Colombian operations.

On December 6, 2012, the Company issued U.S.\$1,200 million aggregate principal amount of bonds due 2023 in a Rule 144A and Regulation S offering in the international capital markets (the "2023 144A/Reg-S Bond"). The 2023 144A/Reg S Bond accrues interest at a fixed rate of 4.875%. The Company applied part of the proceeds of the 2023 144A/Reg-S Bond to repay U.S.\$1,000 million outstanding under the Bridge Loan Agreement.

In March, 2013 we completed a preemptive rights offering in the Chilean market that raised U.S.\$1,600 million, and used the proceeds from that capital increase to prepay the outstanding amount of the Bridge Loan Agreement of U.S.\$1,500 million. The rest of the proceeds of the capital increase were used to pay other short term liabilities.

On September 4, 2014, the holders of the Series E and F bonds issued by the Company registered in the Securities Registry of the Superintendencia de Valores y Seguros (Superintendency of Securities and Insurance) as "Issuance No. 530", approved the amendment of the Indenture for Series E and F. The amendments allow the Company to reduce its equity participation in CAT to as low as 45% of said equity. The aforementioned amendments were intended to prevent a default under the Indenture for Series E and F in connection with the consummation of the transactions contemplated in the Joint Venture Framework Agreement.

On October 17, 2014, the Company announced that it was calling its Series A, C and D bonds issued under Issuance No. 443 of the securities registry for early redemption, and communicated the same to the Superintendencia de Valores y Seguros. As specified in the announcement, the Issuance No. 443 bonds were scheduled to be redeemed on November 19, 2014. Issuance No. 443 bonds totaled an aggregate amount of UF 10,000,000. Payment for the bonds was to be made in Chilean pesos according to the value of the UF on the redemption date. The Company had previously sought, but failed to obtain, the consent of its Issuance No. 443 bondholders for amendments to the related Bond Issuance Line of Debt Title on September 4, 2014 that would have allowed it to reduce its equity participation in CAT to as low as 45% of said equity, which was necessary for the Company to consummate the transactions contemplated in the Joint Venture Framework Agreement.

On November 13, 2014 the Company entered into the Bridge Loan agreement for a total amount of U.S.\$400 million with BNS and HSBC Bank USA, N.A. A total amount of U.S.\$400 million was drawn on November 17, 2014 under the Bridge Loan, which amount was used by the Company to prepay all the Issuance No. 443 bonds. Such prepayment took place and was completed on November 19, 2014. The redemption of the Issuance No. 443 bonds was expected to pave the way, pending regulatory approval, for the full implementation of the Joint Venture Framework Agreement.

On February 12, 2015, the Company successfully accessed the international debt capital markets and issued U.S.\$1,000 million of debt securities in a two-tranche offering in an effort to refinance certain outstanding liabilities including the repayment of the Bridge Loan. This refinancing is expected to allow the Company to proceed with its organic expansion program for 2015 through 2018.

Credit facilities (Banks loans and bonds)

At December 31, 2014, our principal bank credit facilities and bonds (including interest) consisted of the following:

Banks:	Currency	As of December 31, 2014	
		Amount Outstanding (in U.S.\$)	Amount Outstanding (in Ch\$ Th)
Chile			
BANCO BICE	CLP	31,751,935	19,265,487
BANCO DE CHILE	CLP	80,756,891	48,999,244
BANCO DE CHILE	CLP	34,571,694	20,976,375
BANCO ESTADO	CLP	131,213,487	79,613,783
BBVA CHILE	CLP	116,984,565	70,980,385
BBVA CHILE	CLP	58,538,897	35,518,476
BBVA CHILE	CLP	6,641,044	4,029,453
BCI	CLP	20,824,947	12,635,537
Bonos	CLP	89,606,613	54,368,812
HSBC	USD	400,052,787	242,732,029

Table of Contents

MIZUHO BANK	USD	50,223,639	03-27-2019	30,473,193
RABOBANK	USD	45,415,219	10-04-2018	27,555,684
RABOBANK	USD	50,257,387	03-26-2020	30,493,670
SANTANDER CHILE	CLP	55,038,700	09-02-2016	33,394,731
SANTANDER CHILE	CLP	83,819,968	03-29-2019	50,857,766
SCOTIABANK	USD	100,359,536	10-23-2017	60,893,148
SCOTIABANK CHIL	CLP	99,013,282	01-09-2015	60,076,309
SUMITOMO	USD	50,212,415	04-01-2019	30,466,383
Total Chile		<u>1,505,283,006</u>		<u>913,330,464</u>
Peru				
BANK TOKYO NY	USD	35,005,551	03-28-2017	21,239,618
BBVA CONTINENT	PEN	29,566,456	04-04-2017	17,939,447
BBVA CONTINENT	USD	17,291,833	09-04-2017	10,491,820
BBVA CONTINENT	USD	17,291,833	09-04-2017	10,491,820
BBVA NY	USD	9,901,940	11-16-2015	6,008,002
BBVA NY	USD	5,941,164	11-16-2015	3,604,801
BCP	PEN	23,623,020	01-07-2019	14,333,267
BCP	PEN	7,545,087	03-19-2018	4,577,982
BIF LEASING	PEN	125,915	03-02-2015	76,399
BIF LEASING	PEN	291,068	06-02-2015	176,606
BIF LEASING	PEN	249,372	12-02-2015	151,306
SCOTIABANK	PEN	14,056,178	12-27-2017	8,528,586
Total Peru		<u>160,889,417</u>		<u>97,619,654</u>
Brazil				
BANCO DO BRASIL	BRL	16,075,132	06-04-2015	9,753,586
BANCO NORDESTE	BRL	2,363,515	12-16-2018	1,434,063
BRADESCO	BRL	75,627,150	03-30-2015	45,886,773
BRADESCO	BRL	2,839,780	02-23-2015	1,723,037
BRADESCO	BRL	4,543,648	02-23-2015	2,756,858
BRADESCO	BRL	4,922,285	02-23-2015	2,986,596
BRADESCO	BRL	27,712,771	02-13-2017	16,814,724
BRADESCO	BRL	3,958,968	02-13-2017	2,402,104
BRADESCO	BRL	19,794,837	02-13-2017	12,010,517
BRADESCO	BRL	7,719,986	02-13-2017	4,684,102
BRADESCO	BRL	3,167,173	02-13-2017	1,921,682
BRADESCO	BRL	1,781,536	02-13-2017	1,080,947
BRADESCO	BRL	1,741,945	02-13-2017	1,056,925
BRADESCO	BRL	—	01-12-2015	—
HSBC BRASIL	BRL	5,764,524	02-10-2017	3,497,625
HSBC BRASIL	BRL	5,764,524	02-10-2017	3,497,625
HSBC BRASIL	BRL	8,838,936	02-10-2017	5,363,024
HSBC BRASIL	BRL	6,533,127	02-10-2017	3,963,975
HSBC BRASIL	BRL	1,037,615	02-10-2017	629,573
HSBC BRASIL	BRL	960,753	02-10-2017	582,937
HSBC BRASIL	BRL	807,033	02-10-2017	489,667
HSBC BRASIL	BRL	1,268,195	02-10-2017	769,477
HSBC BRASIL	BRL	17,293,571	02-10-2017	10,492,874
HSBC BRASIL	BRL	38,430,157	02-10-2017	23,317,498
HSBC BRASIL	BRL	11,905,492	N/A *	7,223,657
HSBC BRASIL	BRL	4,617,431	N/A *	2,801,626
SAFRA	BRL	18,978,137	03-02-2015	11,514,985
SAFRA	BRL	26,532,824	03-02-2015	16,098,791
SANTANDER BR	BRL	18,933,845	02-23-2015	11,488,110
SANTANDER BR	BRL	26,483,155	02-23-2015	16,068,654
SANTANDER BR	BRL	18,916,540	02-23-2015	11,477,611
Total Brazil		<u>385,314,585</u>		<u>233,789,624</u>
Argentina				
BANCO CIUDAD AR	ARS	5,817,655	N/A *	3,529,862
BANCO GALICIA	ARS	802,733	11-16-2015	487,058
BANCO GALICIA	ARS	1,088,282	10-05-2015	660,315
BANCO GALICIA	ARS	2,990,484	N/A *	1,814,476
BANCO GALICIA	ARS	16,789	N/A *	10,187
BANCO ITAU AR	ARS	23,602,269	N/A *	14,320,677
BAPRO	ARS	1,471,046	N/A *	892,557
BBVA FRANCES	ARS	185,925	N/A *	112,810
ICBC ARGENTINA	ARS	802,733	11-16-2015	487,058
IFC	USD	15,493,031	08-16-2016	9,400,397
Total Argentina		<u>52,270,947</u>		<u>31,715,397</u>

Table of Contents

Colombia					
BANCO DE BOGOTA	COP	1,674,910	02-12-2015	1,016,252	
BANCO DE BOGOTA	COP	3,011,679	02-20-2017	1,827,336	
BANCO DE BOGOTA	COP	33,417,918	02-25-2019	20,276,322	
BANCO DE BOGOTA	COP	21,950,829	02-25-2019	13,318,665	
BANCO DE BOGOTA	COP	6,015,485	03-04-2019	3,649,896	
BANCO DE BOGOTA	COP	44,248,758	03-04-2019	26,847,934	
BANCO POPULAR	COP	19,467,824	03-06-2017	11,812,102	
BBVA COLOMBIA	COP	28,848,212	02-28-2019	17,503,653	
COLPATRIA	COP	929,873	N/A *	564,200	
CORPBANCA COL	COP	16,270,536	12-30-2015	9,872,148	
CORPBANCA COL	COP	7,357,860	N/A *	4,464,382	
DAVIVIENDA	COP	1,757,653	N/A *	1,066,456	
Total Colombia		184,951,537		112,219,345	
Bonds:					
Bonos	CLF	10,195,980	05-28-2015	6,186,411	
Bonos	PEN	44,750,819	08-12-2017	27,152,559	
Bonos	PEN	94,676,661	05-05-2018	57,445,064	
Bonos	CLF	81,688,451	05-07-2018	49,564,468	
Bonos	USD	768,447,917	01-20-2021	466,255,774	
Bonos	USD	1,226,162,500	01-20-2023	743,974,097	
Bonos	CLF	84,637,587	09-01-2026	51,353,856	
Bonos	CLF	183,933,682	05-07-2028	111,601,762	
Bonos	CLF	123,344,745	10-15-2029	74,839,424	
Bonos	CLF	183,626,065	05-28-2030	111,415,115	
Total Bonds		2,801,464,407		1,699,788,529	

* Non-committed overdraft credit facilities with no set maturity.

In addition, at December 31, 2014, we had Ch\$23,110 million in financial leaseings.

At December 31, 2014 we had over Ch\$ 352,869 million in uncommitted lines of credit with the regional banks that we work with. We deal with a wide diversity of banks around the world. We believe, if necessary, we can reopen our existing international bonds or issue one or more new series of bonds as appropriate, or can obtain commercial paper in the Chilean market.

Our loan agreements and outstanding bonds contain a number of covenants requiring us to comply with certain financial ratios and other tests. The most restrictive financial covenants under these loan agreements and bonds require us to maintain:

- a ratio of consolidated Net Financial Debt to consolidated net worth not exceeding 1.2 to 1;
- a ratio of consolidated Net Financial Debt to EBITDA (as defined in the relevant credit agreements) for the most recent four consecutive fiscal quarters for such period of less than 5.25 to 1;
- unencumbered assets in an amount equal to at least 120% of the outstanding principal amount of total liabilities;
- minimum consolidated assets of at least UF 50.5 million; and
- minimum consolidated net worth of at least UF 28.0 million.

As of the date of this annual report, we are in compliance with all of our loan and debt instruments.

Leases

We have significant operating lease obligations. At December 31, 2014, 44% of our total selling space was located on leased properties. Our store leases typically have a term ranging from 10 to 32 years and provide for both monthly fixed and variable lease payments. Our shopping center leases typically have terms of more than 30 years and provide for fixed monthly rent payments.

Acquisitions

On January 2, 2012, we acquired 100% of the capital stock of Prezunic. In order to finance our acquisition of Prezunic, on January 2, 2012 we entered into a Ch\$127.73 billion short-term facility with Banco Santander Chile, as lender, bearing interest at an annual rate of the TAB plus 0.4% with a maturity date of December 28, 2012, which we repaid with proceeds of our SEC-registered public offering.

Table of Contents

On October 18, 2012, Cencosud S.A. signed the Stock Purchase Agreement with the Seller in respect of the purchase of 100% of the capital stock of Carrefour's operations in Colombia, for a total purchase price equal to €2 billion subject to adjustments pursuant to the Stock Purchase Agreement. The acquired companies operated supermarkets under the "Carrefour" and "Maxi" brand names in Colombia. See "Item 4. Information on the Company—A. History and Development of the Company—History—Acquisition of Carrefour's Operations in Colombia." In order to finance the purchase of the acquisition of Carrefour's operations in Colombia, on October 17, 2012, the Company entered into the Bridge Loan Agreement with a syndicate of banks in the amount of U.S.\$2,500 million, which we repaid with proceeds of our 2023 144A/Reg-S Bond and with the 2013 follow on capital Increase.

No acquisitions were completed during the 2013 and 2014 fiscal periods.

Analysis of cash flows

The following table summarizes our generation and use of cash for the periods presented for continuing operations.

	Year ended December 31,		
	2014	2013	2012
	(in millions of Ch\$)		
Net cash from operating activities	375,656	302,066	668,273
Net cash used in investing activities	(235,392)	(309,367)	(1,876,091)
Net cash (used in) from financing activities	(31,798)	(115,918)	1,255,427

Cash flows for year ended December 31, 2014 compared to year ended December 31, 2013 for continuing operations.

Taking into account our cash flows from operations, cash flows from financing activities and cash used in investing activities, we had a net cash inflow of Ch\$108,466 million for the year ended December 31, 2014 compared to a net cash outflow of Ch\$123,219 million for the year ended December 31, 2013.

Operating activities . Our net cash flows from operations increased to Ch\$375,656 million for the year ended December 31, 2014 from Ch\$302,066 million for the year ended December 31, 2013. The increase was primarily attributable to our supermarket division, where cash flows increased to Ch\$352,955 million from Ch\$297,980 million as a result of a higher contribution from Chile, Peru and Colombia, partially offset by a lower contribution from Argentina and Brazil. All other divisions also saw improvement in their cash flows from operations with cash flows from home improvement operations improving to Ch\$ (7,610) million for the year ended December 31, 2014 from Ch\$ (11,153) million for the year ended December 31, 2013. Net cash flow from department store operations increased to Ch\$ 31,121 million for the year ended December 31, 2014 from Ch\$ 23,490 million for the year ended December 31, 2013 as a result of better inventory management. Net cash flow from shopping center operations increased to Ch\$ 124,890 million for the year ended December 31, 2014 from Ch\$ 116,801 million for the year ended December 31, 2013 as a result of greater EBITDA contribution from Chile, Colombia and Peru. Net cash flow from financial service operations increased to Ch\$ 31,803 million for the year ended December 31, 2014 from Ch\$ (1,250) million for the year ended December 31, 2013 due to a 47.3% and a 13.3% portfolio growth in Argentina and Peru, respectively.

Investing activities . Net cash flow from investing activities amounted to Ch\$ (235,392) million for the year ended in December 31, 2014 from Ch\$ (309,367) million for the year ended December 31, 2013. This change was mainly due to net cash flow from supermarket investing activities amounting to Ch\$ (154,641) million for the year ended December 31, 2014 from Ch\$ (250,967) million for the year ended December 31, 2013. 80% of the variation is explained by lower investment in Property, Plant and Equipment driven by lower investments in Brazil and Chile, partially offset by higher investments in Argentina, Colombia and Peru. Net cash flow from home improvement investing activities amounted to Ch\$ (22,076) million for the year ended December 31, 2014 from Ch\$ (27,988) million for the year ended December 30, 2013. The variation was primarily due to lower organic growth in the region during 2014 compared to 2013. Net cash flow from department store investing activities amounted to Ch\$ (15,108) million for the year ended December 31, 2014 from Ch\$ (14,195) million for the year ended December 31, 2013. The variation was primarily because of higher investments in Properties, Plant and Equipment for the net opening of 2 stores in Chile and 3 stores in Peru compared to December 2013. Net cash flow from shopping center investing activities amounted to Ch\$ (33,155) million for the year ended December 31, 2014 from Ch\$ (56,305) million for the year ended December 31, 2013. The variation was primarily due to lower investments for Costanera Center and the remodeling of our shopping centers. Net cash flow from financial services investing activities amounted to Ch\$ (253) million for the year ended December 31, 2014 from Ch\$ (86) million for the year ended December 31, 2013, due to less cash invested in the other retail businesses and in mutual funds.

Financing activities . Net cash flows from financing activities amounted to Ch\$ (31,798) million for the year ended December 31, 2014 from Ch\$ (115,918) million, for the year ended December 31, 2013. This change was primarily due to net cash flows from supermarket financing activities amounting to Ch\$ (177,846) million for the year ended December 31, 2014 from Ch\$ (78,033)

Table of Contents

million for the year ended December 31, 2013. The variation was related to lower inflows from loans as a consequence of reduced capex and higher outflows for the payment of loans due to the refinancing of debt to improve liquidity. Net cash flows from home improvement financing activities decreased to Ch\$ 33,326 million for the year ended December 31, 2014 from Ch\$ 34,736 million for the year ended December 31, 2013 due to lower financing need of working capital. Net cash flows from department store financing activities amounted to Ch\$ (2,624) million for the year ended December 31, 2014 from Ch\$ (24,551) million for the year ended December 31, 2013. This was due to Paris growth in Peru during 2013. Net cash flows from shopping center financing activities amounted to Ch\$ (89,306) million for the year ended December 31, 2014 from Ch\$ (63,008) million for the year ended December 31, 2013 due to higher needs of capital investments for maintenance. Net cash flows from financial service financing activities increased to Ch\$ 32,862 million for the year ended December 31, 2014 from Ch\$ (68,830) million for the year ended December 31, 2013 due to lower financing needs for portfolio growth.

Cash flows for year ended December 31, 2013 compared to year ended December 31, 2012 for continuing operations

Taking into account our cash flows from operations, cash flows from financing activities and cash used in investing activities, we had a net cash outflow of Ch\$123,219 million for the year ended December 31, 2013 compared to a net cash inflow of Ch\$47,608 million for the year ended December 31, 2012.

Operating activities . Our net cash flows from operations decreased 55% to Ch\$302,066 million for the year ended December 31, 2013 from Ch\$668,273 million for the year ended December 31, 2012. The decrease was primarily attributable to our supermarket segment, where cash fell 42% as a result of increased working capital needs particularly from Colombia and Peru. Inventory in Colombia increased by Ch\$25,893 million while Peru posted an increase in accounts receivables of Ch\$37,332 million and an inventory increase of Ch\$31,035 million. Our home improvement segment had a Ch\$71,052 million decrease in cash flows as a result of larger tax expenses in Argentina when compared to the 2012 period. Our Department store segment had a decrease in cash flows of Ch\$14,310 million as a result of larger inventories in Chile and the startup of our Peruvian operations.

Investing activities . Our net cash outflows from investing activities decreased 84% to Ch\$309,367 million for the year ended December 31, 2013 from Ch\$1,876,091 million for the year ended December 31, 2012 due to the higher comparison basis for the 2012 period as a result of the inorganic expansion of the supermarket business into Colombia in addition to organic expansion that the company experienced throughout its markets in 2012 due to the opening of 117 stores and 3 shopping centers in 2012 versus the opening of 46 stores in 2013. During 2012, the company invested Ch\$1,535,105 million for the purchase of subsidiaries and to obtain control of other companies such as our supermarket operations in Colombia for Ch\$1,179,000 million, the initial payment for Johnson of Ch\$243,000 million and Prezunic of Ch\$102,000 million. Additionally, the company made investments in property, plants and equipment, mainly in Chile, of Ch\$268,000 million for our shopping centers, supermarkets and home improvement segments. In Brazil we made investments in property, plants and equipment of Ch\$96,000 million and in Argentina of Ch\$88,000 million.

Financing activities . Our net cash flows from financing activities decreased 109%, to outflows of Ch\$115,918 million for the year ended December 31, 2013 compared to inflows of Ch\$1,255,427 million for the year ended December 31, 2012. This was due to higher financial expense resulting from the inorganic expansion of our supermarket business into Colombia. During 2012, the company received inflows in the amount of Ch\$632,987 million resulting from a capital increase. During 2013, the company performed an additional capital increase for Ch\$818,871 million. The company had interest payments and principal amortizations of Ch\$1,181,329 million in 2013 over the amount paid during 2012. Additionally the company had financing inflows of Ch\$573,866 million less than the amount raised during the 2012 period. During 2012, the company secured the Bridge Loan Facility with JP Morgan Chase to finance the acquisition of supermarket operations in Colombia in combination with raising US\$1,200 million in a 144A/Reg S bond issuance.

Analysis of cash flows for discontinued operations

The following table summarized our generation and use of cash for the periods presented for discontinued operations.

	Year ended December 31,		
	2014	2013	2012
	(in millions of Ch\$)		
Net cash from operating activities	14,583	62,717	50,441
Net cash from/(used in) investing activities	1,996	(11,140)	2,523
Net cash from/(used in) financing activities	(80,580)	8,888	9,349

Table of Contents

Cash flows for year ended December 31, 2014 compared to year ended December 31, 2013 from discontinued operations

Taking into account our cash flows from operations, cash flows from financing activities and cash used in investing activities, we had a net cash outflow of Ch\$64,001 million for the year ended December 31, 2014 compared to a net cash inflow of Ch\$60,465 million for the year ended December 31, 2013.

Operating activities . Our net cash flows from operations decreased 77% to Ch\$14,583 million for the year ended December 31, 2014 from Ch\$62,717 million for the year ended December 31, 2013. The increase was primarily attributable to improved business performance.

Investing activities . Our net cash flows from investing activities increased to inflows of Ch\$1,996 million for the year ended December 31, 2014 from outflows of Ch\$11,141 million for the year ended December 31, 2013. The decrease was primarily attributable to higher portfolio growth financed by the holding company.

Financing activities . Our net cash flows from financing activities increased to outflows of Ch\$80,580 million for the year ended December 31, 2014 from outflows of Ch\$8,888 million for the year ended December 31, 2013. The decrease was primarily attributable to lower portfolio growth at Banco Paris.

Cash flows for year ended December 31, 2013 compared to year ended December 31, 2012 from discontinued operations

Taking into account our cash flows from operations, cash flows from financing activities and cash used in investing activities, we had a net cash inflow of Ch\$60,465 million for the year ended December 31, 2013 compared to a net cash inflow of Ch\$62,313 million for the year ended December 31, 2012.

Operating activities . Our net cash flows from operations increased 24% to Ch\$62,717 million for the year ended December 31, 2013 from Ch\$50,441 million for the year ended December 31, 2012. The increase was primarily attributable to improved business performance.

Investing activities . Our net cash flows from investing activities decreased to outflows of Ch\$11,140 million for the year ended December 31, 2013 from inflows of Ch\$2,523 million for the year ended December 31, 2012. The decrease was primarily attributable to higher portfolio growth financed by the holding company.

Financing activities . Our net cash flows from financing activities increased to inflows of Ch\$8,888 million for the year ended December 31, 2013 from outflows of Ch\$9,349 million for the year ended December 31, 2012. The decrease was primarily attributable to lower portfolio growth at Banco Paris.

Capital expenditures and permanent investments

The following table presents our capital expenditures for the periods indicated:

	Years ended December 31,		
	2014	2013	2012
	(in millions of Ch\$)		
Capital expenditures ⁽¹⁾	(227,433)	(317,710)	(573,650)
Permanent investments ⁽²⁾	—	—	(1,535,105)
Total	(227,433)	(317,710)	(2,108,755)

(1) Purchase of property, plant and equipment.

(2) Primarily investments in acquired companies. See “—A. Trends and Factors Affecting Our Results of Operations—Impact of Acquisitions” above for additional details regarding our acquisition activities in recent years.

Our total capital expenditures were approximately Ch\$227,433 million, Ch\$317,710 million and Ch\$573,650 million in 2014, 2013 and 2012, respectively. In each of these years, our capital expenditures were made primarily to develop and expand our stores and shopping centers. In addition to our capital expenditures, we invested in permanent investments Ch\$1,535,105 million in 2012. In 2014 and 2013 we had no permanent investments as there were no acquisitions made in the period. In the past, permanent investments were primarily related to acquisitions.

Table of Contents

In 2014, we invested approximately Ch\$227,433 million to open new supermarkets, department stores, home improvement stores and shopping centers. In Chile, we opened 14 new stores in our supermarket division adding 21,637 square meters of selling space, we added one new store in our home improvement division with an additional 5,648 square meters of selling space, and we added 2 stores in our department stores division with an additional 3,695 square meters of selling space. In Argentina, we opened 2 home improvement stores that added selling space for 10,297 square meters. In Brazil, we had a net closing of 2 stores but expanded selling space by 5,448 square meters. In Peru, we had no net openings in our supermarkets division but expanded selling space by 2,340 square meters and we opened 3 new department stores that added selling space of 13,025 square meters. In Colombia, we opened one Easy store that added selling space of 6,587. In addition, Maintenance expenditures for existing stores are estimated to have been at U.S.\$75 million in 2014. In our shopping centers division we had investments that added GLA in excess of 20,635 square meters in Chile, 40,105 square meters in Argentina and 12,803 square meters in Peru, totaling 73,543 square meters.

During 2013, our organic expansion included the opening of 46 new stores and the addition of 5 new shopping centers. This represented selling space growth of 788,212 square meters. Our supermarket division saw the opening of 34 new stores with focus on Brazil with the opening of 17 new stores, or 43,982 square meters of selling space, followed by Chile with 10 new stores, a selling space expansion of 21,559 square meters. Our home improvement division opened 7 new stores, with most of our growth coming from Colombia where we opened 5 stores adding 38,665 square meters of selling space. Lastly, as a greenfield project, our department store division opened 6 new stores in Peru to take the division to the Peruvian market, resulting in a selling space of 32,222 square meters. Our shopping center division opened 5 new shopping centers with Chile leading the way with one new neighborhood mall and a new powercenter, adding 2,301 square meters. Peru followed with the opening of a neighborhood mall that added 17,085 square meters of gross leasable area. Finally, Colombia added two new local shopping centers that added 14,514 square meters of gross leasable area. See “—A. Trends and Factors Affecting Our Results of Operations—Impact of Acquisitions” above for additional details regarding our acquisition activities in recent years.

In 2015, we expect to invest U.S.\$545 million. This entails planned capex of U.S.\$230 million for new stores and shopping center investments, U.S.\$100 million on IT and related systems, U.S.\$15 million on additional nonretail development of the Costanera Center for the hotel and for traffic mitigation works, U.S.\$100 million for maintenance and U.S.\$100 for remodeling of existing stores.

Our projected capital expenditures may vary substantially from the numbers set forth above as a result of a variety of factors including competition and the cost, currencies and availability of the necessary funds.

We expect to finance our future capital expenditures with our operating cash flow and with bank loans.

C. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES, ETC.

We have not had significant research and development activities for the past three years. See “Item 4. Information on the Company—B. Business Overview—Our Company—Intellectual Property” for a brief discussion of our trade names and service marks.

D. TREND INFORMATION

See “—A. Operating Results—Trends and Factors Affecting Our Results of Operations.”

E. OFF-BALANCE SHEET ARRANGEMENTS

For any of the periods presented, we did not have any off-balance sheet transactions, arrangements or obligations with unconsolidated entities or otherwise that are reasonably likely to have a material effect on our financial condition, results of operations or liquidity.

Table of Contents

F. TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

The following table summarizes our significant contractual obligations and commitments as of December 31, 2014:

	Less than	One to Three	Three to Five	Thereafter	Total
	One Year	Years	Years		
	<i>(in millions of U.S.\$)</i>				
Long-term debt obligations (1)	0	545,627	322,214	2,049,265	2,917,106
Short-term debt obligations (1)	595,179	0	0	0	595,179
Time deposits and other Bank Balances	155,728	56,120	2,009	11,139	224,996
Leases obligations and other financial liabilities (1)	204,878	533,091	6,874	1,347,201	2,092,044
Commercial loans	2,006,359	74,430	0	—	2,080,788
Tax Liabilities	63,131	0	0	0	63,131
Total	3,025,275	1,209,268	331,096	3,407,606	7,973,245

- (1) Short-term obligations include the short-term portion of the long-term debt and accrued interest expenses (the latest variable rate is considered to calculate the accrued interest expenses; local rates such as TAB (*tasa camara*) are set at the end of the period).

G. SAFE HARBOR

See section entitled “Forward-Looking Statements” in this annual report for forward-looking statement safe harbor provisions.

Item 6. Directors, Senior Management and Employees

A. DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

The following table sets forth information for our directors as of the date of this annual report:

Name	Position	Age	Years at Cencosud ⁽¹⁾
Horst Paulmann Kemna ⁽²⁾	Chairman of the Board	80	50
Heike Paulmann Koepfer ⁽²⁾	Director	45	15
Peter Paulmann Koepfer ⁽²⁾	Director	46	20
Richard Büchi Buc	Director	62	2
Cristián Eyzaguirre	Director	66	10
David Gallagher	Director	70	4
Julio Moura	Director	63	3
Roberto Philipps	Director	68	13
Erasmus Wong	Director	71	6

- (1) Including years in other positions at Cencosud.

- (2) Horst Paulmann Kemna is the father of Heike Paulmann Koepfer and Peter Paulmann Koepfer.

A description of the main tasks currently performed by each director as well as a description of each director’s employment history and education follows:

Horst Paulmann Kemna . Mr. Paulmann is our Chairman of the Board and founder of Cencosud S.A. He has served on our Board since November 1978. He has served as a Director of the Chilean—German Chamber of Commerce (CAMCHAL) and the Chilean Chamber of Commerce.

Heike Paulmann Koepfer . Mrs. Paulmann has been a member of our Board of Directors since April 1999. She has a degree in business from the *Universidad de Chile* and an MBA from *Universidad Adolfo Ibañez* .

Peter Paulmann Koepfer . Mr. Paulmann has been a member of our Board of Directors since September 1996. Mr. Paulmann currently is the Chief Executive Officer for *Importadora y Comercial Regen Ltda.* and has also served as Director of our shopping center division in Chile since 2002. He has a degree in business from the *Pontificia Universidad Católica de Chile* .

Richard Büchi Buc . Mr. Büchi was elected an independent member of the board in April, 2013. He holds a civil engineering degree from *Universidad de Chile* and an MBA from the Wharton School of Business from the University of Pennsylvania. On March 2013 he took over the executive vice-presidency of ENTEL’s mobile phone division after having acted as the company’s CEO for 18 years. Additionally, Mr. Büchi was chairman of the board of Entel PCS and Entelphone.

Table of Contents

Cristián Eyzaguirre. Mr. Eyzaguirre has been a member of our Board of Directors since 2005. He has an economics degree from Universidad de Chile and a Master of Arts in Economics from The University of California, Berkeley. Mr. Eyzaguirre is the former Chief Executive Officer of Banco Bice and Chief Financial Officer of Empresas CMPC S.A., and was a professor of Economics at the Universidad de Chile. He is currently a Director of Besalco, E-CL, Agunsa, Grupo GTD Teleductos, Telefónica del Sur, IPAL, Banco París, Banco Cencosud (Perú) and Wenco. He also is Vice chairman of the advisory committee for the Chilean sovereign investment fund.

David Gallagher. Mr. Gallagher has been a member of the Board of Directors since April 2011. He has an MA in Modern Languages from Oxford University. He is Chairman and Founding Partner of ASSET Chile S.A, and is a director and Executive Committee member of the *Centro de Estudios Públicos*. Prior to founding ASSET Chile in 1984, Mr. Gallagher spent 10 years at Morgan Grenfell, where he became head of Latin American investment banking and director of Morgan Grenfell International.

Julio Moura. Mr. Moura has been a member of our Board of Directors since September 2011. Mr. Moura also serves as a director of Natura Cosméticos, Adecoagro and Brinox and as Chairman of Instituto Arapyáú. Prior to joining Cencosud, Mr. Moura served as Chairman of Masisa from 2002 to 2007 and as Executive Vice President of Schindler Group, Switzerland, from 1992 to 1997. Mr. Moura holds a Master's Degree from MIT's Sloan School of Management and an Engineering Degree from the Swiss Federal Institute of Technology (ETH).

Roberto Philipps. Mr. Philipps has been a member of our Board of Directors since 2003. He has held several executive positions with the Techint Organization and previously with Exxon Corporation. He is a former President of the Argentine Financial Executives Association and serves on the board of companies in Chile and Argentina. Mr. Philipps has a degree in business administration and accounting from the *Universidad de Buenos Aires* and completed the Advanced Executive Program at the Kellogg School, Northwestern University.

Erasmus Wong. Mr. Wong has been a member of our Board of Directors since 2008. Mr. Wong has a civil engineering degree from the National University of Engineering in Peru and post graduate degrees from the High Management Program and the First Program for Presidents, both from the University of Piura. He has been President of GSI Association (Formerly EAN Peru) and is currently Vice-president of the Marketing Association of Peru and the Retail and Department Stores Association. Prior to joining Cencosud, Mr. Wong was the president for Supermercados Wong in Peru until 2008, when it was acquired by Cencosud.

Executive Officers

The following table shows certain information with respect to our senior management as of the date of this annual report:

<u>Name</u>	<u>Position</u>	<u>Age</u>	<u>Years at Cencosud ⁽¹⁾</u>
Jaime Soler ⁽²⁾	Chief Executive Officer	42	10
Juan Manuel Parada	Chief Financial Officer	40	8
Carlos Mechetti	General Counsel	44	20
Stefan Krause	Projects Managing Director	59	31
Rodrigo Larrain	Real Estate Managing Director	42	2
Bronislao Jandzio	Audit Managing Director	59	16
Patricio Rivas	Financial Retail Managing Director	51	12
Marcelo Reyes	Corporate Risk Managing Director	47	12
Carlos Wulf	Home Improvement Stores Managing Director	61	10
Andrés Artigas	Chief Information Officer	48	9
Rodrigo Hetz	Human Resources Managing Director	39	3
Renato Fernandez	Corporate Affairs Managing Director	40	3
Ricardo Bennett	Department Stores Managing Director	39	10

(1) Including years in other positions at Cencosud.

(2) Mr. Daniel Rodriguez resigned from this position effective December 31, 2014 to pursue other business ventures, and this position was subsequently filled by Mr. Jaime Soler.

Jaime Soler. Mr. Soler was named Chief Executive Officer effective as of January 1, 2015. Previously he was appointed as our Corporate Retail Managing Director from February 2014. Prior to his appointment as head of that division, Mr. Soler had worked as our Department Stores Managing Director since 2008, and successfully commanded the turnaround process for our Johnson acquisition in Chile. He received his degree in Commercial Engineering from the Universidad de Chile and an MBA from The Kellogg School of Management.

Table of Contents

Juan Manuel Parada . Mr. Parada has been our Chief Financial Officer since 2012. Between 2008 and 2012, he was General Manager of our supermarkets operations in Peru. Prior to 2008, Mr. Parada worked in various leadership roles in Cencosud. Mr. Parada has also served as Regional Manager for Airports at Lan Airlines and as a senior consultant at Accenture, based in Buenos Aires and London. Mr. Parada has a degree in Business Administration from Universidad Blas Pascal of Cordoba and an MBA from the MIT Sloan School of Management.

Carlos Mechetti . Mr. Mechetti has been our General Counsel since 1999. He graduated from Universidad del Museo Social Argentino in 1993 and joined us in 1994 as counsel to our shopping center division in Argentina. Mr. Mechetti has taken different post graduate courses at UBA, UADE, CEMA and Harvard University.

Stefan Krause . Has been Corporate Manager of Works and Projects since July 2013. He holds a degree in Business Engineering from the University of Concepción. He previously served as General Manager of Jumbo (1983-2003) for both Argentina and Chile and Jumbo Retail Argentina (2005 to 2009). Mr. Krause is also a member of the board of several subsidiaries of Cencosud in Argentina, Colombia and Chile.

Rodrigo Larrain . Mr. Larrain has been our Real Estate Managing Director since March 2013. He has a degree in civil engineering and an MBA from the University of Michigan, Ross School of Business and also completed the school's General Management program. Prior to joining Cencosud he worked as Chief Financial and Investment officer at Enjoy S.A. Mr. Larrain also has over 10 years of work experience in corporate and investment banking at Citigroup and BBVA.

Bronislao Jandzio . Mr. Jandzio has been our Audit Managing Director since 1998. Before joining Cencosud, he was the Regional Chief for the Global Accounting Department for the Deutsche Bank Group in Frankfurt, Germany. Mr. Jandzio has a Banklehre diploma from the German Banking Academy.

Patricio Rivas . Mr. Rivas has been our Financial Retail Managing Director since 2011. Previously he served as our Corporate Risk Managing Director from 2010 to 2011. He graduated with a degree in Business Administration from the Pontificia Universidad Católica de Chile.

Marcelo Reyes . Mr. Reyes has been our Corporate Risk Managing Director since December 2011. He has previously served as Risk Director of Credit Card Business in Chile. He graduated with a degree in Business Administration from the Pontificia Universidad Católica de Valparaíso and earned an MBA degree from Tulane University, New Orleans, and from the Universidad de Chile.

Carlos Wulf . Mr. Wulf had been our Home Improvement Stores Managing Director since October 2008. He joined Cencosud in July 2004. He graduated as a Naval Engineer from the Academia Politécnica Naval in 1982. Mr. Wulf tendered his resignation effective as of March 31, 2015 to pursue personal ventures.

Andres Artigas . Mr. Artigas has been our Chief Information Officer since 2011. Prior to this he was our Information Officer for our operations in Chile and in 2005 for our Department Store business. Prior to joining Cencosud he had worked as IT Manager for Principal Financial Group in Chile, IT and Marketing for British American Tobacco in Chile as well. Mr. Artigas has a degree in industrial engineering with a major in Computer sciences and electronics from Pontificia Universidad Católica de Chile.

Rodrigo Hetz . Mr. Hetz has been our Human Resources Director since April 2011. He has a degree in Industrial Engineering from Universidad de Chile and an MBA from the University of California—Berkeley. He also worked at McKinsey & Co. from 2006 to 2011, advising companies in different countries on strategy and organizational effectiveness. From 1999 to 2004, Mr. Hetz worked at Citibank in Human Resources management roles including Senior HR generalists, compensation & benefits, M&A/Integration, and organizational development positions.

Renato Fernandez . Mr. Fernandez has been our Corporate Affairs Manager since 2011 when he joined Cencosud. Prior to that, he served as Communications Director at Endesa Chile. He received his degree in Journalism from Universidad Gabriela Mistral.

Ricardo Bennett . Mr. Bennett was appointed as our Department Store Managing Director in February 2014. He joined Cencosud in 2008 as Department Store Business Development Manager. Mr. Bennett holds a degree in civil engineering and an MBA from ESADE, Barcelona, Spain. Prior to joining Cencosud Mr. Bennett was a buyer at Falabella.

Table of Contents

B. COMPENSATION

Compensation of Directors and Executive Officers

For 2014, the aggregate amount of compensation we paid to executive officers was Ch\$5,808 million. We do not disclose to our shareholders or otherwise make public information as to the compensation of any individual executive officers.

In accordance with Article 33 of Law N° 18,046 in Chile governing corporations, at the Ordinary Shareholders' Meeting held on April 24, 2015, the following Director compensation amounts were set for the 2014 period:

- Fees paid for attending Board meetings: payment of UF330 (equivalents to ThCh\$8,127) each month for those holding the position of Director and twice this amount for the Chairman of the Board, provided they attend a minimum of 10 ordinary meetings each year.
- Fees paid for attending the Directors' Committee meetings: payment to each Director of UF110 (equivalents to ThCh\$2,709) for each meetings they attend.

The details of the amounts paid to our directors for the years ended December 31, 2014, 2013 and 2012, are as follows:

Name	Role	For the year ended December 31,		
		2014	2013	2012
		ThCh\$	ThCh\$	ThCh\$
Horst Paulmann Kemna	Chairman	184,487	147,291	104,146
Heike Paulmann Koepfer	Director	92,243	73,646	57,292
Peter Paulmann Koepfer	Director	92,243	73,646	52,072
Cristián Eyzaguirre Johnston	Director	92,243	79,771	69,453
Roberto Oscar Philipps	Director	122,991	98,225	69,453
Sven von Appen Behmann	Director	—	18,283	52,072
Erasmus Wong Lu Vega	Director	92,243	73,646	52,072
David Gallagher Patrickson	Director	122,991	98,225	69,453
Julio Moura	Director	92,243	73,646	52,072
Richard Büchi Buc	Director	122,991	73,816	—
Total		1,014,675	810,195	578,085

None of our non-executive directors has a service contract with us that provides for benefits upon termination of employment.

Executive stock option plans

In order to reward commitment and with the goal of retaining executives, the board has approved the terms and conditions of three compensation plans titled "Plan 2015", "Plan 2014" and "Plan Adicional" on September 26, 2015, March 22, 2013 and April 26, 2013, respectively.

The objective of our incentive plans is to motivate executive performance over the long term, thereby increasing the long-term value of the Company, as measured by the Company's EBITDA. The multiple stock option plans are awarded in accordance with the EBITDA increase percentage actually achieved by each one of the divisions.

Executives can only exercise their options under the incentive plans if they are employed by the Company at the specific subscription dates under "Plan 2015", "Plan 2014" and "Plan Adicional" or by any of its subsidiaries in Chile or abroad without any interruption in its employment relationship. In order to be eligible to receive a share payment no executive can be found in serious breach of its employment duties from the date of signing of the stock option contract until the exercise date. The determination of a serious breach is at the Company's sole discretion.

As ratified, the incentive plans include 349 company executives as of December 31, 2014, segregating them according to management level and position within the company, and make available a total of 32 million shares for awards. The shares being made available under these incentive plans reflect shares that were reserved for this specific purpose and were issued in capital increases approved by Cencosud SA shareholders during extraordinary shareholder meetings held on April 29, 2011 and November 20, 2012.

The "Plan 2015" grants each executive the right to subscribe shares in four installments, with 25% of their total subscription rights entitlements available each year from 2015 to 2018. "Plan 2015" grants executives the right to subscribe shares at a set price of Ch\$1,646 throughout the entire duration of the incentive plan as long as the required employment conditions are fulfilled within the period.

Table of Contents

The “Plan 2014” grants each executive the right to subscribe shares in four installments, with 25% of their total subscription rights entitlements available each year from 2014 to 2017. The “Plan Adicional” grants each executive the right to subscribe shares in different quantities between 2014 and 2016.

Both incentive plans grant executives the right to subscribe shares at a set Price of Ch\$2,600 throughout the entire period of the respective incentive plan as long as employment conditions for the executive are met within each subscription period.

As of December 31, 2014, a total of 349 executives had subscribed contracts for the executive stock option plan.

The following table sets forth, as of December 31, 2014, the total number of shares of common stock to be issued upon exercise of the options granted to each of our executive officers under our *Plan 2014* and our *Plan Adicional* the exercise price of such options, the date of grant and the date of expiration:

<u>Plan under which options were awarded</u>	<u>Number of Shares</u>	<u>Exercise price</u>	<u>Date of grant</u>	<u>Expiration date</u>
Plan 2015	10,057,500	Ch\$ 1,646	September 26, 2014	February 28, 2018
Plan 2014	10,352,720	Ch\$ 2,600	March 22, 2013	October 31, 2017
Plan Adicional	11,124,784	Ch\$ 2,600	April 26, 2013	October 31, 2016
Total	31,535,004			

C. BOARD PRACTICES

Board practices

Our Bylaws provide that shareholders elect nine regular directors. Directors are elected at the annual shareholders’ meeting for terms of three years. The legal responsibilities of each board member are established in accordance with the Chilean Corporations Law.

By virtue of his position as our controlling shareholder, Mr. Horst Paulmann has the power to nominate 5 directors to our Board of Directors. However, in 2013, in an effort to bolster corporate governance, Mr. Horst Paulmann chose to only nominate 4 directors at our shareholders’ meeting, essentially giving the right to nominate one additional director to our remaining shareholders.

Directors’ Committee

As required under Chilean law, we have established a Directors’ Committee composed of three directors. The following are the current members of our Directors’ Committee: David Gallagher (President), Roberto Philipps (Secretary) and Richard Büchi. The Directors’ Committee has the following principal duties:

- reviewing external audit reports and financial statements and providing its opinion regarding such items prior to their submission to the shareholders for approval;
- proposing to the board of directors the names of independent external auditors and credit rating agencies that will be submitted for approval at the annual shareholders’ meeting;
- reviewing related party transactions for potential conflict of interest and providing reports as required in certain defined cases;
- reviewing the salary and compensation benefits for officers and senior management; preparing an annual report of the board’s activities, which will include its main recommendations to shareholders;
- advising the board as to the hiring of external auditors to perform non-audit services, particularly whether such services might be prohibited in accordance with article 242 of the Chilean Securities Market Law as such services could jeopardize the independence of such external auditor; and
- performing any other responsibility entrusted to the Directors’ Committee by the Chilean Corporations Law, our Bylaws, the shareholders’ meeting or the board of directors.

Table of Contents

Audit Committee

We have established an audit committee, comprised of three non-management members of our Board of Directors. The members of the audit committee are David Gallagher, Roberto Philipps and Cristián Eyzaguirre, each of whom is independent within the meaning of the SEC corporate governance rules. Our board of directors has determined that Roberto Philipps is “audit committee financial expert” as defined by the SEC.

The audit committee’s primary responsibilities are:

- Assist the Board of Directors in fulfilling its oversight responsibilities relating to the integrity of the Company’s financial statements, including periodically reporting to the Board of Directors on its activity and the adequacy of the Company’s systems of internal controls over financial reporting;
- Make recommendations for the appointment, compensation, retention and oversight of, and consider the independence of, the Company’s external auditors;
- Review material transactions between the Company or its subsidiaries with related parties to determine whether their terms are consistent with market conditions or are otherwise fair to the Company and its subsidiaries; and
- Perform such other duties imposed on it by the laws and regulations of the regulated market(s) on which the shares of the Company are listed, applicable to the Company, as well as any other duties entrusted to it by the Board of Directors.

The audit committee’s purpose and responsibilities, including those outlined above, have been set forth in the charter of the audit committee.

D. EMPLOYEES

General

At December 31, 2014, we had a total of 153,234 employees, of which approximately 40.2% were in Chile, 17.9% in Argentina, 10.4% in Peru, 21.9% in Brazil and 9.5% in Colombia. Approximately 37.5% of our store employees were represented by unions under several collective bargaining agreements. We do not employ a significant number of temporary employees.

We operate a merit-based bonus program for our managers both at the headquarters and store levels as well as for department heads at each store. In general, the bonus fluctuates between one and six monthly salaries and is determined in accordance with clearly defined criteria, including our overall performance, the performance of the employee’s store, the employee’s performance relative to specific targets established at the beginning of the year and more subjective standards such as fostering an open, constructive working environment.

Chile

At December 31, 2014, we had a total of 61,635 employees in Chile. Of these employees, 55,409 were employed in our stores, 2,844 were employed in the distribution facilities (our distribution center, warehouses and transportation), and 3,382 were employed in our headquarters.

At December 31, 2014, approximately 62.82% of our Chile employees were represented by 106 independent unions currently party to 113 different collective bargaining contracts. In addition, some of these independent unions have collective contracts with non-unionized employees of the company which generally have a term of two to four years.

Our Chile employees receive benefits established by the collective bargaining agreements and salaries in accordance with our own policies, benefits provided for by Chilean law (including disability insurance) and certain additional benefits provided by us. Among these benefits, we provide educational training for our employees and opportunities for their families (including educational scholarships for children of employees).

Argentina

At December 31, 2014, we had a total of 27,479 employees in Argentina. Of these employees, 24,032 were employed in our stores, 1,286 were employed in the distribution facilities (the distribution center, warehouses and transportation), and 2,161 were employed in the headquarters.

At December 31, 2014, approximately 86.2 % of our Argentina employees were under a single collective bargaining agreement with the Sindicato de Comercio (“Commerce Union”), but only 44.71% of such employees are members of the Commerce Union. There is only one collective bargaining agreement (mandatory by law) for all the non-management employees which has been in effect since 1975. We have experienced two strikes at our Jumbo stores, each lasting less than one day. However, none of these strikes have materially affected our overall operations.

Table of Contents

Our Argentina employees receive benefits established by this collective bargaining agreement and salaries established according to our policies, benefits provided for by Argentinean law (including disability insurance) and certain additional benefits provided by us, including educational training.

Brazil

At December 31, 2014, we had a total of 33,346 employees in Brazil. Of these employees 29,374 were employed in our stores, 1,922 were employed in the distribution facilities (the distribution center, warehouses and transportation), and 2,250 were employed in the headquarters.

Our employees in Brazil are represented by different trade unions. Although less than 3% of our employees are affiliated with these trade unions, all employees are entitled to the benefits set forth in our collective labor agreements, as determined by applicable labor legislation. We believe that all 10 of the largest supermarket chains in Brazil are bound by the same collective labor agreements entered into with their respective trade unions. We believe that we have a good relationship with our employees and related trade unions, and our Brazilian operations have not recorded any significant strikes or stoppages over the last three years.

Peru

At December 31, 2014, we had a total of 16,008 employees in Peru. Of these employees, 13,389 were employed in our stores, 1,367 were employed in the distribution facilities (the distribution center, warehouses and transportation), and 1,251 were employed in the headquarters.

At December 31, 2014, approximately 0.99 % of our Peruvian employees were unionized or were party to collective bargaining agreements. We have not had any strikes that have materially affected our operations in Peru.

Our Peru employees receive standard benefits and salaries established according to our policies, benefits provided for by Peruvian law (including disability insurance) and certain additional benefits provided by us, including discounts on products purchased at our stores, educational training and certain merit-based bonuses.

Colombia

At December 31, 2014, we had a total of 14,566 employees in Colombia. Of these employees, 13,485 were employed in our stores, 882 were employed in the headquarters and 199 in distribution facilities.

As of December 31, 2014 approximately a 34.34% of our employees in Colombia were unionized or were party to collective bargaining agreements. We have not had any strikes that have materially affected our operations in the country.

Our Colombia employees receive standard benefits and salaries established according to our policies, benefits provided for by Colombia law (including disability insurance) and certain additional benefits provided by us, including discounts on products purchased at our stores and educational training for our employees.

E. SHARE OWNERSHIP

See table in “Item 7. Major Shareholders and Related Party Transactions” for information regarding share ownership by our directors and executive officers.

Item 7. Major Shareholders and Related Party Transactions

A. MAJOR SHAREHOLDERS

The following table sets forth information with respect to the beneficial ownership of our shares of common stock, as of the date of this annual report, for:

- each person known to us to own beneficially more than 5% of our shares of common stock; and
- our directors and executive officers as a group.

Table of Contents

Shareholder	Number of Shares	Percentage Beneficial
	of Common Stock	Ownership
Principal Shareholders ⁽¹⁾		
Inversiones Quinchamali Limitada ⁽²⁾	573,754,802	20.3%
Inversiones Latadia Limitada ⁽³⁾	550,823,211	19.5%
Inversiones Tano Limitada ⁽⁴⁾	457,879,800	16.2%
Directors and Executive Officers		
Horst Paulmann Kemna ⁽⁵⁾	1,652,794,386	58.5%
Peter Paulmann Koepfer ⁽⁶⁾	*	*
Heike Paulmann Koepfer ⁽⁷⁾	*	*
David Gallagher	—	—
Erasmus Wong	—	—
Roberto Philipps	—	—
Cristián Eyzaguirre	—	—
Richard Büchi Buc	*	*
Julio Moura	—	—
Juan Manuel Parada	*	*
Rodrigo Hetz	*	*

Shareholder	Number of Shares	Percentage Beneficial
	of Common Stock	Ownership
Carlos Mechetti	*	*
Andrés Artigas	*	*
Bronislao Jandzio	*	*
Carlos Wulf	*	*
Jaime Soler	*	*
Patricio Rivas	*	*
Marcelo Reyes	*	*
Renato Fernandez	—	—
Ricardo Bennett	*	*
Stefan Krause	*	*
Rodrigo Larrain	*	*
Total shares of common stock issued and outstanding	2,828,723,963	100.0%

* Represents beneficial ownership of less than one percent of ordinary shares outstanding.

- (1) Our principal shareholders do not have different voting rights than other shareholders. All holders of our shares of common stock are entitled to one vote per share of common stock in all shareholders' meetings.
- (2) Inversiones Quinchamali Limitada is a Chilean company controlled by Horst Paulmann Kemna, our Chairman of the Board, who is the largest shareholder therein, with the remainder owned by members of the Paulmann family. Members of the Paulmann family include Horst Paulmann Kemna, Manfred Paulmann Koepfer, Peter Paulmann Koepfer and Heike Paulmann Koepfer. The address for Inversiones Quinchamali Limitada is Avenida Kennedy 9001, Piso 7, Las Condes, Santiago, Chile.
- (3) Inversiones Latadia Limitada is a Chilean company majority owned by Inversiones Quinchamali Limitada, with the remainder owned indirectly by members of the Paulmann family. Its address is Avenida Kennedy 9001, Piso 7, Las Condes, Santiago, Chile.
- (4) Inversiones Tano Limitada is a Chilean company majority owned by Inversiones Quinchamali Limitada, with the remainder owned by Inversiones Latadia Limitada and Horst Paulmann Kemna. Its address is Avenida Kennedy 9001, Piso 7, Las Condes, Santiago, Chile.
- (5) Horst Paulmann Kemna owns 2.49% of our shares of common stock directly and the remaining amount through direct and indirect ownership in Inversiones Quinchamali Limitada, Inversiones Latadia Limitada and Inversiones Tano Limitada.

Horst Paulmann Kemna, our Chairman of the Board, is the father of Heike Paulmann Koepfer and Peter Paulmann Koepfer, who both serve on our Board of Directors. See "Item 6. Directors, Senior Management and Employees."

- (6) Peter Paulmann Koepfer owns 0.5% of our shares of common stock.

Horst Paulmann Kemna, our Chairman of the Board, is the father of Heike Paulmann Koepfer and Peter Paulmann Koepfer, who both serve on our Board of Directors. See "Item 6. Directors, Senior Management and Employees."

- (7) Heike Paulmann Koepfer owns 0.5% of our shares of common stock.

Horst Paulmann Kemna, our Chairman of the Board, is the father of Heike Paulmann Koepfer and Peter Paulmann Koepfer, who both serve on our Board of Directors. See "Item 6. Directors, Senior Management and Employees."

Table of Contents

Differences in Voting Rights

Our major shareholders do not have different voting rights.

Controlling Shareholder

In 2012 and 2013, we experienced a significant change in the percentage of shares beneficially owned and controlled by our major shareholder as a result of our initial public offering and follow-on offering. Prior to our initial public offering, our founder, Mr. Horst Paulmann, beneficially owned 64.9% of our shares, directly and indirectly, through Inversiones Quinchamali Ltda., Inversiones Latadia Ltda. and Inversiones Tano Ltda. As of the date of this annual report, Mr. Horst Paulmann beneficially owns 58.5% of our shares. See “—Major Shareholders” above.

By virtue of this position as our controlling shareholder, Mr. Horst Paulmann has the power to nominate 5 directors to our Board of Directors. However, in 2013, in an effort to bolster corporate governance, Mr. Horst Paulmann chose to only nominate 4 directors at our shareholders’ meeting, essentially giving the right to nominate one additional director to our remaining shareholders.

Securities Held in Host Country

As of December 31, 2014, the most recent practicable date, 6,435,429 ADSs (equivalent to 19,306,287 shares, or 0.6% of the total outstanding shares of our common stock) were outstanding and held of record by 1 holder. We are aware that many ADSs are held of record by brokers and other nominees, and accordingly the above numbers are not necessarily representative of the actual number of U.S. persons who are beneficial holders of ADSs or the number of ADSs beneficially held by such persons.

B. RELATED PARTY TRANSACTIONS

Chilean Regulations

In the ordinary course of our business, we may incur related party indebtedness in the future on fair market terms. Articles 146 et seq of the Chilean Corporations Law regulate related party transactions to be incurred by publicly held corporations and its subsidiaries. Article 147 of the Chilean Corporations Law requires our transactions with related parties be on similar terms to those customarily prevailing in the market and to be beneficial to the interest of the company. Article 147 requires us to compare the terms of any such transaction to those prevailing in the market at the date the transaction is approved. For a related party transaction to be entered into, the approval of the board of directors is required. Directors of companies that violate Article 147 are jointly and severally liable for damages and losses resulting from such violation. In addition, Article 147 of the Chilean Corporations Law provides that any transaction in which a director has a personal interest or is participating in negotiations leading to a related party transaction must be previously approved by the board of directors, with the exclusion of the interested director. The board of directors will approve the transaction only when it has been informed of such director’s interest, the transaction is beneficial to the company and the terms of such transaction are similar to those prevailing in the market. All resolutions approving such transactions must be reported to the Company’s shareholders at the next annual shareholders meeting. If the majority of the directors are interested parties, the transaction may be entered into if approved unanimously by non-interested directors, or by two-thirds or more of the votes at a special shareholders’ meeting. If a special shareholders’ meeting is called, the board shall appoint two independent evaluators, who will inform the shareholders of the terms and conditions of the transaction, its effects and the potential impact in the Company. The evaluators’ final conclusions must be made available to shareholders and directors the day after the company receives such report. The report will be available for a period of at least 15 business days following the company’s receipt of the evaluator’s report and notice shall be provided to the shareholders by means of an *hecho esencial*.

General

The following related party transactions may be entered into without complying with the aforementioned requirements and with only the approval of the board of directors:

- The transaction does not involve an amount considered to be material. A transaction involves a material amount if:
 - the transaction amount is more than 1% of the company’s net worth, provided such transaction amount exceeds the equivalent of 2,000 UF, or
 - the transaction amount exceeds the equivalent to 20,000 UF.
- The transaction is in the ordinary course of business, as determined by the corporation’s policies regarding such matters.
- The transaction is with a related party which the company owns at least 95% of, either directly or indirectly.

Table of Contents

Violation of Article 146 et seq may result in administrative or criminal sanctions and civil liability to shareholders or third parties who suffer losses as a result of such violation. We believe that we have complied with the requirements of Articles 146 et seq in all transactions with related parties. See “Item 10.—B. Memorandum and Articles of Association—Director Requirements.”

Related Party Transactions

Below is a description of the outstanding transactions between us and our related parties, including the respective outstanding amounts, for the years ended December 31, 2014, 2013 and 2012.

Purchase and sale agreements

During 2014, 2013 and 2012, we purchased general merchandise in the amount of Ch\$1,916 million, Ch\$ 2,506 million and Ch\$ 2,272 million, respectively, from Wenco S.A. (“Wenco”), a Chilean plastic goods manufacturer on whose board Mr. Cristián Eyzaguirre, one of our directors, serves as a director. In 2014, 2013 and 2012, we also sold general merchandise in the amount of Ch\$64,398 million, Ch\$3 million and Ch\$401 million, respectively, to Wenco.

Cencosud also purchased merchandise from Industria Productos Alimenticios S.A., on whose board Mr. Cristián Eyzaguirre also serves, in the amount of Ch\$ 1,062 million, Ch\$1,245 million and Ch\$1,138 million during 2014, 2013 and 2012, respectively. We also sold merchandise to Agencias Universales SA in the amount of Ch\$18 million, Ch\$22 million and Ch\$19 million in 2014, 2013 and 2012, respectively, on whose board Mr. Cristián Eyzaguirre also serves. The same company provided services to Cencosud S.A. in the amount of Ch\$ 598 million, Ch\$616 million and Ch\$384 million during 2014, 2013 and 2012, respectively.

Cencosud S.A. also sold merchandise in the amount of Ch\$828 thousand and Ch\$139 thousand during 2013 and 2012, respectively, to Maxi Kioskos Chile S.A., a Chilean convenience store operator owned by and on whose board of directors sits Mr. Manfred Paulmann Koepfer, the son of Mr. Horst Paulmann Kemna (our controlling shareholder).

Cencosud also purchased general merchandise from Importadora y Comercial Regen Ltda, a Chilean retailer of imported toys controlled by Mr. Peter Paulmann Koepfer, one of our directors, in the amount of Ch\$538 million, Ch\$386 million and Ch\$499 million for the years 2014, 2013 and 2012, respectively. During 2014, Cencosud SA also sold goods to Importadora y Comercial Regen Ltda. in de amount of Ch\$19 million.

During 2014 and 2013, Teleductos SA, on whose board Mr. Cristián Eyzaguirre also serves, provided services to Cencosud in the amount of Ch\$704 million and Ch\$939 million, respectively.

During 2014 and 2013, Manquehue Net SA, on whose board Mr. Cristián Eyzaguirre also serves, provided services to Cencosud in the amount of Ch\$7 million and Ch\$8 million, respectively.

During 2014 and 2013, Cia Nacional De Telefonos, Telefonica del Sur S.A., on whose board Mr. Cristián Eyzaguirre also serves, provided services to Cencosud in the amount of Ch\$103 million and Ch\$6 million, respectively.

During 2014, Mr. Cristian Eyzaguirre received Ch\$103 million from our subsidiary Cencosud Administradora de Tarjetas S.A. in connection with his service on its board of directors.

During 2014 and 2013, Besalco S.A. on whose board Mr. Cristian Eyzaguirre also serves, provided services to Cencosud SA in the amount of Ch\$1 million and Ch\$0.3 million, respectively.

During 2014 and 2013, Empresa Nacional de Telecomunicaciones S.A. on whose board Mr. Richard Büchi Buc also serves, provided services to Cencosud in the amount of Ch\$1,013 million and Ch\$738 million, respectively.

During 2014 and 2013, Empresa El Mercurio S.A.P. on whose board Mr. Richard Büchi Buc also serves, provided services to Cencosud in the amount of Ch\$2,820 million and Ch\$2,064 million, while goods were sold to Empresa El Mercurio S.A.P. in the amount of Ch\$25 million and Ch\$5 million, respectively.

During 2014 and 2013, Entel Telefonía Local S.A. on whose board Mr. Richard Büchi Buc also serves, provided services to Cencosud in the amount of Ch\$49 million and Ch\$18 million, respectively.

During 2014 and 2013, Entel PCS Telecomunicaciones S.A on whose board Mr. Richard Büchi Buc also serves, provided services to Cencosud in the amount of Ch\$8,484 million and Ch\$12,887 million, respectively.

Table of Contents

During 2014 and 2013, Asset-Chile S.A. on whose board Mr. David Gallagher also serves, purchased merchandise from Cencosud SA in the amount of Ch\$5 million and Ch\$0.9 million, respectively.

Leases

We lease space in several of our shopping centers in Chile to Maxi Kioskos Chile, S.A., a Chilean convenience store operator on whose board Manfred Paulmann Koepfer serves as a director. Lease payments during 2014, 2013 and 2012 amounted to Ch\$ 402 million, Ch\$478 million and Ch\$149 million, respectively.

In addition, we lease space in several of our shopping centers in Chile to Importadora y Comercial Regen Ltda. Lease payments during 2014, 2013 and 2012 amounted to Ch\$188 million, Ch\$231 million and Ch\$142 million, respectively.

We lease space in several of our shopping centers in Chile to Empresa el Mercurio S.A.P. Lease payments during the 2014 period amounted to Ch\$203 million.

The above described transactions were entered into pursuant to our Bylaws and applicable Chilean laws and regulations.

For information concerning other transactions such as services rendered please see Notes 9.1 to 9.3 to our Audited Consolidated Financial Statements.

C. INTERESTS OF EXPERTS AND COUNSEL

Not applicable.

Item 8. Financial Information

A. CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMATION.

Financial Statements

See “Item 18. Financial Statements” and pages F-1 through F-219 for our consolidated financial statements prepared in accordance with IFRS.

Legal and Administrative Proceedings

We are party to certain legal proceedings in Argentina, Brazil, Chile, Colombia and Peru arising in the normal course of our business, which we believe are routine in nature and incidental to the operation of our business. We do not believe that the outcome of the proceedings to which we currently are party will have a material effect upon our operations or financial condition.

Our subsidiary, Cencosud Administradora de Tarjetas S.A. (“CAT”), was a defendant in a class action suit initiated by SERNAC. On April 24, 2013, the Supreme Court of Chile ruled for the plaintiff and at this junction no further appeals are available. In its ruling, the court determined that CAT included certain clauses in its 2006 contracts that were abusive to consumers. Said clauses allowed CAT to charge an incremental maintenance fee of Ch\$530 per month to cardholders with a usage under Ch\$50 thousand per month, without written consent from cardholders as required by the *Ley de Protección al Consumidor*. In the ruling the court ordered CAT to pay a fine of approximately Ch\$ 2 million and to reimburse certain cardholders for the excess maintenance fees charged since 2006 plus adjustments for inflation and interests. We made payments in connection with this ruling that amounted to Ch\$17,974 million as of December 31, 2013. As of December 31, 2014, Ch\$1,887 million were still provisioned in terms of principal reimbursements tied to this ruling and Ch\$759 million tied to interest and inflation.

Dividends and Dividend Policy

Our dividend policy is determined from time to time by our board of directors. It is the Company’s general practice to pay interim and annual dividends in November and May. Dividends are paid to shareholders of record on the fifth Chilean business day preceding the date for the payment of the dividend.

As required by the Chilean Corporations Law, unless otherwise approved by unanimous vote of holders of all of our issued and subscribed shares, we must distribute a cash dividend in an amount no less than 30% of the Company’s consolidated net income for that year, unless and except to the extent we have a deficit in retained earnings. We may distribute a cash dividend in an amount greater than 30% if approved by a majority vote of shareholders.

Table of Contents

Shareholders who are not residents of Chile must register as foreign investors under one of the foreign investment regimes contemplated by Chilean law to receive dividends, sale proceeds or other amount with respect to their shares remitted outside Chile through the Formal Market Exchange. See “Item 10. Additional Information—D. Exchange Controls.” Dividends received in respect of shares of common shares by holders are subject to Chilean withholding tax. See “Item 10. Additional Information—E. Taxation.”

B. SIGNIFICANT CHANGES

Except as otherwise disclosed in this annual report, there has been no undisclosed significant change since the date of the annual financial statements.

Item 9. The Offer and Listing

A. OFFER AND LISTING DETAILS

Our ADSs have been listed on the NYSE under the symbol “CNCO” since June 22, 2012. The table below sets forth the trading volume and the high and low closing prices in U.S. dollars of our ADSs on the New York Stock Exchange as reported by the New York Stock Exchange.

	New York Stock Exchange (in U.S.\$ per ADS) ⁽¹⁾		
	Trading volume	High	Low
Year			
2012 (since June 22, 2012)	16,315,454	20.99	15.10
2013	17,843,014	17.01	10.33
2014	19,283,969	10.71	6.94
Quarter			
First Quarter, 2013	6,751,880	19.85	16.77
Second Quarter, 2013	12,840,749	18.43	13.53
Third Quarter, 2013	7,708,576	14.55	11.83
Fourth Quarter, 2013	3,634,050	13.59	10.33
First Quarter 2014	5,989,568	10.66	8.05
Second Quarter, 2014	3,770,570	10.71	9.26
Third Quarter, 2014	4,611,953	10.16	8.70
Fourth Quarter, 2014	4,911,878	9.50	6.94
First Quarter 2015	5,596,774	7.90	6.25
Month			
October 2014	1,729,726	9.03	8.20
November 2014	1,814,814	9.50	7.82
December 2014	1,340,338	7.80	6.94
January 2015	820,215	7.53	6.26
February 2015	2,261,714	7.9	7.39
March 2015	2,514,845	7.35	6.25
April 2015 (through April 24, 2015)	2,954,182	7.99	7.27

Source: New York Stock Exchange.

(1) Except trading volume.

B. PLAN OF DISTRIBUTION

Not applicable.

C. MARKETS

Our common stock is currently traded on the Santiago Stock Exchange and the Chile Electronic Stock Exchange under the symbol “CENCOSUD.” The Santiago Stock Exchange accounted for approximately 90%, 89% and 90% of the trading volume of our common stock in Chile in 2013, 2012 and 2011, respectively. On April 24, 2015, the last reported sale price of the shares on the Santiago Stock Exchange and the *Bolsa Electronica de Chile* was Ch\$1,635 and Ch\$1,602 per share, respectively. Our Common stock traded on the Valparaiso Stock Exchange until September 10, 2013.

Table of Contents

Price history of our common shares

The table below sets forth the trading volume and the high and low closing sales prices for our common shares on the Santiago Stock Exchange for the periods indicated.

	Santiago stock exchange (in Ch\$ per common share) ⁽¹⁾		
	Trading volume	High	Low
Year			
2010	735,020,230	3,900	1,700
2011	577,949,277	3,745	2,450
2012	690,328,658	3,256	2,490
2013	632,394,407	3,064	1,824
2014	508,711,690	1,980	1,410
Quarter			
First Quarter, 2013	215,929,897	3,085	2,594
Second Quarter, 2013	169,157,706	2,958	2,286
Third Quarter, 2013	142,189,960	2,595	1,970
Fourth Quarter, 2013	103,553,285	2,280	1,812
First Quarter, 2014	192,170,246	1,924	1,442
Second Quarter, 2014	116,061,456	1,980	1,689
Third Quarter, 2014	83,617,139	1,865	1,715
Fourth Quarter, 2014	116,862,849	1,770	1,410
First Quarter, 2015	242,882,182	1,628	1,305
Month			
October 2014	24,455,955	1,770	1,598
November 2014	53,172,479	1,699	1,539
December 2014	39,234,415	1,580	1,410
January 2015	51,098,843	1,551	1,305
February 2015	58,105,279	1,628	1,511
March 2015	132,097,635	1,497	1,331
April 2015 (through April 24, 2015)	44,870,199	1,635	1,498

Source: Santiago Stock Exchange.

(1) Except trading volume.

The table below sets forth the high and low closing sales prices for our common shares on the *Bolsa Electronica de Chile* for the periods indicated.

	Chile electronic stock exchange (in Ch\$ per common share) ⁽¹⁾		
	Trading volume	High	Low
Year			
2010	66,025,944	3,870	1,700
2011	63,461,270	3,740	2,530
2012	80,841,749	5,569	1,365
2013	24,770,549	3,080	1,820
2014	41,869,662	1,980	1,417
Quarter			
First Quarter, 2013	30,197,513	3,080	2,590
Second Quarter, 2013	37,367,989	2,935	2,290
Third Quarter, 2013	22,164,899	2,660	1,989
Fourth Quarter, 2013	9,351,794	2,441	1,820
First Quarter, 2014	18,324,003	1,931	1,471
Second Quarter, 2014	10,260,879	1,980	1,694
Third Quarter, 2014	5,994,191	1,886	1,721
Fourth Quarter, 2014	7,290,589	1,767	1,417
First Quarter, 2015	5,733,361	1,628	1,310
Month			
October 2014	1,625,948	1,742	1,604
November 2014	4,227,787	1,665	1,548
December 2014	2,077,146	1,535	1,424
January 2015	1,527,178	1,499	1,310
February 2015	3,157,906	1,628	1,510
March 2015	1,048,277	1,503	1,344
April 2015 (through April 24, 2015)	2,117,852	1,608	1,493

Table of Contents

Source: Bolsa Electronica de Chile.

(1) Except trading volume.

D. SELLING SHAREHOLDERS

Not applicable.

E. DILUTION

Not applicable.

F. EXPENSES OF THE ISSUE

Not applicable.

Item 10. Additional Information**A. SHARE CAPITAL**

Not applicable.

B. MEMORANDUM AND ARTICLES OF ASSOCIATION

Set forth below is material information concerning our share capital and a brief summary of the significant provisions of our Bylaws and Chilean law. As explained above, our Bylaws effectively serve the purpose of both the articles or certificate of incorporation and the bylaws of a company incorporated in the United States. This description contains all material information concerning shares of our common stock, including summaries of certain provisions of our Bylaws and applicable Chilean law in effect on the date of this annual report. They do not, however, describe every aspect of our shares of common stock, our Bylaws or Chilean law. You are encouraged to review our *estatutos* (an English translation of which has been filed as an exhibit to this annual report), the Chilean Corporations Law and the Securities Market Law, each referred to below.

For more information regarding our share capitalization, see “Item 7. Major Shareholders and Related Party Transactions—A. Major Shareholders,” elsewhere in this annual report. There were 2,828,723,963 shares of our common stock, no par value, issued and outstanding as of the date of this annual report.

Memorandum and articles of association

Set forth below is certain information concerning Cencosud S.A.’s capital stock and a brief summary of certain significant provisions of our Bylaws and Chilean law. You are encouraged to review our Bylaws, which are filed as Exhibit 1.1 of this annual report.

Organization and register

We are a publicly-held stock corporation (*sociedad anónima abierta*) organized under the laws of Chile and have an indefinite corporate duration. We were incorporated by a public deed dated November 10, 1978. This abstract is recorded on page 13808 No. 7412 of the *Registro de Comercio de Santiago* (Commercial Registry of Santiago) for the year 1978. Our corporate purpose, as stated in our Bylaws, is broadly defined to include the purchase, sale, distribution and marketing of goods, as more fully set forth in our Bylaws.

Shareholder rights

Shareholder rights in Chilean companies are governed generally by a company’s bylaws (which effectively serve the purpose of both the articles, or certificate, of incorporation, and the bylaws of a United States company). Additionally, the Chilean Corporations Law governs the operation of Chilean stock corporations and provides for certain shareholder rights.

Shareholder rights can be amended through an agreement adopted in an extraordinary shareholders meeting, which shall subsequently agree upon the corresponding amendment to the bylaws. However, there are certain provisions of Chilean law that cannot be waived by the shareholders, such as the legal formalities prescribed by the Chilean Corporations Law for the organization and validity of a corporation or for the amendment of its bylaws; provisions dealing with the protection of minority shareholders, including the minimum number of board members, the existence of a committee of directors, the list of matters that shareholders may decide upon in an ordinary and/or extraordinary shareholders meeting of the company, the quorum required for the approval of certain supermajority matters; and other public policy provisions, such as the rules for the liquidation of a company, tender offer rules and, generally, all securities market regulations.

The Chilean securities markets are principally regulated by the *Superintendencia de Valores y Seguros* (the Chilean Securities and Insurance Commission) (“SVS”) under the Securities Market Law and the Chilean Corporations Law. These two laws provide for disclosure requirements, restrictions on insider trading and price manipulation, and protection of minority investors. The Chilean Corporations Law clarifies rules and requirements for establishing publicly-held stock corporations while eliminating government supervision of privately-held companies. The Securities Market Law establishes requirements for public offerings, stock exchanges and brokers, and outlines disclosure requirements for companies that issue publicly offered securities.

Under Articles 12 and 54 and Title XV of the Securities Market Law, certain information regarding transactions in shares of publicly-held corporations must be reported to the SVS and the Chilean exchanges on which such shares are listed. Holders of shares of publicly-held corporations are required to report to the SVS and the Chilean exchanges:

- any acquisition or sale of shares that results in the holder’s acquiring or disposing of 10% or more of the corporation’s capital; and

Table of Contents

- any acquisition or sale of shares or options to buy or sell shares, in any amount, if made by a holder of 10% or more of the corporation's capital or if made by a director, liquidator, main officer, general manager or manager of such corporation.
- In addition, majority shareholders must include in their report whether their purpose is to acquire control of the company or if they are making a financial investment. A beneficial owner of ADSs representing 10.0% or more of our share capital will be subject to these reporting requirements under Chilean law.

Persons or entities intending to acquire control of a publicly-held corporation, through means other than through a tender offer (*oferta pública de adquisición de acciones*), are also required to inform the public of such acquisition at least 10 business days before the date on which the transaction is to be completed, but in any case, as soon as negotiations regarding the change of control begin (i.e., when information and documents concerning the target are delivered to the potential acquirer) through a notice published in two Chilean newspapers, which must disclose, among other information, the person or entity purchasing or selling and the price and conditions of any negotiations. Prior to such publication, a written communication to such effect must be sent to the SVS and the Chilean exchanges.

In addition to the foregoing, Article 54A of the Chilean Securities Market Law requires that within two business days of the completion of the transactions pursuant to which a person has acquired control of a publicly traded company, a notice shall be published in the same newspapers in which the notice referred to above was published and notices shall be sent to the same persons mentioned in the preceding paragraphs.

Chilean law does not contain any provision that discriminates against shareholders or prospective shareholders who own a substantial number of shares. However, a special public offering procedure applies should the controlling shareholder of a company decide to increase its stock in the company, according to which the offer must be made to all shareholders on a pro rata basis in proportion to their respective stock.

Capitalization

Under Chilean law, a corporation increases its capital as soon as the shareholders authorize both the capital increase and the issuance of new stock, provided that the minutes of the corresponding shareholders meeting are put into a public deed, and an abstract of said deed is published in the Official Gazette and registered in the Commercial Registry corresponding to the company's domicile. In addition, in the case of publicly-held stock corporations, the new shares must be registered in the Securities Registry of the SVS before they may be offered to the public. When a shareholder subscribes for shares, the shares are transferred to such shareholder's name, and the shareholder is treated as a shareholder for all purposes, except receipt of dividends in the proportion corresponding to the unpaid price of such shares, unless otherwise stipulated in the bylaws of the corporation. The shareholder becomes eligible to receive dividends once such shareholder has paid for the shares. If a shareholder does not pay for shares for which such shareholder has subscribed on or prior to the date agreed upon for payment, the corporation is entitled to auction the shares on the stock exchange, and has a cause of action against the shareholder for the difference between the subscription price and the price received at auction. However, until such shares are sold at auction, the shareholder continues to exercise all the rights of a shareholder (except the right to receive dividends). Authorized shares which have not been paid for within the period ending three years from the date when the capital increase agreement was made at the shareholders' meeting, are deemed cancelled under Chilean law and are no longer available for sale by the Chilean corporation. At that time, the capital of the corporation is automatically reduced to the amount effectively paid within such period.

The Bylaws authorize a single series of common stock, without par value.

Director requirements

Our Bylaws require the board to consist of nine directors. The entire board is elected every three years. There is no requirement that a director be a shareholder of our Company.

Our Bylaws do not contain any provision regarding a mandatory retirement age for directors, nor does Chilean law contain any provision in this respect.

According to Chilean Corporations Law, a publicly-held stock corporation (*sociedad anónima abierta*) can only execute a transaction with a related party whenever such transaction is for the benefit of the corporation, and conforms to price terms and conditions prevailing in the market at the time of its approval.

Directors, managers, administrators, main executives or liquidators who have an interest in a related party transaction must immediately inform the board of directors or its proxy of such interest and the transaction must first be approved in accordance with the procedures described below. Non-compliance with these requirements will result in joint and several liability for the damages the transaction causes to both the corporation and its shareholders.

Table of Contents

If the transaction involves a relevant amount (more than 1% of the company's equity, provided such transaction exceeds the equivalent of 2,000 UF, or in any case if it exceeds the equivalent to 20,000 UF) and the board of directors is not able to determine if it is an arm's-length transaction, the Board may approve or reject the execution of the transaction, with the abstention of the interested director, or appoint two independent evaluators.

If the board of directors approves the transaction, the relevant resolution will be disclosed in the subsequent shareholders' meeting. The resolution should expressly enumerate the directors that approved the operation.

Alternatively, in the case that evaluators are appointed, such evaluators will draft a report to inform the shareholders of the terms and conditions of the transaction, as well as its effect and potential impact on the corporation. The evaluators' report shall be made available to the shareholders. If shareholders representing at least 5% of the company's voting stock consider that the transaction is not in the company's best interest, or if the evaluators' report differ considerably, they may request that the Board call for an extraordinary shareholders meeting in order to approve or reject the execution of such transaction, in the former case by at least two-thirds of the company's voting stock. The related party that intends to carry out the operation with the company must provide to the Board all relevant information pertaining to such operation.

Notwithstanding the applicable sanctions, the violation of these rules will not affect the validity of the transaction, but will entitle the corporation or the shareholders to request that the defender disgorge profits obtained from the transaction.

The following transactions with related parties can be carried out without compliance with the foregoing requirements, after approval by the board of directors:

- Transactions that do not involve a significant amount, as described above. All transactions carried out in a 12 month period through one or more acts that are similar or complementary and in which the parties, including related parties, or the purpose are the same will be considered a single transaction.
- Transactions which are in the ordinary course of business, as determined by the corporation's policies regarding such matters. In this case, the resolution that establishes such policies or their amendments will be made available to the shareholders at the corporation's offices and on their web site, if applicable.
- Transactions between corporations in which the company owns, either directly or indirectly, at least 95% of its counterparty.

Borrowings by a director are treated under Chilean law as related party transactions and are subject to the rules set forth above.

Pursuant to the Chilean Corporations Law, if the bylaws of a company establish compensation for directors, such compensation must be agreed to in a shareholders meeting. Our Bylaws establish that the directors will be compensated in an amount determined by the annual shareholders meeting, notwithstanding the right of the Board to agree to compensate a director for the performance of any other duty different from his or her duty as a director.

Preemptive rights and increases of share capital

The Chilean Corporations Law grants certain preemptive rights to shareholders of all Chilean companies. The Chilean Corporations Law generally requires Chilean companies to offer to shareholders the right to purchase a sufficient number of shares or convertible securities to maintain their existing ownership percentage in the company whenever it issues new shares or convertible securities and prior to any sale in the market of its treasury shares of common stock.

Pursuant to this requirement, preemptive rights in connection with any future issue of shares will be offered by us to the depositary as the registered owner of the shares underlying the ADSs. However, the depositary will not be able to make such preemptive rights available to holders of ADSs unless a registration statement under the Securities Act is effective with respect to the underlying shares or an exemption from the registration requirements thereunder is available.

We intend to evaluate, at the time of any preemptive rights offering after the date hereof, the practicality under Chilean law in effect at the time of making such rights available to our ADS holders, as well as the costs and potential liabilities associated with registration of such rights and the related shares of common stock under the Securities Act, and the indirect benefits to us of thereby enabling the exercise by all or certain holders of ADSs of their preemptive rights and any other factors we consider appropriate at the time, and then to make a decision as to whether to file such registration statement. We cannot assure you that any registration statement would be filed. If we do not file a registration statement and no exemption from the registration requirements under the Securities Act is available, the Depositary will sell such holders' preemptive rights and distribute the proceeds thereof if a premium can be recognized over the cost of such sale. In the event that the Depositary is not able, or determines that it is not feasible, to sell

Table of Contents

such rights at a premium over the cost of any such sale, all or certain holders of ADSs may receive no value for such rights. Non-U.S. holders of ADSs may be able to exercise their preemptive rights regardless of whether a registration statement is filed. The inability of all or certain holders of ADSs to exercise preemptive rights in respect of shares of common stock underlying such ADSs could result in such holders not maintaining their percentage ownership of the common stock following such preemptive rights offering unless such holder made additional market purchases of ADSs or shares of common stock.

Under Chilean law, preemptive rights are exercisable or freely transferable by shareholders during a period that cannot be less than 30 days following the grant of such rights. During such period, and for an additional 30-day period thereafter, a Chilean corporation is not permitted to offer any unsubscribed shares for sale to third parties on terms which are more favorable than those offered to its shareholders. At the end of such additional 30-day period, a Chilean open stock corporation is authorized to sell unsubscribed shares to third parties on any terms, provided they are sold on a Chilean stock exchange. Unsubscribed shares that are not sold on a Chilean stock exchange can be sold to third parties only on terms no more favorable for the purchaser than those offered to shareholders.

Dividend and liquidation rights

In accordance with Chilean law, we must distribute mandatory cash dividends of 30% of our consolidated net income unless otherwise decided by a unanimous vote of the holders of the Shares. See “Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Dividends and Dividend Policy.”

At our option, the portion of any dividend which exceeds the mandatory limits established pursuant to Chilean law may be paid in cash, in our shares or in shares of corporations owned by us. Shareholders who do not expressly elect to receive a dividend other than in cash are legally presumed to have decided to receive the dividend in cash. Our ADS holders may, in the absence of an effective registration statement under the Securities Act or an available exemption from the registration requirement thereunder, effectively be required to receive a dividend in cash. See “—Preemptive rights and increases of share capital” above.

Those dividends not collected by the shareholders entitled thereto lapse five years after the payment date, with the funds going to the Chilean Treasury.

In the event of a liquidation of our company, the holders of fully paid shares of common stock would participate in the assets available after payment of all creditors in proportion to the number of shares held by them.

Shareholders’ meetings and voting rights

We hold our annual shareholders meeting during the first fourth months of each year. Extraordinary shareholders meetings may be called by the board of directors when deemed appropriate or when requested by shareholders representing at least 10% of the issued voting shares or by the SVS. Notice to convene the annual shareholders meeting or an extraordinary shareholders meeting is given by means of a notice in a newspaper published in Cencosud’s corporate domicile (currently Santiago) or in the Official Gazette in a prescribed manner. Notice must also be mailed to each shareholder and given to the SVS 15 days in advance of the meeting.

The quorum for a shareholders’ meeting is established by the presence, in person or by power of attorney, of shareholders representing at least the absolute majority of our issued voting shares. If a quorum is not present at the first meeting, the meeting can be reconvened and upon the meeting being reconvened, shareholders present at the reconvened meeting are deemed to constitute a quorum regardless of the percentage of the shares represented. However, if a shareholders’ meeting is called for the purpose of considering:

- a change of our organization, merger or division,
- an amendment to the term of duration or early dissolution,
- a change in our corporate domicile,
- a decrease of our corporate capital,
- approval of capital contributions in assets other than cash and their assessments,
- modification of the authority reserved to shareholders meetings or limitations on the Board of Directors,
- reduction in the number of members of our Board of Directors,
- the sale, transfer or disposition of 50% or more of assets, either including or excluding its corresponding liability, or the formulation or modification of any business plan which contemplates the sale, transfer or disposition of our assets in such amount, the sale of 50% or more of the assets of an affiliate that represents at least 20% of the assets of the corporation, as well as any sale of its shares which would result in us ceasing to be in control of such subsidiary,

Table of Contents

- the form of distributing corporate benefits,
- the granting of a guaranty by us of liabilities of any third-party other than a subsidiary, in an amount exceeding 50% of our total assets,
- our purchase of our issued stock in accordance with articles 27A and 27B of Law No. 18,046,
- the amendment of any formal defects in our Bylaws which may nullify our incorporation, or any amendment of the Bylaws referring to one or more of the matters indicated above,
- the approval of our ceasing to be subject to the regulations applicable to publicly held corporations in the event we no longer meet the requirements under Chilean law to qualify as such a corporation, or the establishment of the right for our controller to acquire the shares of minority shareholders after a tender offer, in the terms set forth in paragraph 2 of article 71 bis of Law No. 18,046,
- the approval or ratification of contracts or agreements with related parties, in accordance with articles 44 and 147 of Law No. 18,046, or
- other matters as may be set forth in our Bylaws.

The vote required at such meeting is a two-thirds majority of the issued common stock.

Additionally, the amendment of our Bylaws aimed at the creation, modification, extension or suppression of preferential rights, must be approved with the favorable vote of two-thirds of the shares of the affected series.

Chilean law does not require a publicly-held Chilean company to provide the level and type of information that United States securities laws require a reporting company to provide to its shareholders in connection with a solicitation of proxies. Under Chilean law, a notice of a shareholders' meeting listing the matters to be addressed must be mailed to shareholders and the SVS not fewer than 15 days prior to the date of a meeting. In cases of an Annual Shareholders' Meeting, an annual report of our activities, which includes our audited financial statements, must also be mailed to shareholders.

The Chilean Corporations Law provides that whenever shareholders representing 10% or more of the issued voting shares so request, a Chilean company's annual report must include within the materials dispatched by the board of directors to shareholders, the comments and proposals of such shareholders in relation to the company's affairs. Similarly, the Chilean Corporations Law provides that whenever the board of directors of a publicly-held company convenes a meeting of shareholders and solicits proxies for the meeting, information supporting its decisions or other similar materials, it is obligated to include the pertinent comments and proposals that may have been made by shareholders owning 10% or more of the company's voting shares who request that such comments and proposals be so included.

Only shareholders registered in the Shareholders' Registry as such at least five Chilean business days prior to the date of a shareholders meeting are entitled to attend and vote their shares. A shareholder may appoint by power of attorney another individual (who need not be a shareholder) as its attorney-in-fact to attend and vote on its behalf. Every shareholder entitled to attend and vote at a shareholders meeting shall have one vote for every share subscribed.

Right of dissenting shareholders to tender their shares

The Chilean Corporations Law provides that upon the adoption at an extraordinary shareholders meeting of any of the resolutions enumerated below, dissenting shareholders acquire a right of redemption to force the company to repurchase their shares, subject to the fulfillment of certain terms and conditions.

"Dissenting" shareholders are defined as those which vote against a resolution which results in the redemption right, or if absent at such a meeting, those who state in writing to the company their opposition to the respective resolution. Dissenting shareholders must perfect their redemption rights by tendering their stock to the company within 30 days of the resolution (except in the case of pension fund shareholders as discussed below).

The price paid to a dissenting shareholder of a publicly-held company for such shares is the weighted average of the closing sales prices for the shares as reported on the stock exchanges for the two-month period preceding the event giving rise to the redemption right.

Table of Contents

The resolutions that result in a shareholder's redemption right are the following:

- our transformation into a different type of legal entity;
- our merger with or into another company;
- the disposition of 50% or more of our assets, whether or not that sale includes our liabilities or the proposal or amendment of any business plan involving the transfer of more than 50% of our assets; and the sale of 50% or more of the assets of an affiliate which represents at least 20% of the assets of the corporation, as well as any sale of its shares which would result in us ceasing to be in control of such subsidiary;
- the granting of security interests or personal guarantees to secure or guarantee third parties' obligations exceeding 50% of our assets, except with regard to security interests or personal guarantees, which are granted to secure or guarantee obligations of our subsidiaries;
- the creation of preferential rights for a class of shares or an amendment to those already existing, in which case the redemption right only accrues to the dissenting shareholder of the class or classes of shares adversely affected;
- the amendment of our Bylaws to correct any formal defect in our incorporation, which might cause our Bylaws to become null and void, or any amendment of our Bylaws that grants a shareholder a redemption right;
- the approval by our shareholders of our ceasing to be subject to the regulations applicable to publicly held corporations in the event we no longer meet the requirements under Chilean law to qualify as such a corporation; and
- any other causes as may be established by Chilean law and our Bylaws (our Bylaws currently do not establish any instances).

In addition, shareholders of a publicly held corporation have a redemption right if a person acquires two-thirds or more of the outstanding voting stock of the company and does not make a tender offer for the remaining shares within 30 days of that acquisition at a price not lower than the price that would be paid shareholders exercising their redemption rights.

However, the right of redemption described in the previous sentence does not apply in the event the company reduces its capital as a result of not having fully subscribed and paid an increase of capital within the statutory term.

Finally, shareholders of a publicly held corporation have the right of redemption within 30 days after the date when the controller acquires more than 95% of the shares of the company. These redemption rights must be exercised within 30 days.

C. MATERIAL CONTRACTS

See "Item 4. Information on the Company—B. Business Overview—Material Agreements."

D. EXCHANGE CONTROLS

Foreign Exchange Controls

Chile

The Chilean Central Bank is the entity responsible for monetary policies and exchange controls in Chile. Chilean issuers are authorized to offer securities internationally provided they comply with, among other things, the provisions of Chapter XIV of the Compendium of Foreign Exchange Regulations of the Chilean Central Bank (the "Chilean Central Bank Compendium").

Pursuant to the provisions of Chapter XIV of the Chilean Central Bank Compendium, it is not necessary to seek the Chilean Central Bank's prior approval in order to acquire shares in a Chilean market. The Chilean Central Bank only requires that (i) the remittance of funds for the acquisition of the shares in Chile be made through the Formal Exchange Market and disclosed to the Chilean Central Bank as described below; and (ii) all remittances of funds from Chile to the foreign investor upon the sale of shares or from dividends or other distributions made in connection therewith be made through the Formal Exchange Market and disclosed to the Chilean Central Bank as described below.

The proceeds of the placement of the shares abroad may be brought into Chile or held abroad. If we remit the funds obtained from the placement of the shares in Chile, such remittance must be made through the Formal Exchange Market and we must deliver to the Department of Statistics Information of the Chilean Central Bank directly or through an entity participating in the Formal Exchange Market an annex providing information about the transaction, together with a letter instructing such entity to deliver us the foreign currency or the Chilean peso equivalent thereof. If we do not remit the funds obtained from the placement of the shares in Chile, we have to provide the same information to the Department of Statistics Information of the Chilean Central Bank directly or

Table of Contents

through an entity of the Formal Exchange Market, within the first 10 days of the month following the date on which we received the funds. All payments from dividends or other distributions in connection with the shares made from Chile must be made through the Formal Exchange Market. Pursuant to Chapter XIV of the Chilean Central Bank Compendium, no prior authorization from the Chilean Central Bank is required for such payments in U.S. dollars. The participant of the Formal Exchange Market involved in the transfer must provide certain information to the Chilean Central Bank on the banking business day following the day of payment. In the event payments are made outside Chile using foreign currency held abroad, we must provide the relevant information to the Chilean Central Bank directly or through an entity of the Formal Exchange Market within the first 10 days of the month following the date on which the payment was made.

Under Chapter XIV of the Chilean Central Bank Compendium, payments and remittances of funds from Chile are governed by the rules in effect at the time the payment or remittance is made. Therefore, any change made to Chilean laws and regulations after the date hereof will affect foreign investors who have acquired the shares. We cannot assure you that further Chilean Central Bank regulations or legislative changes to the current foreign exchange control regime in Chile will not restrict or prevent us from acquiring U.S. dollars or that further restrictions applicable to us will not affect our ability to remit U.S. dollars for payment of dividends or other distributions in connection with the shares.

The above is a summary of the Chilean Central Bank's regulations with respect to the issuance of securities, including the shares, as in force and effect as of the date of this annual report. We cannot assure you that restrictions will not be imposed in the future, nor can there be any assessment of the duration or impact of such restrictions if imposed. This summary does not purport to be complete and is qualified in its entirety by reference to the provisions of Chapter XIV of the Chilean Central Bank Compendium, a copy of which is available from us upon request at the following address Avenida Kennedy 9001, Piso 6, Las Condes, Santiago, Chile.

Argentina

Prior to December 1989, the Argentine foreign exchange market was subject to exchange controls. From December 1989 until April 1991, Argentina had a freely floating exchange rate for all foreign currency transactions, and the transfer of dividend payments in foreign currency abroad and the repatriation of capital were permitted without prior approval of the Central Bank of Argentina. From April 1, 1991, when the Convertibility Law became effective, until December 21, 2001, when the Central Bank of Argentina decided to close the foreign exchange market, the Argentine currency was freely convertible into U.S. dollars.

On December 3, 2001, the Argentine government imposed a number of monetary and currency exchange control measures through Decree 1570/01, which included restrictions on the free disposition of funds deposited with banks and tight restrictions on transferring funds abroad without the Central Bank of Argentina's prior authorization subject to specific exceptions for transfers related to foreign trade. Beginning in January 2003, the Central Bank of Argentina has gradually eased these restrictions and expanded the list of transfers of funds abroad that do not require its prior authorization. However, in June 2003 the Argentine government instituted restrictions on capital flows into Argentina, which mainly consisted of a prohibition against the transfer abroad of any funds until 180 days after their entry into the country.

In June 2005, the Argentine government issued Decree 616/05, which established additional restrictions over all capital flows that could result in the decreased availability of international credit. Pursuant to the decree, all private sector indebtedness of physical persons or corporations in Argentina are required to be agreed upon and repaid not prior to 365 days from the date of entry of the funds into Argentina, regardless of the form of repayment. The decree outlines several types of transactions that are exempt from its requirements, including foreign trade financings, foreign trade balances of those entities authorized to carry out foreign exchange, and primary offerings of debt securities issued pursuant to a public offering and listed on a self-regulated market.

In addition, the decree, as supplemented by subsequent regulations, stipulates that all capital inflows of residents exceeding U.S.\$2 million per month, as well as all capital inflows of non-residents settled in the local exchange market destined for local money holdings, acquisition of active or passive private sector financings and investments in securities issued by the public sector that are acquired in secondary markets (excluding foreign direct investment, which includes capital contributions to local companies of direct investments (namely, a company in which the foreign direct investor holds at least 10% of ordinary shares or voting rights, or its equivalent), and primary offerings of debt securities issued pursuant to a public offering and listed on a self-regulated market), must meet certain requirements, including those outlined below:

- such funds may be transferred only outside the local exchange market after a 365-day period from the date of entry of the funds into Argentina;
- any Argentine Pesos resulting from the exchange of such funds are to be credited to an account within the Argentine banking system; and
- except for certain type of capital inflows, a non-transferable, non-interest-bearing U.S. Dollar-denominated mandatory deposit must be maintained for a term of 365 calendar days, in an amount equal to 30% of any such inflow of funds to the local foreign exchange market (which mandatory deposit may not be used as collateral or guaranty for any transaction).

Table of Contents

In addition, on November 16, 2005, the Ministry of Economy and Production issued Resolution 637/05, pursuant to which Decree 616/05 was regulated, providing that any inflow of funds to the local exchange market in connection with an initial public offering of securities, bonds or certificates issued by a trustee under a trust, whether or not such trust is publicly offered and listed in a self-regulated market, shall comply with all requirements provided for section 4 of Decree 616/05 whenever such requirements are applicable to the inflow of funds to the local exchange market in connection with the acquisition of any of the assets under the trust.

The transfer abroad of dividend payments is currently authorized by applicable regulations to the extent such dividend payments are made in connection with audited financial statements approved by a shareholders' meeting. Any breach of the provisions of Decree No. 616/05 or any other foreign exchange regulation is subject to criminal penalties of the laws governing the Argentine exchange market.

In addition, pursuant to Resolutions AFIP N° 3210/2011 and N° 3212/2011 and Communication "A" 5245, enacted in late 2011, prior to authorizing the sale of foreign currency to make portfolio investments abroad or similar investments, the local bank must obtain prior clearance from an online database run by the federal tax authority (AFIP). This database must confirm whether an individual or entity has sufficient declared assets or funds to make the purchase of foreign currency. In the event that declared assets or funds are not sufficient, the bank may not sell foreign currency to such individual or entity. However, the regulations fail to explain how this calculation is carried out. This clearance requirement may affect the ability of our Argentine subsidiaries to make or manage its foreign currency investments or to transfer funds abroad.

Repatriation of investments by non-Argentine residents

Repatriation of funds by non-Argentine residents is subject to the prior approval of the Central Bank; however, various exceptions exist to this general principle, including, among others:

- Repatriation of direct investments resulting from the sale of investments, the process of wind-up or liquidation of a company, capital reduction or the repayment of capital contributions. In these instances, the foreign investor must demonstrate that it has held the Argentine investment for at least 365 days. In addition, investments made after October 28, 2011 (capital contributions or acquisition of interests in Argentine companies) may be repatriated only if it can be demonstrated that the funds invested in the Argentine company were brought into Argentina at least 365 days prior to repatriation; a certificate from a financial institution or foreign exchange firm must be provided that states the amount of the funds and the date on which such funds were transferred into Argentina for the purpose of making the investment. However, in the event that the investor is organized or domiciled in a country which, pursuant to Argentine law, is considered to be of low or no taxation, repatriation must be approved by the Central Bank.
- Repatriation of portfolio investments (and the related income), provided that the aggregate amount of such repatriation does not exceed U.S.\$500,000 per month. Repatriation in this instance is permitted provided the investor can demonstrate that the funds used to make such investment were brought into Argentina at least 365 days prior to repatriation; a certificate from a financial institution or foreign exchange firm must be provided that states the amount of the funds and the date on which such funds were transferred into Argentina for the purpose of making the investment. However, in the event that the investor is organized or domiciled in a country which, pursuant to Argentine law, is considered to be of low or no taxation, repatriation must be approved by the Central Bank.

These repatriation exceptions are available provided the financial institution through which a funds transfer is made is capable of determining (among other things) that "*from the date of collection of the funds (...) to the date of the foreign exchange transaction, the funds received were not allocated to other investments in Argentina.*"

Any transactions not covered by the preceding paragraphs (or any other exception) are subject to prior Central Bank approval.

Table of Contents

Foreign investments by Argentine residents

As a general matter, individuals and legal entities (excluding private trusts and non-registered civil and commercial companies, associations and foundations) are authorized to buy or transfer foreign currency in an amount of up to U.S.\$2 million per month (provided they do not have due and unpaid debts of any nature owing to foreign creditors). However, in practice, certain regulations have restricted the ability to purchase or transfer foreign currency for general savings or investment purposes (such practice is referred to as “accumulation” or “*atesoramiento*”):

- (a) Pursuant to Communication “A” 5236 (as amended) of the Central Bank, in the event that the aggregate amount of foreign currency purchases (including transfers) during a calendar year exceeds U.S.\$250,000:
 - (i) in the case of individuals, the total amount of foreign currency purchases may not exceed the sum of: (i) the investments in Argentine financial assets and the amount of Argentine currency declared in the individual’s most recent personal tax return filed with Argentine tax authorities, (ii) the funds resulting from the sale in Argentina of recordable assets and foreign currency declared in the individual’s most recent personal tax return filed with Argentine tax authorities, (iii) the individual’s earnings for the current year which are subject to income tax withholding, (iv) other sources of income collected by the individual during the year that are not subject to income tax and (v) amounts received by the individual through an inheritance; and
 - (ii) in the case of legal entities, the total amount of foreign currency purchases may not exceed: (i) the entity’s net worth (per the financial statements corresponding to the immediately preceding fiscal year), plus (ii) the entity’s earnings generated after the end of the immediately preceding fiscal year, *plus* (iii) the entity’s proceeds from the sale of foreign currency in the foreign exchange market, *minus* (iv) the entity’s investments in external assets (including foreign currency) as of the date of purchase, *minus* (v) deposits in Argentina of foreign currency, *minus* (vi) investments in Argentine companies, *minus* (vii) distributions by the entity of dividends approved after the end of the immediately preceding fiscal year.
- (b) Pursuant to Resolutions AFIP No. 3210/2011 and No. 3212/2011 and Communication “A” 5245, prior to authorizing the sale of foreign currency to a given client, the bank handling such sale must consult an online database maintained by the Argentine federal tax authority to confirm whether the client desiring to make such purchase has met the requirements outlined above. In the event that the requirements are not met by the client, the bank may not carry out the sale of foreign currency. However, the regulations fail to provide detail as to how the required calculations are to be made.

In addition, purchases of foreign currency for purposes of accumulation are subject to the following conditions:

- (a) The Argentine resident must not have due and unpaid debts owing to foreign creditors (whether financial or commercial in nature). This requirement will not apply if the purchase of foreign currency does not exceed U.S.\$10,000 per calendar month.
- (b) If the purpose of the purchase and transfer of funds is to purchase Argentine securities, including ADRs, the purchase of such securities may only be carried out 20 business days following the transfer of funds.
- (c) In the case of foreign portfolio investments, the funds must be transferred from an Argentine bank account of the Argentine resident to a different bank account opened with:
 - (i) a foreign bank established in any country member of the OECD whose foreign indebtedness has an international rating of at least “BBB” or that consolidates its financial statements in Argentina with an Argentine bank; or
 - (ii) foreign banks of the country of permanent residence of individuals authorized to remain in Argentina as “temporary residents” under the provisions of section 23 of Argentine Immigration Law No. 25,871; or
 - (iii) a financial entity regularly engaged in investment banking activities, established in any country member of the OECD whose foreign indebtedness has an international rating of at least “BBB”.

Repatriation of funds by Argentine residents

Repatriation of funds by Argentine residents up to U.S.\$2 million per month is exempt from the deposit (*encaje*) requirement. If the funds repatriated by an Argentine resident exceed this monthly cap, the deposit requirement will apply in an amount equal to 30% of the excess funds.

Criminal foreign exchange regime

Pursuant to the provisions of Central Bank Communication “A” 3471, foreign exchange transactions may only be carried out through financial institutions authorized to do so by the Central Bank (e.g., financial institutions and foreign exchange bureaus). Central Bank Communication “A” 3471 further provides that any transactions that fail to comply with the applicable requirements will be subject to the penalties set forth in the Criminal Foreign Exchange Regime set by Law No. 19,359.

For a complete detail of all foreign exchange restrictions, investors should consult with their own legal and financial advisors. Additionally, the review of Executive Order No. 616/2005, MEP Resolution No. 365/2005, Law No. 19,359 and their amending and supplementing regulations is suggested.

Table of Contents

Brazil

General rules

The basic law regulating foreign investment was enacted in 1962 (Law No. 4131) and was amended in 1964 (Law No. 4390). Foreign investment is not subject to government approvals or authorizations, and there are no requirements regarding minimum investment or local participation in capital (except in very limited cases such as in financial institutions, insurance companies and other entities subject to the regulating authority of the Central Bank of Brazil). Foreign participation, however, is limited or prohibited in limited areas of activities, including those detailed below.

The Central Bank of Brazil is the agency responsible for: (i) managing the day-to-day control over foreign capital flow in and out of Brazil (risk capital and loans under any form); (ii) setting forth the administrative rules and regulations for registering investments; (iii) monitoring foreign currency remittances; and (iv) allowing repatriation of funds. It has no jurisdiction over the quality of the investment and cannot restrict the remittances of funds resulting from the risk capital or loan, which are based on a registration with the Central Bank, through its Electronic System of Registration.

In the event of a serious balance of payment deficit, the Central Bank may limit profit remittances and prohibit remittances as capital repatriation for a limited period of time. This limitation, however, has never been applied even during Brazil's most difficult balance of payments problems.

Foreign investments in currency must be officially channeled through financial institutions duly authorized to deal in foreign exchange (e.g. commercial banks). Foreign currency must be converted into Brazilian currency and vice-versa through the execution of an exchange contract with a commercial bank. Foreign investments may also be made through the contribution of assets and equipment intended for the local production of goods or services.

Foreign exchange market

Brazil previously operated with two official exchange rate markets, the commercial and floating rate markets, both of which were regulated and monitored by the Central Bank. Participation in a particular market was determined by the nature of the remittance of funds to be made.

In March, 2005 the Central Bank unified both markets and enacted more flexible exchange rules. As a consequence, remittances of funds in and out of Brazil now flow through one single exchange market regardless of the nature of the payments.

Foreign investment registration

Foreign investments in currency or in assets and equipment must be registered with the Central Bank of Brazil. Such registration grants the foreign investor the right to remit dividends and interest and to repatriate the investment. As of August 2000, foreign investments in capital must be registered with the Electronic System of Registration of the online data system of the Central Bank of Brazil (the "SISBACEN Data System"). Since February 2001, foreign loans are also subject to registration in the SISBACEN Data System.

The amount registered with the Central Bank of Brazil as foreign investment includes the sum of (i) the original investment (whether in cash or in kind); (ii) subsequent additional investments (including the capitalization of credits); and (iii) eventual profit reinvestments. This aggregate amount constitutes the basis for repatriation of capital and computation of any eventual capital gain tax, as explained below.

Profit remittance

Since January 1996, profits paid by a Brazilian company to a foreign investor are not subject to any withholding tax. The foreign currency to be remitted must be purchased in the exchange market directly from any commercial bank, upon presentation of the corporate act declaring the dividends, the pertinent financial statements, proof of the tax payment and the registration in the SISBACEN Data System. No further approval or consent of the Central Bank is necessary and there is no limitation on the amounts to be remitted if the original investment has been registered with the Central Bank as described above.

Table of Contents

Repatriation of capital

Foreign capital invested in Brazil may be repatriated at any time and there is no minimum period of investment. Repatriation of the investment within the amount stated in the SISBACEN Data System may be made free of any tax or authorization. In principle, any excess over the registered amount will be treated as a capital gain, subject to a 15% withholding tax (such rate is increased to 25% in case of investors residing in tax havens) and prior (and discretionary) approval of the Central Bank.

In accordance with an common practice of the Central Bank of Brazil, whenever the total or partial repatriation of capital is sought upon the sale of an investment, the book value of the foreign investment (based on the financial statements of the company which received the investment) will be compared against the amount registered in foreign currency. If the book value is lower than the registered foreign investment, the remittance abroad of any amount exceeding the book value may be understood by the Central Bank as a capital gain, and, as such, subject to a 15% tax.

Other forms of funding Brazilian subsidiaries

The Brazilian foreign debt challenges, combined with other circumstances, forced the market to find various ways to fund Brazilian companies through the issuance of notes and bonds, as well as commercial paper placed outside Brazil under private and public placements. In recent years, the Central Bank has authorized a great volume of issues of bonds, fixed rate notes, floating rate notes, commercial papers and fixed or floating rate certificates of deposit, to be traded abroad. Nonetheless, foreign loans with maturity of less than ninety days are currently subject to a financial transactions tax. Interest paid to foreigners is subject to a 15% withholding tax (such rate is increased to 25% in case of creditors residing in tax heavens). Another source of funding has been the issue of ADRs—American Depositary Receipts and IDRs—International Depositary Receipts.

Peru

At the beginning of the 1990s, former President Alberto Fujimori liberalized price and wage controls in the private sector and eliminated all restrictions on capital flows. Since March 1991, there have been no exchange controls in Peru and all foreign exchange transactions are based on market rates. Prior to March 1991, the Peruvian foreign exchange market consisted of several alternative exchange rates. During the last two decades, the Peruvian currency has experienced a significant number of large devaluations and Peru has consequently adopted and operated under various exchange rate control practices and exchange rate determination policies, ranging from strict control over exchange rates to market-determination of rates. Current Peruvian regulations on foreign investment allow the foreign holders of equity shares and fixed income instruments to receive and repatriate 100% of the proceeds of the investment. Such investors are allowed to purchase foreign exchange at free market exchange rates through any member of the Peruvian banking system.

Colombia

Foreign Investment and Exchange Controls in Colombia

Although the exchange market flows freely, there are exchange regulations that establish those exchange operations that must be channeled through the exchange market, the procedures and penalties for infringement.

The rules applicable on exchange matters are issued jointly by Congress, the Government and the Central Bank. The main regulations on foreign investment and international exchange (“Exchange Regulations”) are set forth in Law 9 of 1991, Decree 2080 of 2000, External Resolution No. 8 of 2000 and Regulation DCIN-83. The law requires all foreign investment to be registered at the Central Bank.

The Central Bank is responsible for Exchange Regulations and managing, recording and authorizing changes in foreign investment. In turn, the Superintendency of Companies is responsible for overseeing compliance with the provisions on foreign investment set forth in the Exchange Regulations. Such foreign investment is divided into (1) direct foreign investment, and (2) portfolio foreign investment.

The foreign investment registered with the Central Bank grants the investor the following rights, known as “exchange rights”:

- a. The possibility of repatriating the profits from the registered investment.
- b. The possibility of reinvesting such profits in Colombia.
- c. The possibility of repatriating sums resulting from the transfer of the investment within the country, the liquidation of the company or the portfolio and/or the reduction of the equity of the recipient company.

Table of Contents

Foreign Indebtedness

The foreign currency received or paid as a consequence of a credit operation must be channeled through the exchange market. In addition, prior to or simultaneously with the disbursement, it will be required to report the foreign debt to the Central Bank through the exchange market intermediaries.

Up until October 28, 2011, Colombian residents could only obtain credits in foreign currency from foreign financial institutions, foreign market intermediaries or through the placement of securities in international capital markets. Since that date, Banco de la Republica allowed indebtedness with any foreign third party, including related parties. These modalities are considered liability credits since the debtor is a Colombian resident.

On the other hand, Colombian residents may grant loans in foreign currency to non residents and this modality is called active credits since the creditor is a Colombian resident.

E. TAXATION

General

The following discussion summarizes the material Chilean tax and U.S. federal income tax consequences to beneficial owners arising from the purchase, ownership and disposition of the common stock and ADSs. The summary does not purport to be a comprehensive description of all potential Chilean tax and U.S. federal income tax considerations that may be relevant to a decision to purchase, own or dispose of the common stock and ADSs and is not intended as tax advice to any particular investor. This summary does not describe any tax consequences arising under the laws of any state, locality or other taxing jurisdiction other than Chile and the United States. There is currently no income tax treaty in force between the United States and Chile.

Prospective purchasers of the common stock and ADSs should consult their own tax advisors as to the Chilean, United States or other tax consequences of the purchase, ownership and disposition of the common stock and ADSs in their particular circumstances, as well as the application of state, local, foreign or other tax laws.

Chilean tax considerations

The following section is the opinion of Morales y Besa Abogados Limitada as to the material Chilean income tax laws presently in force, including Ruling No. 324 of January 29, 1990 of the Chilean Internal Revenue Service and other applicable regulations and rulings. The discussion summarizes the material Chilean income tax consequences of an investment in the ADSs or shares of common stock received in exchange for ADSs by an individual who is not domiciled in or a resident of Chile or a legal entity that is not organized under the laws of Chile and does not have a permanent establishment located in Chile, which we refer to as a foreign holder. For purposes of Chilean law, an individual holder is a resident of Chile if he or she has remained in Chile for more than six months in one calendar year or for a total of more than six months in two consecutive tax years. An individual holder is domiciled in Chile if he or she resides in Chile with the purpose of staying in Chile (such purpose to be evidenced by circumstances such as the acceptance of employment within Chile or the relocation of his or her family to Chile). This discussion is not intended as tax advice to any particular investor, which can be rendered only in light of that investor's particular tax situation.

Under Chilean law, provisions contained in statutes such as tax rates applicable to foreign holders, the computation of taxable income for Chilean purposes and the manner in which Chilean taxes are imposed and collected may be amended only by another statute. In addition, the Chilean tax authorities issue rulings and regulations of either general or specific application interpreting the provisions of Chilean tax law. Pursuant to Article 26 of the Chilean Tax Code, Chilean taxes may not be assessed retroactively against taxpayers who in good faith relied on such rulings, regulations and interpretations, but Chilean tax authorities may change such rulings, regulations and interpretations prospectively. On February 4, 2010, a comprehensive income tax treaty between the United States and Chile (the "Proposed U.S.-Chile Treaty") was signed, however such treaty has not yet been ratified by each country and therefore is not yet effective. It is unclear at this time when such treaty will be ratified by both countries. Based on the steps that have already been fulfilled in both countries, such treaty could be ratified within 2014. You should consult your tax adviser regarding the ongoing status of this treaty, and if ratified the impact such treaty would have on the consequences described in this annual report.

Cash dividends and other distributions

Cash dividends paid by us with respect to the ADSs or shares of common stock held by a Foreign Holder will be subject to a 35.0% Chilean withholding tax, which is withheld and paid over by us to the Chilean Treasury. We refer to this as the Chilean withholding tax. A credit against the Chilean withholding tax is available based on the level of corporate income tax, or first category tax, actually paid by us on the taxable income to which the dividend is imputed; however, this credit does not reduce the Chilean withholding tax on a one-for-one basis because it also increases the base on which the Chilean withholding tax is imposed. In addition,

Table of Contents

distribution of book income in excess of retained taxable income is subject to the Chilean withholding tax, but such distribution is not eligible for the credit. Under Chilean income tax law, for purposes of determining the level of the first category tax that has been paid by us, dividends generally are assumed to have been paid out of our oldest retained taxable profits. From the year 2004 and until 2010, the first category tax rate was 17.0%, resulting in an effective dividend withholding tax rate of approximately 21.69%. From year 2011, As a way to obtain additional funds for the country's reconstruction plan after the earthquake in February 2010, the first category tax rate was increased to 20.0%, for fiscal year 2011 and for fiscal year 18.5% during 2012, returning fiscal year 2013 to the permanent first category tax rate of 17.0% (Circular Letter No. 95, of 2001 and 63, of 2010). However, on September 24, 2012 Congress passed Law N° 20,630, which increased the first category tax rate to 20% as from fiscal year 2013 in order to collect funds for financing the Educational Reform. The new Government has announced a tax reform which would likely result in a first category tax rate increase (although the bill has not been filed yet, a 25% rate proposal is expected). The foregoing tax consequences apply to cash dividends paid by us. Dividend distributions made in property (other than shares of common stock) will be subject to the same Chilean tax rules as cash dividends.

Capital gains

Gains realized on the sale, exchange or other disposition by a foreign holder of ADSs (or ADRs evidencing ADSs) will not be subject to Chilean taxation, provided that such disposition occurs outside Chile. The deposit and withdrawal of shares of common stock in exchange for ADRs will not be subject to any Chilean taxes.

Gains recognized on a sale or exchange of shares of common stock received in exchange for ADSs (as distinguished from sales or exchanges of ADSs representing such shares of common stock) by a foreign holder will be subject to both the first category tax and the Chilean withholding tax (the former being creditable against the latter) if (1) the foreign holder has held such shares of common stock for less than one year since exchanging ADSs for the shares of common stock, (2) the foreign holder acquired and disposed of the shares of common stock in the ordinary course of its business or as a regular trader of stock or (3) the sale is made to a company in which the foreign holder holds an interest as partner or shareholder (in the case of open stock corporations such interest must be 10.0% or more of the shares). A 15% withholding will be made on account of the seller's final taxes. In all other cases, gain on the disposition of shares of common stock will be subject only to the first category tax levied as a sole tax. However, in these latter cases, if it is impossible to determine the taxable capital gain, a 5.0% withholding will be imposed on the total amount to be remitted abroad without any deductions as a provisional payment of the total tax due.

The tax basis of shares of common stock received in exchange for ADSs will be the acquisition value of such shares, adjusted according to the domestic inflation variation between the month preceding the acquisition and the month preceding the sale. The valuation procedure set forth in the Deposit Agreement, which values shares of common stock that are being exchanged at the highest price at which they trade on the Santiago Stock Exchange on the date of the exchange, generally will determine the acquisition value for this purpose. Consequently, the conversion of ADSs into shares of common stock and sale of such shares of common stock for the value established under the Deposit Agreement will not generate a capital gain subject to taxation in Chile, as long as the sale price is equal to the acquisition price fixed at the moment of the conversion. In the event that the sale price is greater than the acquisition price, said capital gain will be subject to the first category tax and the withholding taxes mentioned above.

The distribution and exercise of preemptive rights relating to the shares of common stock will not be subject to Chilean taxation. Amounts received in exchange for the shares or assignment of preemptive rights relating to the shares will be subject to both the first category tax and the Chilean withholding tax (the former being creditable against the latter to the extent described above).

If the Proposed U.S.-Chile Treaty becomes effective, it may further restrict the amount of Chilean tax, if any, imposed on gains derived from the sale or exchange of shares of common stock by U.S. residents eligible for the benefits of the treaty. If the Proposed U.S.-Chile Treaty becomes effective, U.S. investors should consult their tax advisors as to the applicability of the Treaty in their particular circumstances.

The Chilean Internal Revenue Service has not enacted any rule nor issued any ruling about the applicability of the following norms to the foreign holders of ADRs.

Pursuant to an amendment to the Chilean Income Tax Law published on November 7, 2001 (Law No. 19,768, amended by Law 20,448, dated August 13, 2010), the sale and disposition of shares of Chilean public corporations which are actively traded on stock exchanges is exempted from Chilean taxes on capital gains if the sale or disposition was made on a local stock exchange so long as the shares were purchased on a public stock exchange. However, Law N°20,448 limited this benefit to shares acquired and sold on a local stock exchange, with which it is unlikely that it will apply to the sale of share resulting from an exchange of ADSs. Investors who request delivery of ADSs in the form of shares of common stock should consult with their tax advisor to determine whether such shares will be eligible for the foregoing exemption.

Table of Contents

Exempt capital gains—article 106 of the Chilean income tax law

According to Article 106 of the Chilean Income Tax law, the sale and disposition of shares of Chilean public corporations which are significantly traded on a Chilean stock exchange by foreign institutional investors, such as mutual funds, pension funds and others, is exempted of any Chilean tax on capital gains if the sale or disposition was made through a Chilean stock exchange or a tender offer.

A foreign institutional investor is an entity that is either:

- a fund that makes public offers of its shares in a country in which public debt has been rated investment grade by an international risk classification agency qualified by the local exchange regulator (“SVS”);
- a fund that is registered with a regulatory entity of a country in which public debt has been rated investment grade by an international risk classification agency qualified by the SVS, provided that the investments in Chile, including securities issued abroad that represent Chilean securities, held by the fund represent less than 30% of its share value;
- a fund whose investments in Chile, including securities issued abroad representing Chilean securities, represent less than 30% of its portfolio, provided that no more than 10% of the equity or right to the profits of the fund is directly or indirectly owned by Chilean residents;
- a pension fund that is exclusively formed by individuals that receive their pension on account of capital accumulated in the fund or its main purpose is to finance the funds of individuals and it is regulated and supervised by the competent foreign authority;
- a fund regulated by Chilean Law N° 18,657 (referred to as Foreign Capital Investment Funds Law), in which case all holders of its shares must reside abroad or be qualified as local institutional investors; or
- another kind of institutional foreign investor that complies with the characteristics defined by a regulation with the prior report of the SVS and the Chilean Internal Revenue Service.

In order to be entitled to the exemption, foreign institutional investors, during the time in which they operate in Chile must:

- be organized abroad and not be domiciled in Chile;
- prove their qualification as foreign institutional investors as mentioned above;
- not participate, directly or indirectly, in the control of the issuers of the securities in which it invests and not hold, directly or indirectly, 10% or more of such companies’ capital or profits;
- execute an agreement in writing with a Chilean bank or securities broker in which the intermediary is responsible for the execution of purchase and sale orders and for the verification, at the time of the respective remittance, that such remittances relate to capital gains that are exempt from income tax in Chile or, if they are subject to income tax, that the applicable withholdings have been made; and
- register in a special registry with the Chilean Internal Revenue Service.

Exempt capital gains—article 107 of the Chilean income tax law

According to article 107 of the Chilean Income Tax Law, gains derived from the sale or transfer of shares of publicly-traded companies organized in Chile that are actively traded in a stock exchange, as defined in the relevant regulation, are exempt of taxes in Chile, provided that the following requirements are met:

- The seller must have acquired the shares: (a) in a Chilean stock exchange authorized by the Chilean Superintendency of Securities and Insurance; (b) pursuant to a regulated tender offer carried out according to Title XXV of the Chilean Securities Market Law; (c) at the time of incorporation of the corporation or pursuant to a capital increase; (d) pursuant to the exchange of public traded securities convertible in shares (in this case the acquisition cost of the shares corresponds to the exchange price), or (e) in a redemption of securities from certain mutual funds;
- The shares must be sold: (a) in a stock exchange authorized by the Chilean Superintendency of Securities and Insurance; (b) pursuant to a regulated tender offer, or (c) in a contribution of securities on certain mutual funds.

The exemption under analysis also applies if the sale or transfer of shares is executed within 90 days following the day in which they were no longer considered as actively traded. In such case, the profit exempted from Chilean taxes will be up to the average price of shares within the last 90 days in which they were actively traded. Any profit above the average price will be subject to the general tax regime applicable to the transfer of shares.

Table of Contents

For these purposes, shares are considered to be significantly traded on a Chilean stock exchange (presencia bursátil) when they (1) are registered in the securities registry kept by the SVS, (2) are registered in a Chilean Stock Exchange; and (3) fulfill at least one of the following requirements: (i) have an adjusted presence equal to or above 25%; or (ii) have a “Market Maker”, as such term is defined in the Norma de Carácter General No. 327, issued by the SVS on January 17, 2012. Accordingly, shares are considered to have a “Market Maker” if the issuer thereof has entered into an agreement with at least one stock broker, and such agreement complies with the requirements set forth in the aforementioned Norma de Carácter General No. 237. Currently, our shares are considered to be significantly traded on a Chilean stock exchange.

Other Chilean taxes

No Chilean inheritance, gift or succession taxes apply to the transfer or disposition of the ADSs by a foreign holder but such taxes generally will apply to the transfer at death or by a gift of shares of common stock by a foreign holder. No Chilean stamp, issue, registration or similar taxes or duties apply to foreign holders of ADSs or shares of common stock.

Withholding tax certificates

Upon request, we will provide to foreign holders appropriate documentation evidencing the payment of the Chilean withholding tax.

Material United States Federal Income Tax Considerations

The following is a discussion as to the material U.S. federal income tax consequences of the acquisition, ownership and disposition of our ADSs under currently applicable law. It does not address any aspect of U.S. federal gift or estate tax, the Medicare tax on net investment income, the alternative minimum tax or the state, local or foreign tax consequences of an investment in our ADSs. This discussion applies to you only if you hold and beneficially own our ADSs as capital assets for tax purposes (generally, property held for investment). This discussion does not apply to you if you are a member of a class of holders subject to special rules, such as:

- dealers in securities or currencies;
- traders in securities that elect to use a mark-to-market method of accounting for securities holdings;
- banks or other financial institutions;
- insurance companies;
- tax-exempt organizations;
- partnerships and other entities treated as partnerships for U.S. federal income tax purposes or persons holding ADSs through any such entities;
- real estate investment trusts;
- regulated investment companies;
- persons that hold ADSs as part of a hedge, straddle, constructive sale, conversion transaction or other integrated investment;
- U.S. holders (as defined below) whose functional currency for tax purposes is not the U.S. dollar; or
- persons who actually or constructively own 10.0% or more of the total combined voting power of all classes of our shares (including ADSs) entitled to vote.

This discussion is based on the U.S. Internal Revenue Code of 1986, as amended, (the “Code”), its legislative history, existing and proposed regulations promulgated thereunder, published rulings and court decisions, all as currently in effect. These laws are subject to change, possibly on a retroactive basis. In addition, this discussion relies in part on our assumptions regarding the projected value of our shares and the nature of our business. Finally, this discussion is based in part upon the representations of the depository and the assumption that each obligation in the deposit agreement and any related agreement will be performed in accordance with its terms.

You should consult your own tax advisor concerning the particular U.S. federal income tax consequences to you of the purchase, ownership and disposition of our ADSs, as well as the consequences to you arising under the laws of any other taxing jurisdiction.

Table of Contents

For purposes of the U.S. federal income tax discussion below, you are a “U.S. holder” if you beneficially own our ADSs and are:

- an individual who is a citizen or resident of the United States for U.S. federal income tax purposes;
- a corporation that was created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust, if (a) a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (b) the trust has a valid election in effect to be treated as a U.S. person.

Except where specifically described below, this discussion assumes that we are not a not a “passive foreign investment company” (a “PFIC”) for U.S. federal income tax purposes. For U.S. federal income tax purposes, income earned through a foreign or domestic partnership or other flow-through entity is attributed to its owners. Accordingly, if a partnership or other flow-through entity holds ADSs, the tax treatment of the holder will generally depend on the status of the partner or other owner and the activities of the partnership or other flow-through entity.

U.S. Holders

ADSs. If you hold ADSs, for U.S. federal income tax purposes, you generally will be treated as the owner of the underlying shares that are represented by such ADSs. Accordingly, deposits or withdrawals of shares for ADSs will not be subject to U.S. federal income tax.

Distributions on our ADSs. Cash distributions (including amounts withheld to pay Chilean withholding taxes) made by us to or for the account of a U.S. Holder with respect to ADSs generally will be taxable to such U.S. Holder as ordinary dividend income when such distribution is paid, actually or constructively, out of our current or accumulated earnings and profits (as determined for U.S. federal income tax purposes). Distributions in excess of our current or accumulated earnings and profits will be treated first as a non-taxable return of capital reducing such U.S. Holder’s adjusted tax basis in the ADSs. Any distribution in excess of such U.S. Holder’s adjusted tax basis will be treated as capital gain and will be long-term capital gain if the U.S. Holder held the ADSs for more than one year. Because we do not expect to maintain calculations of our earnings and profits in accordance with U.S. federal income tax principles, U.S. Holders should expect that a distribution will generally be treated as a dividend for U.S. federal income tax purposes. As used below, the term “dividend” means a distribution that constitutes a dividend for U.S. federal income tax purposes.

A U.S. Holder will be entitled, subject to a number of complex limitations and conditions, including a minimum holding period requirement, to claim a U.S. foreign tax credit in respect of any Chilean withholding taxes imposed on dividends received on our ADSs. U.S. Holders who do not elect to claim a foreign tax credit with regard to any foreign income taxes paid or accrued during the taxable year may instead claim a deduction in respect of such withholding taxes. Dividends received with respect to the ADSs will be treated as foreign source income, which may be relevant in calculating such U.S. Holder’s U.S. foreign tax credit limitation. For purposes of the U.S. foreign tax credit limitation, foreign source income is separated into different “baskets,” and the credit for foreign taxes on income in any basket is limited to the U.S. federal income tax allocable to such income. Dividends paid with respect to ADSs should generally constitute “passive category income” for most U.S. Holders. Holders are urged to consult their tax advisors regarding the availability of the foreign tax credit in their particular circumstances.

The U.S. Treasury has expressed concerns that intermediaries in the chain of ownership between the holder of an ADS and the issuer of the security underlying the ADS may be taking actions that are inconsistent with the claiming of foreign tax credits for U.S. holders of ADSs. Such actions would also be inconsistent with the claiming of the reduced rate of tax, described below, applicable to dividends received by certain non-corporate holders. Accordingly, the analysis of the creditability of foreign taxes and the availability of the reduced tax rate for dividends received by certain non-corporate holders, each described below, could be affected by actions taken by parties to whom the ADSs are released and the IRS.

Dividends paid by us generally will not be eligible for the dividends received deduction available under the Code to certain U.S. corporate shareholders. Subject to the above-mentioned concerns by the U.S. Treasury and certain exceptions for short-term and hedged positions, the U.S. dollar amount of dividends received by certain U.S. Holders (including individuals) with respect to the ADSs will be subject to taxation at a rate of 20% if the dividends represent “qualified dividend income.” Dividends paid on the ADSs will be treated as qualified dividend income if (i) the ADSs are readily tradable on an established securities market in the United States and (ii) we were not in the year prior to the year in which the dividend was paid, and are not in the year in which the dividend is paid, a PFIC. Based upon the nature of our current and projected income, assets and activities, we do not expect the ADSs to be shares of a PFIC for U.S. federal income tax purposes.

Table of Contents

Sales and other dispositions of ADSs. A U.S. Holder generally will recognize capital gain or loss upon the sale, exchange or other taxable disposition of ADSs measured by the difference between the amount realized and the U.S. Holder's adjusted tax basis in ADSs. Any gain or loss will be long-term capital gain or loss if the ADSs have been held for more than one year. Long-term capital gains of certain U.S. Holders (including individuals) generally are eligible for reduced rates of U.S. federal income taxation. The deductibility of capital losses is subject to certain limitations under the Code.

If a Chilean income tax is withheld on the sale, exchange or other taxable disposition of our ADS, the amount realized by a U.S. Holder will include the gross amount of the proceeds of that sale, exchange or other taxable disposition before deduction of the Chilean income tax. Capital gain or loss, if any, realized by a U.S. Holder on the sale, exchange or other taxable disposition of ADS generally will be treated as U.S. source income or loss for U.S. foreign tax credit purposes. Consequently, in the case of a gain from the sale, exchange or other taxable disposition of our ADS that is subject to Chilean income tax, the U.S. Holder may not be able to benefit from the foreign tax credit for that Chilean income tax (i.e., because the gain from the disposition would be U.S. source), unless the U.S. Holder can apply the credit against U.S. federal income tax payable on other income from foreign sources. Alternatively, the U.S. Holder may take a deduction for the Chilean income tax, provided that the U.S. Holder elects to deduct all foreign income taxes paid or accrued for the taxable year.

Passive foreign investment company rules

Based on current estimates of our gross income and gross assets, the nature of our business and our current business plans (all of which are subject to change), we believe that we were not a PFIC for U.S. federal income tax purposes for our 2014 taxable year and we do not expect to become one in the foreseeable future. However, because the application of the regulations is not entirely clear and because PFIC status depends on the composition of a company's income and assets and the market value of its assets from time to time, there can be no assurance that we will not be a PFIC for any taxable year. Our U.S. counsel has not rendered an opinion as to our PFIC classification. Rendering such an opinion would be impracticable because it involves an inherently factual test which will depend on our future circumstances. Also, we do not maintain our records in accordance with the U.S. federal income tax accounting principles required to permit a formal opinion to be rendered.

If we were a PFIC for any taxable year during which a U.S. Holder held ADSs, gain recognized by a U.S. Holder on a sale or other taxable disposition (including certain pledges) of the ADSs, and certain "excess distributions," (as such term is defined under the Code) would be allocated ratably over the U.S. Holder's holding period for the ADSs. The amounts allocated to the taxable year of the sale, other taxable disposition, or receipt of the excess distribution and to any year before we became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, for that taxable year, and an interest charge would be imposed on the amount allocated to that taxable year. Certain elections may be available that would result in alternative treatments (such as mark-to-market treatment) of the ADSs. U.S. Holders are encouraged to consult their tax advisers to discuss the consequences to them if we were, or were to become a PFIC.

A U.S. Holder who owns preferred shares or ADSs during any taxable year that we are a PFIC in excess of certain de minimus amounts and fails to qualify for certain other exemptions would be required to file IRS Form 8621. In addition, under certain circumstances, the temporary regulations also require a "United States person" (as such term is defined under the Code) that indirectly owns common shares through another United States person to file Form 8621 for a taxable year during which such indirect shareholder is treated as receiving an excess distribution in connection with the ownership or disposition of the common shares, or reports income pursuant to a mark-to-market election. U.S. Holders should consult their own tax advisers regarding the application of the PFIC rules to our preferred shares or ADSs and the application of the recently enacted legislation to their particular situation.

U.S. Information reporting and backup withholding rules

In general, dividend payments with respect to the ADSs and the proceeds received on the sale or other disposition of those ADSs may be subject to information reporting to the IRS, and to backup withholding (currently imposed at a rate of 28.0%). Backup withholding will not apply, however, if you (1) are a corporation or come within certain other exempt categories and, when required, can demonstrate that fact or (2) provide a taxpayer identification number, certify as to no loss of exemption from backup withholding and otherwise comply with the applicable backup withholding rules. To establish your status as an exempt person, you will generally be required to provide certification on IRS Form W-9, W-8BEN or W-8ECI, as applicable. Backup withholding is not an additional tax. Any amounts withheld from payments to you under the backup withholding rules will be allowed as a refund or a credit against your U.S. federal income tax liability, provided that you furnish the required information to the IRS.

"Specified Foreign Financial Asset" Reporting

Owners of "specified foreign financial assets" with an aggregate value in excess of U.S.\$50,000 (and in some circumstances, a higher threshold), may be required to file an information report with respect to such assets with their U.S. federal income tax returns.

Table of Contents

“Specified foreign financial assets” generally include any financial accounts maintained by foreign financial institutions as well as any of the following, but only if they are not held in accounts maintained by financial institutions: (i) stocks and securities issued by non-U.S. persons, (ii) financial instruments and contracts held for investment that have non-U.S. issuers or counterparties and (iii) interests in foreign entities. Prospective purchasers should consult their own tax advisors regarding the application of the U.S. federal income tax laws to their particular situations as well as any additional tax consequences resulting from purchasing, holding or disposing of ADSs, including the applicability and effect of the tax laws of any state, local or foreign jurisdiction, including estate, gift, and inheritance laws.

F. DIVIDENDS AND PAYING AGENTS

Not applicable.

G. STATEMENT BY EXPERTS

Not applicable.

H. DOCUMENTS ON DISPLAY

We are required to file annual and special reports and other information with the SEC. You may read and copy any documents filed by the Company at the SEC’s public reference room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC also maintains a website at <http://www.sec.gov> which contains reports and other information regarding registrants that file electronically with the SEC.

I. SUBSIDIARY INFORMATION

Not applicable.

Item 11. Quantitative and Qualitative Disclosures About Market Risk

Market risk.

The Company is exposed to market risk, which involves variations in interest and exchange rates that may affect its financial position, operating results and cash flows. The Company’s hedge policy calls for a periodic review of its exposure to interest and exchange rate risk for its main assets and obligations.

Interest rate risk.

As of December 31, 2014, approximately 44% of the Company’s financial debt, primarily its short-term debt and bonds, was at fixed interest rates. The remaining 56% was at variable interest rates including derivatives. Of the variable rate debt, approximately 99% is indexed to local interest rates (either as originally denominated or by re-denominating with derivatives).

The Company has identified as important its interest rate risk generated primarily from variable rate obligations, which are sensitized by measuring the impact on income of a reasonably possible variation in the observed interest rate. Following regulatory guidelines, the deviation in relevant interest rates is estimated using historical series with a daily frequency for each of the identified risk variables. The distribution of percentage changes occurring in three-month intervals is then analyzed and the extreme scenarios that fall outside a confidence interval of 95% are eliminated. The amount of the sensitized exposure corresponds to the total of the variable rate debt.

For variable rate debt, the financial risk refers to the potential upward deviation of cash flows related to interest payments on obligations from a specific target, attributable to the rise in interest rates that are important to the Company’s indebtedness structure, namely: LIBOR, TAB nominal and the Chamber rate (CAM), Chile.

Table of Contents

As of and for December 31, 2014

<u>Classification</u>	<u>Currency</u>	<u>Exposure</u>	<u>Market variable</u>	<u>Change in risk factor %</u>	<u>Effect on income (ThCh\$)</u>
Net liability	USD	400,000,000	LIBOR 1M	(36.23)	101,133
Net liability	Ch\$	79,508,100,000	TAB NOM 90	33.91	(94,648)
Net liability	Ch\$	184,819,697,369	TAB NOM 180	(42.86)	316,896
Net liability	Ch\$	607,851,430,000	CAM	43.19	(319,361)
Net liability	Ch\$	607,851,430,000	CAM	(37.04)	638,566
Net liability	BR\$	698,216,971	CDI	45.07	(777,073)
Net liability	BR\$	698,216,971	CDI	(43.25)	2,147,451
Net liability	COP\$	296,642,344,553	DTF TA	42.18	(2,094,005)
Net liability	COP\$	296,642,344,553	DTF TA	(14.82)	668,159
Net liability	COP\$	66,762,674,279	IBR	13.18	(594,228)
Net liability	COP\$	66,762,674,279	IBR	(17.18)	135,386
				12.02	(94,704)
				(27.01)	48,663
				19.89%	(35,829)

As of and for December 31, 2013

<u>Classification</u>	<u>Currency</u>	<u>Exposure</u>	<u>Market variable</u>	<u>Change in risk factor %</u>	<u>Effect on income (ThCh\$)</u>
Net liability	BR\$	408,216,971	CDI	(17.55)	355,709
Net liability	Ch\$	79,508,100,000	TAB NOM 90	16.69	(338,364)
Net liability	Ch\$	247,319,697,369	TAB NOM 180	(41.98)	429,687
Net liability	Ch\$	608,001,430,000	CAM	42.11	(431,018)
Net liability	Ch\$	608,001,430,000	CAM	(35.80)	1,241,252
Net liability	Ch\$	608,001,430,000	CAM	40.79	(1,414,333)
Net liability	Ch\$	608,001,430,000	CAM	(51.19)	2,113,604
				47.06	(3,468,242)

The effect on income obtained from a theoretical exercise shows the incremental effect generated from the reasonably possible estimated change (i.e. it corresponds to the difference between the amount that was effectively recorded for the interest payment and the amount that would have been recorded in a scenario of lower or higher interest rates).

The Company's risk management strategy is to hold its financial debt in variable rates in order to benefit from lower cost of funds and the remainder of its financial debt in fixed rates in order to reduce uncertainty stemming from variable interest payments, by denominating part of its variable interest rate liabilities into fixed rate liabilities using derivative financial instruments for these purposes, which allow the interest rate of the original obligation to be fixed.

Foreign exchange rate risk.

In the countries in which the Company operates, most expenses and income are in local currency. As a result, most of its debt (89%) is denominated in local currency. As of December 31, 2014, approximately 11% of our total outstanding debt was unhedged and subject to currency swings between our functional currency and the U.S. dollars. The remainder of our debt was either in local currencies or hedged with cross currency swaps or other foreign currency hedges. The Company's policy is to hedge risks from variations in exchange rates on its net liability position in foreign currency using market instruments designed for that purpose.

The Company has identified as important the exchange rate risk generated from obligations in US dollars, Argentine pesos, Peruvian Nuevos Soles and Unidades de Fomento, which are sensitized by measuring the impact on income of a reasonably possible variation in observed exchange rates. Following regulatory guidelines, the deviation in relevant exchange rates is estimated using historical series with a daily frequency for each of the identified risk variables. The distribution of percentage changes occurring in three-month intervals is then analyzed and the extreme scenarios that fall outside a confidence interval of 95% are eliminated.

Table of Contents

As of and for December 31, 2014

Classification	Currency	Exposure	Market variable	Closing value	Change in risk factor %	Exchange rate value	Effect on income (ThCh\$)
Net liability	USD	573,261,055	USD-CLP	606.75	(8,95)%	552.46	31,120,559
Net liability	ARG	430,004,718	ARS-CLP	71.64	9,74%	665.82	(33,863,241)
Net liability	UF	18,434,243	CLF-CLP	24,627.10	11,25%	79.70	(3,466,153)
Net liability	COP	400,779,827,586	COP-CLP	0.26	(0,496)%	24,504.87	2,253,307
Net liability	PEN	541,187,436	PEN-CLP	203.54	2,460%	25,232.89	(11,167,289)
Net liability	BRL	1,025,118,587	BRL-CLP	228.19	(10,505)%	0.23	10,743,949
					9,786%	0.28	(10,009,522)
					(8,387)%	186.47	9,238,629
					9,450%	222.77	(10,409,018)
					(10,900)%	203.32	25,497,495
					11,433%	254.28	(26,745,359)

As of and for December 31, 2013

Classification	Currency	Exposure	Market variable	Closing value	Change in risk factor %	Exchange rate value	Effect on income (ThCh\$)
Net liability	USD	564,405,018	USD-CLP	524.61	(9.17)	476.51	27,150,492
Net liability	ARS	580,926,715	ARS-CLP	80.59	10.23	578.26	(30,279,096)
Net liability	UF	30,758,874	CLF-CLP	23,306.56	11.75	90.06	(5,501,147)
Net liability	COP	339,991,902,733	COP-CLP	0.27	(0.50)	23,190.87	3,558,539
Net liability	PEN	281,143,707	PEN-CLP	187.88	2.55	23,900.74	(18,276,283)
Net liability	BRL	432,869,191	BRL-CLP	222.45	(10.24)	0.24	9,482,918
					10.23	0.30	(9,472,797)
					(8.61)	171.71	4,545,638
					9.83	206.35	(5,191,347)
					(11.19)	197.55	10,779,103
					11.74	248.57	(11,304,624)

The effect on income obtained from a theoretical exercise shows the incremental effect generated from the reasonably possible estimated change (i.e. it corresponds to the difference between the amount that was effectively recorded for exchange differences and the amount that would have been recorded in a scenario of lower or higher exchange rates).

The Company's strategy is to hold most of its financial debt in local currencies to reduce uncertainty stemming from an increase in the value of its liabilities due to foreign currency fluctuations, using derivative financial instruments for these purposes, which allow the value of the obligation to be expressed in its functional currency.

Additionally, the exposure to exchange rates for conversion of the functional currency of the subsidiaries in Argentina, Colombia, Peru and Brazil, relating to the difference between monetary assets and liabilities (i.e., those denominated in a local currency and consequently exposed to the translation from their functional currencies into the presentation currency for the Company's consolidated financial statements) is hedge only when it's predictable that adverse material differences could occur and the cost related to hedging is deemed reasonable by management. The Company currently does not have any net investment hedging contracts.

The Company assesses the fluctuation of the functional currencies compared to the presentation currency through a sensitivity analysis on equity and net assets in local currency using favorable and unfavorable scenarios, the amounts of exposure of all possible scenarios, including a general one, resulting from this analysis are as follows:

<u>Currency</u>	<u>Rate of conversion</u>	<u>Scenarios</u>	<u>Flux on assets</u> <u>M\$</u>	<u>Flux%</u>	<u>Flux on Equity</u> <u>M\$</u>	<u>Flux</u> <u>%</u>
ARG PESO	69.61	S1	(166,875,219)	-1.66	(74,357,968)	-1.75
	90.06	S2	146,782,709	1.46	64,452,636	1.51
COP PESO	0.24	S1	(193,798,308)	-1.93	(144,412,544)	-3.4
	0.30	S2	193,798,308	1.93	144,412,544	3.4
PER SOL	171.71	S1	(84,838,874)	-0.84	(56,282,763)	-1.32
	206.35	S2	101,398,046	1.01	67,268,247	1.58
BRL REAL	197.55	S1	(167,607,178)	-1.67	(93,182,737)	-2.19
	248.57	S2	172,270,336	1.71	95,775,263	2.25
All currencies		S1	(613,119,579)	-6.09	(368,236,012)	-8.64
		S2	614,249,399	6.10	371,908,690	8.73

Table of Contents

S1: Scenario 1 represents the most unfavorable exchange rate to be used in converting into the presentation currency, and how that impacts to the net assets and equity of the Company

S2: Scenario 2 represents the most advantageous exchange rate to be used in converting into the presentation currency, and how that impacts to the net investment and equity of the Company

Item 12. Description of Securities Other than Equity Securities

A. DEBT SECURITIES

Not applicable.

B. WARRANTS AND RIGHTS

Not applicable.

C. OTHER SECURITIES

Not applicable.

D. AMERICAN DEPOSITARY SHARES

The Bank of New York Mellon, a New York banking corporation, is the Depositary under our Deposit Agreement dated April 11, 2012.

Each ADS represents three shares (or a right to receive three shares) deposited with the principal Santiago office of Banco Santander Chile, as custodian for the Depositary. Each ADS may also represent any other securities, cash or other property which may be held by the Depositary from time to time. The depositary's corporate trust office at which the ADSs are administered is located at 101 Barclay Street, New York, New York 10286. The Bank of New York Mellon's principal executive office is located at One Wall Street, New York, New York 10286.

You may hold ADSs either (A) directly (i) by having an American Depositary Receipt, also referred to as an ADR, which is a certificate evidencing a specific number of ADSs, registered in your name, or (ii) by having ADSs registered in your name in the Direct Registration System, or (B) indirectly by holding a security entitlement in ADSs through your broker or other financial institution. If you hold ADSs directly, you are a registered ADS holder, also referred to as an ADS holder.

As an ADS holder, we will not treat you as one of our shareholders and you will not have shareholder rights. Chilean law governs shareholder rights. The Depositary is the holder of the shares underlying the ADSs. The deposit agreement among us, the Depositary and holders of ADSs, and all other persons indirectly holding ADSs sets out ADS holder rights as well as the rights and obligations of the depositary. New York law governs the deposit agreement and the ADSs.

Share dividends and other distributions

The Depositary is required, to the extent that in its judgment it can convert Chilean pesos on a reasonable basis into U.S. dollars and transfer the U.S. dollars to the United States, and subject to Chilean law, to convert all cash dividends and other cash distributions that it receives in respect of the deposited shares of Cencosud common stock into U.S. dollars and to distribute the amount thus received (net of the fees and any conversion expenses of the Depositary) to the holders of ADSs in proportion to the number of ADSs representing such shares held by each of them. See "Item 10.—D. Exchange Controls." The amount distributed also will be reduced by any amounts required to be withheld by us, the Depositary or the Custodian on account of taxes or other governmental charges. If the Depositary determines that in its judgment any currency received by it cannot be so converted on a reasonable basis and transferred, the Depositary may distribute, or in its discretion hold, such foreign currency, without liability for interest thereon, for the respective account of the ADS holders entitled to receive the same.

Table of Contents

If a distribution upon the deposited shares of Cencosud common stock by us consists of a dividend in, or a free distribution of, shares of Cencosud common stock, upon receipt by or on behalf of the Depositary of such additional shares of Cencosud common stock from us, the Depositary may or shall, if we so request, distribute to the holders of ADSs, in proportion to their holdings, additional ADSs representing the number of shares of Cencosud common stock so received as such dividend or distribution, in either case after deduction or payment of the fees and expenses of the Depositary. If such additional ADSs are not so issued, each ADS shall thereafter also represent the additional shares of Cencosud common stock distributed with respect to the shares of Cencosud common stock represented thereby. In lieu of delivering fractions of ADSs, in any such case, the Depositary will sell the amount of shares of Cencosud common stock represented by the aggregate of such fractions and distribute the net proceeds in dollars, all in the manner and subject to the conditions set forth in the Deposit Agreement.

If we offer or cause to be offered to the holders of shares of Cencosud common stock any rights to subscribe for additional shares of Cencosud common stock or any rights of any other nature, the Depositary, after consultation with us, shall have discretion as to the procedure to be followed in making such rights available to holders of ADSs or in disposing of such rights and distributing the net proceeds thereof as in the case of a distribution received in cash. If at the time of the offering of any such rights the Depositary determines that it is lawful and feasible to do so, the Depositary may, after consultation with us, distribute such rights available to holders by means of warrants or otherwise. To the extent the Depositary determines, in its discretion, that it is not lawful or feasible to make the rights available, it may sell such rights, warrants or other instruments, if a market is available therefor, at public or private sale, at such place or places and upon such terms as the Depositary may deem proper and allocate the net proceeds of such sales, net of the fees and expenses of the Depositary, for the accounts of the holders of ADSs otherwise entitled thereto upon an averaged or other practicable basis without regard to any distinctions among such holders of ADSs because of exchange restrictions or the date of delivery of any ADRs or otherwise. If, by the terms of the rights offering or by reason of applicable law, the Depositary may neither make such rights available to the holders nor dispose of such rights and distribute the net proceeds thereof, the Depositary shall allow the rights to lapse.

The Depositary will not offer such rights to the holders of ADSs unless both the rights and the securities to which the rights relate are either exempt from registration under the Securities Act or are registered under the Securities Act. If a holder of ADSs requests a distribution of warrants or other instruments, notwithstanding that there has been no such registration under the Securities Act, the Depositary will not effect the distribution unless it has received an opinion of our United States counsel satisfactory to the Depositary upon which the Depositary may rely that the distribution is exempt from registration under the provisions of the Securities Act. However, we will have no obligation to file a registration statement under the Securities Act to make available to holders of ADSs any right to subscribe for or to purchase any securities. If an exemption from registration is not available and a registration statement is not filed, holders of ADSs will not be permitted to purchase such securities or otherwise exercise such rights and the Depositary may sell such rights for the account of such holders of ADSs as described in the preceding paragraph. Such a disposal of rights may reduce the proportionate equity interest in us of the holders of ADSs.

The Depositary will send to holders of ADSs anything else we distribute on deposited securities by any means it thinks is legal, fair and practical. If it cannot make the distribution in that way, the Depositary has a choice. It may decide to sell what we distributed and distribute the net proceeds, in the same way as it does with cash. Or, it may decide to hold what we distributed, in which cash ADSs will also represent the newly distributed property. However, the Depositary is not required to distribute any securities (other than ADSs) to holders of ADSs unless it receives satisfactory evidence from us that it is legal to make that distribution.

Issuance of ADSs

The Depositary has agreed that, upon deposit with the Custodian of the requisite number of shares of Cencosud common stock and receipt of evidence satisfactory to it that the conditions to deposit described below have been met, and subject to the terms of the Deposit Agreement, the Depositary will deliver to, or upon the order of, the person or persons specified by the Depositary upon payment of the fees, governmental charges and taxes provided in the Deposit Agreement, the number of ADSs issuable in respect of such deposit.

Cancellation and withdrawal of ADSs

Upon surrender of ADSs at the Corporate Trust Office of the Depositary and payment of the fees of the Depositary and of the taxes and governmental charges, if any, provided for in the Deposit Agreement and subject to the terms thereof, ADS holders are entitled to delivery of the deposited shares of Cencosud common stock, any other property or documents of title at the time represented by the surrendered ADSs.

Table of Contents

Subject to the terms and conditions of the Deposit Agreement and any limitations established by the Depositary, the Depositary may deliver ADSs prior to the receipt of shares of Cencosud common stock (a “Pre-Release”) and may receive ADSs in lieu of shares of Cencosud common stock. Each Pre-Release shall be:

- preceded or accompanied by a written representation and agreement from the person to whom ADSs are to be delivered that such person, or its customer,
- owns the shares of Cencosud common stock or ADSs to be remitted, as the case may be,
- assigns all beneficial right, title and interest in such shares of Cencosud common stock to the Depositary for the benefit of the owners of the ADSs, and
- agrees in effect to hold such shares of Cencosud common stock for the account of the Depositary until delivery of the same upon the Depositary’s request,
- at all times fully collateralized (such collateral marked to market daily) with cash or such other collateral as the Depositary deems appropriate,
- terminable by the Depositary on not more than five business days’ notice, and
- subject to such further indemnities and credit regulations as the Depositary reasonably deems appropriate.

The Depositary will limit the number of ADSs involved in such Pre-Release transactions so that the number of ADSs represented thereby will not, at any one time, exceed 30 percent of the total number of ADSs then outstanding; however, the Depositary reserves the right to change or disregard such limit from time to time as it deems appropriate.

The Depositary shall not be required to accept for deposit any shares of Cencosud common stock unless it receives evidence satisfactory to the Depositary that any approval, if required, has been granted by any governmental body in Chile that is then performing the function of the regulation of currency exchange.

If the person proposing to deposit shares of Cencosud common stock is not domiciled or resident in Chile, the Custodian shall not accept those shares of Cencosud common stock unless it receives from or on behalf of that person sufficient evidence that the shares of Cencosud common stock were purchased in full compliance with the foreign exchange regulations applicable to investments in Chile (either Chapter XIV of the Compendium of Foreign Exchange Regulation of the Central Bank or Decree Law 600 of 1974, as amended, and related agreements with the Foreign Investment Committee) and, if applicable, an instrument whereby that person assigns and transfers to the Depositary any rights it may have under Chilean regulations relating to currency exchange. Pursuant to Chapter XIV of the Compendium of Foreign Exchange Regulations of the Central Bank, the Custodian and/or the Depositary must give notice to the Central Bank of Chile that the shares of Cencosud common stock have been deposited in exchange for ADSs.

If required by the Depositary, shares of Cencosud common stock presented for deposit at any time, whether or not our transfer books or the transfer books of the Foreign Registrar, if applicable, are closed, must also be accompanied by an agreement or assignment, of other instrument satisfactory to the Depositary, which will provide for the prompt transfer to the Custodian of any dividend, or right to subscribe for additional shares of Cencosud common stock or to receive other property which any person in whose name the shares of Cencosud common stock are or have been recorded may thereafter receive upon or in respect of such deposited shares of Cencosud common stock, or in lieu thereof, such agreement of indemnity or other agreement as shall be satisfactory to the Depositary.

At the request, risk and expense of any person proposing to deposit shares of Cencosud common stock, and for the account of such person, the Depositary may receive certificates for shares of Cencosud common stock to be deposited, together with the other instruments herein specified, for the purpose of forwarding such share certificates to the Custodian for deposit hereunder.

Upon each delivery to a Custodian of a certificate or certificates for shares of Cencosud common stock to be deposited hereunder, together with the other documents above specified, such Custodian must, as soon as transfer and recordation can be accomplished, present such certificate or certificates to us or the Foreign Registrar, if applicable, for transfer and recordation of the shares of Cencosud common stock being deposited in the name of the Depositary or its nominee or such Custodian or its nominee.

In the event that Shares are to be redeemed and, as a result, Shares registered in the name of the Custodian are called for redemption by the us, the Depositary will call for the redemption of ADSs (in aggregate number representing the number of Shares registered in the name of the Custodian called for redemption) and may adopt such method as it may deem equitable and practicable to select the ADSs called for redemption.

Table of Contents

Voting rights

As soon as practicable after receipt of notice of any meeting or solicitation of consents or proxies of holder of shares of Cencosud common stock, as defined in the Deposit Agreement, if we so request, the Depositary has agreed to mail to holders of ADRs registered on the books of the Depositary a notice in English containing

- such information as is contained in such notice,
- a statement that each holder of ADSs at the close of business on a specified record date will be entitled, subject to any applicable provisions of Chilean law and our Bylaws to instruct the Depositary as to the exercise of the voting rights, if any, pertaining to the amount of Cencosud common stock represented by such holders' ADSs, and
- a statement as to the manner in which such instructions may be given, including an express indication that instructions may be given to the Depositary to give a discretionary proxy to a person designated by us.

Upon the written request of a holder of ADSs on such record date, received on or before the date established by the Depositary for such purpose, the Depositary has agreed to endeavor insofar as practicable to vote or cause to be voted the amount of shares of Cencosud common stock represented by the ADSs in accordance with any instruction set forth in such request. If no instructions are received by the Depositary from a holder of ADSs with respect to any of the shares of Cencosud common stock represented by such holder's ADSs on or before the date established by the Depositary for such purpose, the Depositary will give a discretionary proxy to a person designated by us to vote the amount of shares of Cencosud common stock represented by those ADSs, unless we have notified the Depositary that (i) we do not wish such proxy given, (ii) we believe substantial shareholder opposition exists, or (iii) we believe the matter to be voted on would have a material and adverse effect on the rights of holders of our shares.

There are no legal or practical impediments to an ADS holder's ability to vote that are not faced by holders of our shares of common stock except that there can be no assurance that we have request the Depositary to send the notice or that ADS holders will receive notice of meetings in time to instruct the Depositary before the applicable cutoff date.

Record dates

Whenever any cash dividend or other cash distribution shall become payable or any distribution other than cash shall be made, or whenever rights shall be issued with respect to shares of Cencosud common stock or whenever the Depositary shall receive notice of any meeting of holders of shares of Cencosud common stock or shareholders generally, the Depositary will fix a record date that will be the same as, or as near as practicable to the record date fixed by us with respect to the Cencosud common stock for the determination of the holders of ADSs who are entitled to receive such dividend, distribution or rights, or net proceeds of the sale thereof, or to give instructions for the exercise of voting rights at any such meeting, subject to the provisions of the Deposit Agreement. Subject to the Deposit Agreement, only such holders of ADSs at the close of business on such record date shall be entitled to receive or be affected by any such dividend, distribution, proceeds, exchange or other matter or to give such voting instructions.

In the event that the record date determined by the Depositary (the "ADS Record Date") and that established by us (the "Common Stock Record Date") are not the same, ADS holders on the Common Stock Record Date who dispose of their ADSs prior to the ADS Record Date will not receive dividends paid in respect of the shares of Cencosud common stock represented by such holder's ADSs on the Common Stock Record Date.

Reports and other communications

The Depositary will maintain at its transfer office in the Borough of Manhattan, the City of New York, facilities for the execution and delivery, registration of transfers and surrender of ADSs, in accordance with the provisions of the Deposit Agreement, which at reasonable times will be open for our inspection and inspection by the holders of ADSs, provided that such inspection shall not be for the purpose of communication with holders of ADSs in the interest of a business or object other than our business or a matter related to the Deposit Agreement or the ADSs.

We will transmit to the Depositary copies (translated into English) of any communications generally distributed to holders of Cencosud common stock. The Depositary will make available for inspection by ADS holders at the Corporate Trust Office of the Depositary any reports and communications, including any material soliciting voting instructions, received from us that are both

- received by the Depositary or the Custodian or the nominee of either as a holder of shares of Cencosud common stock and
- made generally available to the holders of shares of Cencosud common stock by us.

The Depositary will also send to ADS holders copies of such reports when furnished by us as provided in the Deposit Agreement.

Table of Contents

On or before the first date on which we give notice, by publication or otherwise, of any meeting of the holders of shares of Cencosud common stock or shareholders generally, or of any adjourned meeting of such holders, or of the taking of any action in respect of any cash or other distributions or offering of any rights, we shall transmit to the Depositary and the Custodian a written English-language version of the notice thereof in the form given or to be given to holders of shares of Cencosud common stock. The Depositary will, if we request, at our expense, arrange for the mailing of such notices to all ADR holders.

Payment of taxes

If any tax or governmental charge becomes payable with respect to any ADS or any shares of Cencosud common stock represented by any ADSs, including without limiting the generality of the foregoing any Chilean tax on a gain realized, or deemed to be realized, upon the withdrawal or sale of shares of Cencosud common stock, such tax or other governmental charge will be payable to the Depositary by the holder of the ADSs, who must pay the amount thereof to the Depositary upon demand. The Depositary may refuse to effect any transfer of such ADSs or any withdrawal of the shares of Cencosud common stock represented by such ADSs until such payment is made, and may withhold any dividends or other distributions, or may sell for the account of the holder of the ADS thereof any part or all of the shares of Cencosud common stock represented by such ADSs, and may apply such dividends or other distributions or the proceeds of any such sale in payment of such tax or other governmental charge and the holder of such ADSs shall remain liable for any deficiency. In the event the Depositary determines that there is a reasonable possibility that a tax would be imposed upon the withdrawal of shares in exchange for surrendered ADSs the Depositary may require, as a condition to such exchange, that the withdrawing investor provide satisfactory security to the Depositary in an amount sufficient to cover the estimated amount of such tax.

Amendment and termination

The form of the ADRs and the Deposit Agreement may at any time be amended by written agreement between us and the Depositary. Any amendment that imposes or increases any fees or charges (other than taxes and other governmental charges, registration fees, cable, telex, or facsimile transmission costs, delivery costs or other such expense) or that otherwise prejudices any substantial existing right of ADS holders, will not take effect as to outstanding ADSs until the expiration of 30 days after notice of such amendment has been given to the record holders of outstanding ADSs. Every holder of ADSs at the time such amendment so becomes effective will be deemed, by continuing to hold such ADSs, to consent and agree to such amendment and to be bound by the Deposit Agreement or the ADRs as amended thereby. In no event may any amendment impair the right of any ADS holder to surrender its ADSs and receive therefor the shares of Cencosud common stock represented thereby, except in order to comply with mandatory provisions of applicable law.

Whenever we direct, the Depositary has agreed to terminate the Deposit Agreement by mailing notice of such termination to the holders of ADSs at least 30 days prior to the date fixed in such notice for such termination. The Depositary may likewise terminate the Deposit Agreement at any time 60 days after the Depositary shall have delivered to us its written resignation provided that a successor depositary shall not have been appointed and accepted its appointment before the end of such 60-day period. If any ADSs remain outstanding after the date of termination, the Depositary thereafter will discontinue the registration of transfers of ADSs, will suspend the distribution of dividends to the holders thereof and will not give any further notices or perform any further acts under the Deposit Agreement, except that the Depositary will continue the collection of dividends and other distributions pertaining to the shares of Cencosud common stock, the sale of property and rights as provided in the Deposit Agreement and the delivery of shares of Cencosud common stock, together with any dividends or other distributions received with respect thereto and the net proceeds of the sale of any rights or other property, in exchange for surrendered ADSs. At any time after the expiration of four months from the date of termination, the Depositary may sell the shares of Cencosud common stock and hold the net proceeds, together with any other cash then held, unsegregated and without liability for interest, for the pro rata benefit of the holders of ADSs that have not theretofore been surrendered.

Limits on our obligations and the obligations of the depositary; limits on liability to ADS holders

Neither we nor the Depositary assume any obligation nor will we be subject to any liability under the Deposit Agreement to holders of ADSs, except that we agree to perform our obligations specifically set forth in the Deposit Agreement without negligence or bad faith. Neither we nor the Depositary will be under any obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any Deposited Securities or in respect of the ADRs on behalf of any holder of ADSs or other person, and the Custodian will not be under any obligation whatsoever with respect to such proceedings, the responsibility of the Custodian being solely to the Depositary. The Depositary will not be liable for any acts or omissions made by a successor depositary whether in connection with a previous act or omission of the Depositary or in connection with any matter arising wholly after the removal or resignation of the Depositary, provided that in connection with the issue out of which such potential liability arises the Depositary performed its obligations without negligence or bad faith while it acted as Depositary. The Depositary will not be responsible for any failure to carry out any instructions to vote any of the Deposited Securities, or for the manner in which any such vote is cast or the effect of any such vote, provided that any such action or non-action is without negligence and in good faith. None of the limitations described in this section will affect investor rights under U.S. federal securities laws.

Table of Contents

Disclosure of interest in ADSs

Holders of ADSs are subject to certain provisions of the rules and regulations promulgated under the Exchange Act relating to the disclosure of interests in the shares of Cencosud common stock. Any holder of ADSs who is or becomes directly or indirectly interested in five percent (or such other percentage as may be prescribed by law or regulation) or more of the outstanding shares of Cencosud common stock must within ten days after becoming so interested and thereafter upon certain changes in such interests notify us as required by such rules and regulations. In addition, holders of ADSs as a matter of Chilean law are subject to the reporting requirements contained in Articles 12 and 54 and Title XV of Law 18,045 of Chile, which provision may apply when a holder beneficially owns ten percent or more of the Cencosud common stock or has the intention of taking control of Cencosud. See “Item 10. B. Memorandum and Articles of Association.”

Requirements for depositary actions

As a condition precedent to the delivery, registration of transfer or surrender of any ADSs or any split up or combination of ADR or withdrawal of any shares of Cencosud common stock, we, the Depositary or the Custodian may require from the holder or the presenter of the ADR or the depositor of the shares.

- payment of a sum sufficient to pay or reimburse the Depositary, the Custodian or us for any tax or other governmental charge and any stock transfer or registration fee or any charge of the Depositary upon delivery of the ADS or upon surrender of the ADS, as set forth in the Deposit Agreement, and
- the production of proof satisfactory to the Depositary or Custodian of the identity or genuineness of any signature and proof of citizenship, residence, exchange-control approval, legal or beneficial ownership, compliance with all applicable laws and regulations, compliance with all other applicable provisions governing the shares of Cencosud common stock and the terms of the Deposit Agreement or other information as the Depositary may deem necessary or proper or as we may require by written request to the Depositary or the Custodian.

The delivery, registration, registration of transfer of ADSs or split-up or combination of ADRs, or the deposit or withdrawal of shares of other property represented by ADSs, in particular instances or generally, may be suspended during any period when the transfer books of the Depositary are closed, or if any such action is deemed necessary or advisable by the Depositary or us at any time or from time to time.

The Depositary will act as ADS registrar or appoint a registrar or one or more co-registrars for registration of the ADSs in accordance with any requirements of the New York Stock Exchange or of any other stock exchange on which the ADSs may be listed or quoted.

The Depositary may appoint one or more co-transfer agents for the purpose of effecting transfers of ADSs or combinations and split-ups of ADRs at designated transfer offices on behalf of the Depositary. In carrying out its functions, a co-transfer agent may require evidence of authority and compliance with applicable laws and other requirements by holders of ADSs or persons entitled to ADSs and will be entitled to protection and indemnity to the same extent as the Depositary.

Books of depositary

The transfer of the ADSs is registrable on the books of the Depositary, provided, however, that the Depositary may close the transfer books at any time or from time to time when deemed expedient by it in connection with the performance of its duties.

Valuation of underlying shares for Chilean law purposes

For all purposes of valuation under Chilean law, the Deposit Agreement provides that the acquisition value of the shares of Cencosud common stock delivered to any holder upon surrender of ADSs shall be the highest reported sales price of the Cencosud common stock on the Santiago Stock Exchange for the day on which the transfer of the Cencosud common stock is recorded under the name of such holder on our books. In the event that no such sales price is reported by the Santiago Stock Exchange or another organized securities market during that day, the value shall be deemed to be the highest sale price on the day during which the last trade took place. However, if more than 30 days have lapsed since the last trade, such value shall be adjusted in accordance with the variation of the Chilean Consumer Price Index for the corresponding term.

Table of Contents

Depository Fees and Expenses

Pursuant to the Deposit Agreement, holders of our ADSs may have to pay to The Bank of New York Mellon, either directly or indirectly, fees or charges up to the amounts set forth in the table below:

Persons depositing or withdrawing shares or ADS holders must pay:

\$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)

\$.05 (or less) per ADS

A fee equivalent to the fee that would be payable if securities distributed to you had been shares and the shares had been deposited for issuance of ADSs

\$.05 (or less) per ADSs per calendar year

Registration or transfer fees

Expenses of the Depository

Taxes and other governmental charges the depository or the custodian have to pay on any ADS or share underlying an ADS, for example, stock transfer taxes, stamp duty or withholding taxes

Persons depositing or withdrawing shares or ADS holders must pay:

Any charges incurred by the Depository or its agents for servicing the deposited securities

For:

- Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property
- Cancellation of ADSs for the purpose of withdrawal, including if the Deposit Agreement terminates or if ADSs are redeemed
- Any cash distribution to ADS holders
- Distribution of securities distributed to holders of deposited securities which are distributed by the Depository to ADS holders
- Depository services
- Transfer and registration of shares on our share register to or from the name of the Depository or its agent when you deposit or withdraw shares
- Cable, telex and facsimile transmissions (when expressly provided in the deposit agreement)
- converting foreign currency to U.S. dollars
- As necessary

For:

- As necessary

The Depository collects its fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The Depository collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The Depository may collect its annual fee for depository services by deduction from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The Depository may generally refuse to provide fee-attracting services until its fees for those services are paid.

From time to time, the Depository may make payments to us to reimburse and / or share revenue from the fees collected from ADS holders, or waive fees and expenses for services provided, generally relating to costs and expenses arising out of establishment and maintenance of the ADS program. In performing its duties under the Deposit Agreement, the Depository may use brokers, dealers or other service providers that are affiliates of the Depository and that may earn or share fees or commissions.

Depository Payments

Cencosud S.A. received from The Bank of New York Mellon U.S.\$ 981,841 during 2014 as depository payments in connection with its American Depositary Shares program.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

Not applicable.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

A. USE OF PROCEEDS

Not applicable.

Item 15. Controls and Procedures.

(a) Disclosure Controls and Procedures .

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has conducted and evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2014, pursuant to Rule 13a-15 promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2014.

Disclosure controls and procedures means controls and other procedures that are designed to ensure that information we are required to disclose in the reports that we file or submit under the Securities Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and, that such information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

(b) Management’s annual report on internal control over financial reporting (ICFR)

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act. The Company’s internal control over financial reporting is a process designed under the supervision of the Company’s Chief Executive Officer and Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the Company’s assets;
- (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorization of the Company’s management and directors; and
- (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of the effectiveness to future periods are subject to the risk that controls may become inadequate and that the degree of compliance with the policies or procedures may deteriorate.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has assessed the effectiveness of Cencosud’s internal control over financial reporting as of December 31, 2014 based on the criteria established in *Internal Control—Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”).

Based on this evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2014 based on criteria in *Internal Control – Integrated Framework (1992)* issued by the COSO.

(c) Attestation Report of the registered public accounting firm

The effectiveness of our internal control over financial reporting as of December 31, 2014 has been audited by PricewaterhouseCoopers Consultores, Auditores y Compañía Limitada, an independent registered public accounting firm, as stated in their report which appears herein.

Table of Contents

Remediation of Previously Disclosed Material Weakness in Internal Control Over Financial Reporting

During the year ended December 31, 2014, we implemented measures to improve controls and address a previously identified material weakness resulting from the aggregation of the potential impact of three issues in our IT environment: inadequate controls over segregation of duties and restricted access to the system, late removal of the former users access, and lack of monitoring controls over emergency user accounts. These measures included:

- *Inadequate controls over segregation of duties and restricted access to the system* : The Company deployed IT Tools in order to enhance controls over segregation of duties and access to critical transactions, and completed the implementation of software which assists management in automating and controlling the end-user provisioning process.
- *Late removal of the former users access* : The Company implemented controls for the timely removal of access for terminated and inactive users.
- *Lack of monitoring controls over emergency users accounts* : The Company enhanced controls related to the emergency account provisioning process and implemented monitoring controls related to these user accounts.

After completing our testing of the design and operating effectiveness of these new procedures, we concluded that we have remediated the previously identified material weakness as of December 31, 2014.

(d) Changes in internal control over financial reporting.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, conducted an evaluation of our internal control over financial reporting, and have identified the changes in the aforementioned remediation efforts were changes in internal control over financial reporting that occurred during the year ended December 31, 2014 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 16A. Audit Committee Financial Expert

The members of the audit committee are David Gallagher, Roberto Philipps and Cristián Eyzaguirre, each of whom is independent within the meaning of the SEC corporate governance rules. Our Board of Directors has determined that Roberto Philipps is "audit committee financial expert" as defined by the SEC.

Item 16B. Code of Ethics

We have adopted a code of ethics and business conduct that applies to our directors, executive officers and all employees. The text of our code of ethics is posted on our web site at: www.cencosud.com/inversionistas/ under the "informacion de interes" tab. The information on our website is not incorporated by reference into this document.

Item 16C. Principal Accountant Fees and Services

The following table sets forth the aggregate fees by categories specified below in connection with certain professional services rendered by PricewaterhouseCoopers *Consultores, Auditores y Compañía Limitada* ("PwC"), an independent registered public accounting firm and our principal external auditors, for the periods indicated. Except as set forth below, we did not pay any other fees to our auditors during the periods indicated below.

	<u>For the year ended December 31,</u>		
	<u>(in thousands of Ch\$)</u>		
	<u>2014</u>	<u>2013</u>	<u>2012</u>
Audit Fees ⁽¹⁾	6,700,051	7,697,867	5,859,442
Audit- Related Fees ⁽²⁾	376,910	86,450	277,914
Tax Fees ⁽³⁾	114,000	312,431	393,073
Total	7,190,961	8,096,748	6,530,429

(1) "Audit fees" means the aggregate fees billed for professional services rendered by our principal auditors for the audit of our annual financial statements as well as in connection with audit services for SEC or other regulatory filings, including the initial public offering.

Table of Contents

- (2) “Audit-related fees” represents aggregate fees billed for professional services rendered by our principal auditors for the assurance and related services.
- (3) “Tax Fees” in the above table are fees billed for tax compliance and tax consultations in Argentina, Brazil, Chile, Peru and Colombia.

Our audit committee pre-approves all audit and non-audit services provided by our independent auditor pursuant to the Sarbanes-Oxley Act of 2002.

Item 16D. Exemptions from the Listing Standards for Audit Committees

Not applicable.

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Not applicable.

Item 16F. Change in Registrant’s Certifying Accountant

During the years ended December 31, 2014, 2013 and 2012 and through the date of this annual report, the principal independent accountant engaged to audit our financial statements, PwC, has not resigned, indicated that it has declined to stand for re-election after the completion of its current audit or been dismissed. For each of the years ended December 31, 2014, 2013 and 2012, PwC has not expressed reliance on another accountant or accounting firm in its report on our audited annual financial statements for such periods.

During the years ended December 31, 2014, 2013 and 2012 and through the date of this annual report, we have not engaged a new independent accountant as either the principal accountant to audit our financial statements, or as an independent accountant to audit a significant subsidiary and on whom the principal accountant is expected to express reliance in its report.

Item 16G. Corporate Governance

General Summary of Significant Differences With Regard To Corporate Government Standards

As a foreign private issuer, we may follow our home country’s corporate governance practices in lieu of most of the NYSE’s corporate governance listing standards, or the NYSE Standards. Our corporate governance practices differ in certain significant respects from those that U.S. companies must adopt in order to maintain NYSE listing and, in accordance with Section 303A.11 of the NYSE Listed Company Manual, a brief, general summary of those differences is provided as follows. *Composition of the Board of Directors; Independence*. The NYSE listing standards provide that listed companies must have a majority of independent directors and that certain board committees must consist solely of independent directors. Under NYSE rule 303A.02, a director qualifies as independent only if the board affirmatively determines that such director has no material relationship with the company, either directly or indirectly. In addition, the NYSE listing standards enumerate a number of relationships that preclude independence.

Under the amendment to the Chilean Corporations Act, in effect as of January 1, 2010, an open-stock corporation must have at least one independent director (out of a minimum of seven directors) when its market capitalization reaches or exceeds 1.5 million *Unidades de Fomento* (as of December 31, 2014 approximately Ch\$ 4,374,558 million) and at least 12.5% of its outstanding shares with voting rights are in the possession of shareholders that individually control or possess less than 10% of such shares. In addition, the Chilean Corporation Act enumerates a number of relationships that preclude independence. The Chilean law also establishes a number of principles of general applicability designed to avoid conflicts of interests and to establish standards and procedures to conduct related party transactions. Specifically, directors elected by a group or class of shareholders have the same duties to the company and to the other shareholders as the rest of the directors, and all transactions with the company in which a director has an interest, must be in the interest of and for the benefit of the company, compare in price, terms and conditions to those prevailing in the market at the time of its approval and comply with the requirements and procedures set forth in Chapter XVI of the Chilean Corporation Act. See “Item 7. Major Shareholders and Related Party Transactions.”

Furthermore, such transactions must be reviewed by the directors committee (as defined below); they require prior approval by the board of directors, excluding interested directors, and must be disclosed at the next meeting of shareholders, unless such transactions fall within one the exemptions contemplated by the Chilean Corporations Act (i.e., *di minimis* transaction amount, or if the counterparty is a wholly owned subsidiary or when the transaction falls within the ordinary course as so determined in the company’s policy on recurring business transactions as approved by the board of directors). See “Item 7. Major Shareholders and Related Party Transactions.” Pursuant to NYSE rule 303A.00, we may follow Chilean practices and are not required to have a majority of independent directors.

Table of Contents

Committees. The NYSE listing standards require that listed companies have a Nominating/Corporate Governance Committee, a Compensation Committee and an Audit Committee. Each of these committees must consist solely of independent directors and must have a written charter that addresses certain matters specified by the listing standards.

Under Chilean law, the only board committee that is required is the directors committee (*comité de directores*), composed of three members, such committee having a direct responsibility to (a) review the company's financial statements and the independent auditors' report and issue an opinion on such financial statements and report prior to their submission for shareholders' approval, (b) make recommendations to the board of directors with respect to the appointment of independent auditors and risk rating agencies that the board may propose to the shareholders at a shareholders' meeting, (c) review related party transactions, and issue a report on such transactions, (d) review the managers, principal executive officers' and employees' compensation policies and plans, (e) prepare an annual report of the performance of its duties, including the principal recommendations to shareholders; (f) report to the board of directors the convenience of retaining non-audit services from its external auditors, if the nature of such services could impair their independence; and (g) perform other duties as defined by the company's bylaws, by the general shareholders' meeting or by the board. Requirements to be deemed an independent director are set forth in "Item 6. Directors, Senior Management and Employees—Board Practices."

Shareholder Approval of Equity-Compensation Plans . Under NYSE listing standards, shareholders must be given the opportunity to vote on all equity-compensation plans and material revisions thereto, with limited exemptions. An "equity-compensation plan" is a plan or other arrangement that provides for the delivery of equity securities of the listed company to any employee, director or other service provider as compensation for services.

Under Chilean law, if previously approved by shareholders at an extraordinary shareholders' meeting, up to ten percent of a capital increase in a publicly traded company may be set aside to fund equity-compensation plans for the company's employees and/or for the employees of the company's subsidiaries. Pursuant to NYSE rule 303A.00, as a foreign private issuer, we may follow Chilean practices and are not required to comply with the NYSE listing standards with respect to shareholder approval of equity-compensation plans.

Corporate Governance Guidelines . The NYSE listing standards provide that listed companies must adopt and disclose corporate governance guidelines with regard to (a) director qualifications standards; (b) director responsibilities; (c) director access to management and independent advisors; (d) director compensation; (e) director orientation and continuing education; (f) management succession; and (g) annual performance evaluation of the board. Chilean law does not require that such corporate governance guidelines be adopted. Director responsibilities and access to management and independent advisors are directly provided for by applicable law. Director compensation is determined by the annual meeting of shareholders pursuant to applicable law. As a foreign private issuer, we may follow Chilean practices and are not required to adopt and disclose corporate governance guidelines.

During 2012, the Superintendencia de Seguros y Valores (Superintendencia de Valores y Seguros, or "SVS) adopted new regulations that require publicly traded corporations to produce information about the standards of their corporate governance currently in place and disclose such information not later than June 30, 2013 and thereafter on March 31 of each calendar year.

In compliance with such regulations, the Company intends to deliver and make public the relevant information about its corporate governance practices and policies as currently in effect, as well as the corporate governance practices and policies that it is either in the process of adopting or reviewing for future implementation.

Code of Business Conduct . The NYSE listing standards require that listed companies adopt and disclose a code of business conduct and ethics for directors, officers and employees, and promptly disclose any waivers of the code for directors or executive officers.

We have adopted a code of ethics, which includes business conduct guidelines that apply generally to all of our executive officers and employees. A copy of this code of business conduct, as amended, is available in our website at www.cencosud.com/inversionistas/ under the "informacion de interes" tab. The information on our website is not incorporated by reference into this document.

Information of Interest to the Market . In 2008, the SVS promulgated new rules which require public companies to adopt a manual regarding disclosure of information of interest to the market, board members and executives shares transactions and black-out periods for such transactions. This manual applies to our directors, the directors of our subsidiaries, our executive officers, some of our employees which may be in possession of confidential, reserved or privileged information of interest, and to our advisors. The manual took effect on June 1, 2008. A copy of the manual regarding disclosure of information of interest to the market, as amended on March 18, 2010, is available in our website at <http://www.cencosud.com/inversionistas/>. The information on our website is not incorporated by reference into this document.

Table of Contents

Executive Sessions . To empower non-management directors to serve as a more effective check on management, NYSE listing standards provide that non-management directors of each company must meet at regularly scheduled executive sessions without management.

Under Chilean law, the office of director is not legally compatible with that of a company officer in publicly traded companies. The board of directors exercises its functions as a collective body and may partially delegate its powers to executive officers, attorneys, a director or a board commission of the company, and for specific purposes to other persons. As a foreign private issuer, we may follow Chilean practices and are not required to comply with the NYSE listing standard for executive sessions.

Certification Requirements . Under NYSE listing standards, Section 303A.12 (a) provides that each listed company CEO must certify to the NYSE each year that he or she is not aware of any violation by the company of NYSE corporate governance listing standards and Section 303A.12 (b) provides that each listed company CEO must promptly notify the NYSE in writing after any executive officer of the listed company becomes aware of any material non-compliance with any applicable provisions of Section 303A.

As a foreign private issuer, we must comply with Section 303A.12 (b) of the NYSE listing standards, but we are not required to comply with 303A.12 (a).

Item 16H. Mine Safety Disclosure

Not applicable.

PART III

Item 17. Financial Statements

We have responded to Item 18 in lieu of responding to this item.

Item 18. Financial Statements.

See pages F-1 through F-219 of this annual report.

Item 19. Exhibits

<u>Exhibit No.</u>	<u>Description</u>
1.1	Restated bylaws of Cencosud S.A., previously filed as exhibit 1.1 to the Company's annual report on Form 20-F (File No. 001-35575) for the year ended December 31, 2012, filed with the Securities and Exchange Commission on May 7, 2013 ("2012 Form 20-F") and incorporated by reference herein.
4.1	Stock Purchase Agreement among UBS A.G., London Branch, as buyer, Palermo Argentina Holdings I, S.L., Palermo Argentina Holdings II, S.L., International Finance Corporation, SCF Chile S.A., BSSF Chile S.A., and BSSFP Chile S.A., as sellers, dated March 30, 2011, previously filed as exhibit 10.1 to the Company's registration statement on Form F-1 (File No. 333-181711) filed with the Securities and Exchange Commission on May 25, 2012 ("Form F-1") and incorporated by reference herein.
4.2	Option Agreement between Cencosud S.A. and UBS A.G., London Branch, dated March 30, 2011, and related documents, previously filed as exhibit 4.2 to the Company's 2012 Form 20-F and incorporated by reference herein.
4.3	Indenture, dated as of January 20, 2011, among Cencosud S.A., as issuer, Cencosud Retail S.A., as guarantor, and The Bank of New York Mellon, as trustee, paying agent, registrar and transfer agent, and The Bank of New York Mellon (Luxembourg) S.A., as Luxembourg paying agent and Luxembourg transfer agent, previously filed as exhibit 4.3 to the Company's 2012 Form 20-F and incorporated by reference herein.
4.4	Indenture, dated as of December 6, 2012, among Cencosud S.A., as issuer, Cencosud Retail S.A., as guarantor, and The Bank of New York Mellon, as trustee, paying agent, registrar and transfer agent, and The Bank of New York Mellon (Luxembourg) S.A., as Luxembourg paying agent and Luxembourg transfer agent, previously filed as exhibit 4.4 to the Company's 2012 Form 20-F and incorporated by reference herein.

Table of Contents

<u>Exhibit No.</u>	<u>Description</u>
4.5	Credit Agreement, dated as of October 17, 2012, among Cencosud S.A., as borrower, the lenders party thereto, and JPMorgan Chase Bank, National Association, as Administrative Agent, previously filed as exhibit 4.5 to the Company's 2012 Form 20-F and incorporated by reference herein.
4.6	Share Purchase Agreement, dated as of October 18, 2012, between Carrefour Nederland B.V., Carrefour S.A. and Cencosud S.A., previously filed as exhibit 4.6 to the Company's 2012 Form 20-F and incorporated by reference herein.
4.7	English language summary of the 2013 Plan—Stock Option Plan, previously filed as exhibit 10.3 to the Company's registration statement on Form F-1 and incorporated by reference herein.
4.8	English language summary of the Incentive Plan—Stock Option Plan, previously filed as exhibit 10.4 to the Company's registration statement on Form F-1 and incorporated by reference herein.
4.9	English language summary of the Retention Plan—Stock Option Plan, previously filed as exhibit 4.9 to the Company's 2012 Form 20-F and incorporated by reference herein.
4.10	Indenture, dated as of February 12, 2015, among Cencosud S.A., as issuer, Cencosud Retail S.A., as guarantor, and The Bank of New York Mellon, as trustee, paying agent, registrar and transfer agent, and The Bank of New York Mellon (Luxembourg) S.A., as Luxembourg paying agent and Luxembourg transfer agent, relating to the Senior Notes due 2025.
4.11	Indenture, dated as of February 12, 2015, among Cencosud S.A., as issuer, Cencosud Retail S.A., as guarantor, and The Bank of New York Mellon, as trustee, paying agent, registrar and transfer agent, and The Bank of New York Mellon (Luxembourg) S.A., as Luxembourg paying agent and Luxembourg transfer agent, relating to the Senior Notes due 2045.
8.1	Subsidiaries of Cencosud S.A.
12.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
12.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
13.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Cencosud S.A.

/s/ Jaime Soler

Name: Jaime Soler

Title: Chief Executive Officer

Date: April 30, 2015

Table of Contents**Index to the financial statements**

	<u>Page</u>
Report of the Independent Registered Public Accounting Firm	F-2
Consolidated Statements of Financial Position	F-4
Consolidated Statements of profit and loss and other comprehensive income	F-6
Consolidated Statements of Changes in Net Equity	F-8
Consolidated Statements of Cash Flows	F-11
Notes to the Consolidated Financial Statements	F-12

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders
Cencosud S.A.

In our opinion, the accompanying consolidated statements of financial position and the related consolidated statements of profit and loss and, other comprehensive income, changes in net equity and of cash flows present fairly, in all material respects, the financial position of Cencosud S.A. and its subsidiaries at December 31, 2014 and 2013, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2014 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control - Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control over Financial Reporting appearing under Item 15 of this annual report. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits (which were integrated audits in 2014 and 2013). We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Table of Contents

Cencosud S.A.

2

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers
Santiago, Chile
April 30, 2015

Table of Contents

Cencosud S.A. and subsidiaries Consolidated Statements of Financial Position

<u>Assets</u>	<u>Note</u>	<u>As of December 31,</u>	
		<u>2014</u>	<u>2013</u>
		<u>ThCh\$</u>	<u>ThCh\$</u>
Current assets			
Cash and cash equivalents	5	218,871,793	171,711,625
Other financial assets, current	6	47,778,995	49,583,940
Other non-financial assets, current	22	10,646,492	11,605,493
Trade receivables and other receivables	8	781,576,754	1,133,447,553
Receivables due from related entities, current	9	1,371,016	432,303
Inventory	10	1,094,609,583	1,044,906,627
Current tax assets	16	54,196,417	13,531,336
Total current assets other than non-current assets held for sale		2,209,051,050	2,425,218,877
Assets held for sale	34	793,416,576	—
Total current assets		3,002,467,626	2,425,218,877
Non-current assets			
Other financial assets, non-current	6	302,479,598	92,405,358
Other non-financial assets, non-current	22	33,873,417	38,263,337
Trade receivable and other receivables, non-current	8	34,777,355	155,839,812
Equity method investment	11	52,247,914	49,942,154
Intangible assets other than goodwill	12	400,542,180	571,621,507
Goodwill	13	1,682,348,563	1,696,040,684
Property, plant and equipment	14	3,009,728,456	3,101,883,868
Investment property	15	1,663,592,396	1,568,432,058
Non-current tax assets,	16	43,047,543	53,727,039
Deferred income tax assets	16	491,398,181	311,859,519
Total non-current assets		7,714,035,603	7,640,015,336
Total assets		10,716,503,229	10,065,234,213

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents

Cencosud S.A. and subsidiaries Consolidated Statements of Financial Position

Net equity and liabilities	Note	As of December 31,	
		2014	2013
		ThCh\$	ThCh\$
Current liabilities			
Other financial liabilities, current	17	714,159,288	739,105,814
Trade payables and other payables	18	1,983,086,109	1,957,993,218
Payables to related entities, current	9	3,302,006	556,494
Provisions and other liabilities	19	15,197,558	46,406,283
Current income tax liabilities	16	60,615,912	63,131,459
Current provision for employee benefits	21	102,513,612	96,696,870
Other non-financial liabilities, current	20	43,104,370	47,808,861
Total current liabilities other than non-current assets held for sale		2,921,978,855	2,951,698,999
Liabilities held for sale	34	216,791,432	
Total current liabilities		3,138,770,287	2,951,698,999
Non-current liabilities			
Other financial liabilities,	17	2,402,716,245	2,218,035,025
Trade accounts payables	18	34,449,920	8,954,817
Provisions and other liabilities	19	104,765,779	88,222,586
Deferred income tax liabilities	16	674,881,877	471,481,007
Other non-financial liabilities, non-current	20	69,433,310	65,474,690
Total non-current liabilities		3,286,247,131	2,852,168,125
Total liabilities		6,425,017,418	5,803,867,124
Equity			
Paid-in capital	23	2,321,380,936	2,321,380,936
Retained earnings	23	2,166,548,572	2,049,483,333
Share premium	23	526,633,344	526,633,344
Other reserves	23	(722,245,257)	(636,230,610)
Equity attributable to controlling shareholders		4,292,317,595	4,261,267,003
Non-controlling interest	23	(831,784)	100,086
Total equity		4,291,485,811	4,261,367,089
Total equity and liabilities		10,716,503,229	10,065,234,213

The accompanying notes are an integral part of these consolidated financial statements.

[Table of Contents](#)

Cencosud S.A. and subsidiaries Consolidated Statements of Profit and Loss and Other Comprehensive Income

Statements of profit and loss	Note	For the year ended December 31,		
		2014	2013	2012
		ThCh\$	ThCh\$	ThCh\$
Continuing Operations				
Revenues from ordinary activities	24	10,711,029,246	10,134,158,210	8,925,350,876
Cost of Sales	25	(7,814,773,235)	(7,324,251,612)	(6,464,234,047)
Gross Profit		2,896,256,011	2,809,906,598	2,461,116,829
Other income	25	114,437,716	108,291,245	107,010,792
Distribution cost	25	(26,653,898)	(23,931,088)	(20,233,594)
Administrative expenses	25	(2,286,704,942)	(2,181,508,368)	(1,866,131,501)
Other expenses	25	(182,076,769)	(152,142,053)	(162,024,745)
Other gain (losses), net	25	34,624,481	26,365,872	(7,403,018)
Operating profit		549,882,599	586,982,206	512,334,763
Finance income	25	6,709,144	5,999,175	8,231,460
Finance expenses	25	(222,164,751)	(223,855,751)	(178,630,701)
Share of profit or loss of investments accounted for using the equity method	11	6,208,206	10,289,439	5,642,411
Exchange differences	25	(23,642,912)	(25,053,921)	(12,052,542)
(Losses) from indexation	25	(39,575,950)	(18,885,129)	(23,537,752)
Profit before tax		277,416,336	335,476,019	311,987,639
Income tax expense	26	(125,931,659)	(94,068,463)	(92,225,788)
Profit from continuing operations		151,484,677	241,407,556	219,761,851
Discontinued Operations				
Profit from discontinued operations	34	12,661,641	8,357,240	33,047,279
(Loss)/profit attributable to				
Controlling shareholders		164,894,672	249,930,349	249,958,615
Non-controlling interest	23.6	(748,354)	(165,553)	2,850,515
Profit		164,146,318	249,764,796	252,809,130
Earnings per share from continuing and discontinued operations attributable to controlling shareholders				
Basic earnings per share from continuing operations	27	53.8	87.4	93.2
Basic earnings per share from discontinued operations		4.5	3.0	14.2
		<u>58.3</u>	<u>90.4</u>	<u>106.5</u>
Diluted earnings per share from continuing operations	27	53.8	86.8	92.3
Diluted earnings per share from discontinued operations		4.5	3.0	14.2
2		<u>58.3</u>	<u>89.8</u>	<u>106.5</u>

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents

Cencosud S.A. and subsidiaries Consolidated Statements of Profit and Loss and Other Comprehensive Income

	For the year ended December 31,		
	2014 ThCh\$	2013 ThCh\$	2012 ThCh\$
Profit	164,146,318	249,764,796	252,809,130
Other comprehensive income			
Items that will never be reclassified to profit and loss			
Re-measurements of defined benefit liability (asset)	(431,191)	1,402,721	(792,855)
Total OCI that will never be reclassified to profit and loss	(431,191)	1,402,721	(792,855)
Items that are or may be reclassified to profit and loss			
Foreign currency translation adjustments	(81,363,229)	(153,344,258)	(237,127,442)
Cash flow hedge	(7,791,437)	(3,486,853)	16,862,328
Total Items that are or may be reclassified to profit and loss	(89,154,666)	(156,831,111)	(220,265,114)
Other comprehensive income, before taxes.	(89,585,857)	(155,428,390)	(221,057,969)
Income tax related to re-measurement of defined benefit liability (asset)	146,605	(476,925)	269,571
Total income tax that will never be reclassified to profit and loss	146,605	(476,925)	269,571
Income tax related to cash flow hedge and foreign currency translation adjustments	467,671	697,371	(3,372,466)
Total income tax that are or may be reclassified to profit and loss	467,671	697,371	(3,372,466)
Total other comprehensive income and expense	(88,971,581)	(155,207,944)	(224,160,864)
Total comprehensive income	75,174,737	94,556,852	28,648,266
Income attributable to			
Controlling shareholders	76,055,757	94,724,800	34,001,833
Non-controlling interest	(881,020)	(167,948)	(5,353,567)
Total comprehensive income	75,174,737	94,556,852	28,648,266

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents

Cencosud S.A. and subsidiaries
Consolidated Statement of Changes in Net Equity
For the year ended December 31, 2014

Statement of changes in equity ThCh\$	Paid-in capital	Share premium	Translation reserves	Hedge reserves	Actuarial Gain (loss) reserves	Share based payments reserves	Other reserves	Total reserves	Retained earnings	Equity attributable to parent company shareholders	Non-controlling interest	Total equity
Opening balance as of January 1, 2014	2,321,380,936	526,633,344	(615,316,151)	20,525,986	402,512	10,636,164	(52,479,121)	(636,230,610)	2,049,483,333	4,261,267,003	100,086	4,261,367,089
Changes in equity												
Comprehensive income												
Net income									164,894,672	164,894,672	(748,354)	164,146,318
Other comprehensive income	—	—	(81,230,563)	(7,323,766)	(284,586)			(88,838,915)		(88,838,915)	(132,666)	(88,971,581)
Total Comprehensive income			(81,230,563)	(7,323,766)	(284,586)			(88,838,915)	164,894,672	76,055,757	(881,020)	75,174,737
Share issuance												
Dividends									(47,829,433)	(47,829,433)		(47,829,433)
Stock option (see 33)						2,822,081		2,822,081		2,822,081		2,822,081
Decrease due to changes in ownership interest without a loss of control							2,187	2,187		2,187	(50,850)	(48,663)
Total transactions with owners	—	—	—	—	—	2,822,081	2,187	2,824,268	(47,829,433)	(45,005,165)	(50,850)	(45,056,015)
Total Changes in equity	—	—	(81,230,563)	(7,323,766)	(284,586)	2,822,081	2,187	(86,014,647)	117,065,239	31,050,592	(931,870)	30,118,722
Ending balance, as of December 31, 2014	2,321,380,936	526,633,344	(696,546,714)	13,202,220	117,926	13,458,245	(52,476,934)	(722,245,257)	2,166,548,572	4,292,317,595	(831,784)	4,291,485,811

Table of Contents

Cencosud S.A. and subsidiaries
Consolidated Statement of Changes in Net Equity
For the year ended December 31, 2013

Statement of changes in equity ThCh\$	Paid-in capital	Issuance premiums	Translation reserves	Hedge reserves	Actuarial Gain (loss) reserves	Share based payments reserves	Other reserves	Total reserves	Retained earnings	Equity attributable to parent company shareholders	Non-controlling interest	Total equity
Opening balance as of January 1, 2013	1,551,811,762	477,341,095	(461,974,288)	23,315,468	(523,284)	6,892,685	(52,074,990)	(484,364,409)	1,852,745,697	3,397,534,145	677,599	3,398,211,744
Changes in equity												
Comprehensive income												
Net income									249,930,349	249,930,349	(165,553)	249,764,796
Other comprehensive income	—	—	(153,341,863)	(2,789,482)	925,796	—	—	(155,205,549)		(155,205,549)	(2,395)	(155,207,944)
Total Comprehensive income			(153,341,863)	(2,789,482)	925,796	—	—	(155,205,549)	249,930,349	94,724,800	(167,948)	94,556,852
Share issuance	769,569,174	49,292,249								818,861,423		818,861,423
Dividends									(53,192,713)	(53,192,713)		(53,192,713)
Stock option (see 33)						3,743,479		3,743,479		3,743,479		3,743,479
Decrease due to changes in ownership interest without a loss of control (see 23.4)						—	(404,131)	(404,131)	—	(404,131)	(409,565)	(813,696)
Total transactions with owners	769,569,174	49,292,249	—	—	—	3,743,479	(404,131)	3,339,348	(53,192,713)	769,008,058	(409,565)	768,598,493
Total Changes in equity	769,569,174	49,292,249	(153,341,863)	(2,789,482)	925,796	3,743,479	(404,131)	(151,866,201)	196,737,636	863,732,858	(577,513)	863,155,345
Ending balance, as of December 31, 2013	2,321,380,936	526,633,344	(615,316,151)	20,525,986	402,512	10,636,164	(52,479,121)	(636,230,610)	2,049,483,333	4,261,267,003	100,086	4,261,367,089

Table of Contents

Cencosud S.A. and subsidiaries
Consolidated Statement of Changes in Net Equity
For the year ended December 31, 2012

Statement of changes in equity ThCh\$	Paid-in capital	Issuance premiums	Translation reserves	Hedge reserves	Actuarial Gain (loss) reserves	Share based payments reserves	Other reserves	Total reserves	Retained earnings	Equity attributable to controlling shareholders	Non-controlling interest	Total equity
Opening balance as of January 1, 2012	927,804,431	477,341,095	(233,050,928)	9,825,606	—	4,595,125	15,907,719	(202,722,478)	1,660,432,903	2,862,855,951	87,750,295	2,950,606,246
Changes in equity												
Comprehensive income												
Net income									249,958,615	249,958,615	2,850,515	252,809,130
Other comprehensive income			(228,923,360)	13,489,862	(523,284)	—	—	(215,956,782)		(215,956,782)	(8,204,082)	(224,160,864)
Total Comprehensive income			(228,923,360)	13,489,862	(523,284)	—	—	(215,956,782)	249,958,615	34,001,833	(5,353,567)	28,648,266
Share issuance	624,007,331						—			624,007,331	—	624,007,331
Dividends									(57,645,821)	(57,645,821)		(57,645,821)
Option (call-put) (see 23.5)							92,991,291	92,991,291		92,991,291		92,991,291
Stock option (see 33)						2,297,560		2,297,560		2,297,560		2,297,560
Decrease due to changes in ownership interest without a loss of control (see 23.4)							(160,974,000)	(160,974,000)		(160,974,000)	(81,719,129)	(242,693,129)
Total transactions with owners	624,007,331	—	—	—	—	2,297,560	(67,982,709)	(65,685,149)	(57,645,821)	500,676,361	(81,719,129)	418,957,232
Total Changes in equity	624,007,331	—	(228,923,360)	13,489,862	(523,284)	2,297,560	(67,982,709)	(281,641,931)	192,312,794	534,678,194	(87,072,696)	447,605,498
Ending balance, as of December 31, 2012	1,551,811,762	477,341,095	(461,974,288)	23,315,468	(523,284)	6,892,685	(52,074,990)	(484,364,409)	1,852,745,697	3,397,534,145	677,599	3,398,211,744

Table of Contents

Cencosud S.A. and subsidiaries
Consolidated statements of cash flows

	Note	For the years ended December 31,		
		2014	2013	2012
		ThCh\$	ThCh\$	ThCh\$
Cash flows from (used in) operating activities				
Types of revenues from operating activities				
Revenue from sale of goods & provision of services		12,494,148,894	11,505,243,173	10,302,436,270
Proceeds from royalties, installments, commissions and other ordinary activities		16,608,435	6,377,662	—
Receipts from premiums and claims, annuities and other policy benefits underwritten				63,957
Other operating activity revenue		12,356,355	9,224,623	11,128,303
Types of payments				
Payments to suppliers for supply of goods & services		(10,210,372,358)	(9,493,248,169)	(8,203,825,488)
Payments to and on behalf of personnel		(1,367,742,879)	(1,281,637,416)	(1,091,769,706)
Other operating payments		(483,963,826)	(385,954,518)	(300,045,416)
Interest paid		(2,582,002)	(1,399,519)	(1,123,089)
Interest received		1,678,603	2,255,639	1,893,069
Taxes paid		(87,128,966)	(66,078,734)	(74,331,546)
Other cash inflows		2,653,450	7,282,776	23,846,742
Cash flows from operating activities (continuing operations)		375,655,706	302,065,517	668,273,096
Cash flows from operating activities (discontinued operations)		14,583,058	62,716,526	50,441,523
Net cash flow from operating activities		390,238,764	364,782,043	718,714,619
Cash flows from (used in) investment activities				
Acquisition of subsidiaries		—	—	(1,292,423,533)
Proceeds from sales of property, plant & equipment		7,515,592	1,082,763	22,153,794
Purchases of property, plant & equipment		(227,422,961)	(317,709,777)	(573,650,227)
Purchases of intangible assets		(22,594,236)	(25,053,442)	(18,595,944)
Dividends received		6,892,639	2,469,136	2,001,798
Interest received		630,971	2,473,841	3,362,729
Proceeds from sales of other financial assets—mutual funds		825,385,250	7,524,532,791	5,620,928,451
Purchases of other financial assets—mutual funds		(825,799,626)	(7,497,162,191)	(5,639,868,503)
Cash flows from investment activities (continuing operations)		(235,392,371)	(309,366,879)	(1,876,091,435)
Cash flows from investment activities (discontinued operations)		1,996,104	(11,140,591)	2,523,768
Net cash flow (used in) investment activities		(233,396,267)	(320,507,470)	(1,873,567,667)
Cash flows from (used in) financing activities				
Acquisition of non-controlling interests		—	—	(242,681,460)
Proceeds from paid in capital		—	818,871,267	620,987,359
Proceeds from borrowing at long-term		725,079,729	—	2,062,402,859
Proceeds from borrowing at short-term		7,871,210,244	4,641,469,793	3,097,214,319
Total loan proceeds from borrowing		8,596,289,973	5,460,341,060	5,537,923,077
Repayments of borrowing		(8,381,440,558)	(5,318,203,095)	(4,093,469,015)
Dividends paid		(58,269,234)	(79,736,684)	(20,034,383)
Interest paid		(188,378,177)	(178,317,891)	(160,012,962)
Other cash outflows			(898)	(8,980,028)
Cash flows from financing activities (continuing operations)		(31,797,996)	(115,917,508)	1,255,426,689
Cash flows from financing activities (discontinued operations)		(80,580,490)	8,888,132	(9,349,273)
Net cash flow from financing activities		(112,378,486)	(107,029,376)	1,246,077,416
Net (decrease) increase in cash and cash equivalents before the effect of variations		44,464,011	(62,754,803)	91,224,368
Effects of variations in the exchange rate on cash and cash equivalents		3,451,650	(3,254,377)	1,434,856
Net (decrease) increase in cash and cash equivalents		47,915,661	(66,009,180)	92,659,224
Cash and cash equivalents at the beginning of the year	5	171,711,625	237,720,805	145,061,581
Cash and cash equivalents at the end of the year	5	219,627,286	171,711,625	237,720,805
Included in cash and cash equivalents per the statement of financial situation		218,871,793	171,711,625	237,720,805
Included in the assets of the disposal group		755,493	—	—

The accompanying notes are an integral part of these consolidated financial statements.

Cencosud S.A. and subsidiaries
Notes to the consolidated financial statements

1 General information

Cencosud S.A. (hereinafter “Cencosud Group,” “the Company,” “the Holding,” “the Group”) taxpayer ID number 93.834.000-5 is a public corporation with an indefinite life, with its legal residence at Avda. Kennedy 9001, 4th floor, Las Condes, Santiago, Chile.

Cencosud S.A. is a public company registered with the Chilean Superintendence of Securities and Insurance (SVS), under No.743, which shares are quoted in Chile on the Stock Brokers-Stock Exchange (Valparaíso), the Chilean Electronic Stock Exchange and the Santiago Stock Exchange; it is also quoted on the United States of America Stock Exchange (“NYSE”) in New York in the form of American Depositary Receipts (ADRs).

Cencosud S.A. is a retail operator in Latin America, which has active operations in Chile, Argentina, Brazil, Colombia and Peru, where it has developed a successful multi-format and multi-brand strategy reaching sales of ThCh\$ 10.711.029.246 to December 31, 2014.

During the year ended December 31, 2014, the Company employed an average of 149.955 employees, ending with a total number of 153.234 employees.

The Company’s operations include supermarkets, hypermarkets, home improvement stores, department stores, shopping centers, as well as real estate development and financial services, which makes it the most diversified retail company of Latin-American capital in South America with the biggest offering of square meters, it caters to the consumption needs of over 180 million customers.

Additionally, it operates other lines of business that complement the main retail operations, such as insurance brokerage, a travel agency, customer loyalty services and family entertainment centers. All of these services have gained recognition and prestige among customers, with brands that excel at quality and service.

The Company splits its equity among 2,828,723,963 shares of a single series whose main shareholders are the following:

<u>Major shareholders as of December 31, 2014</u>	<u>Shares</u>	<u>Interest</u>
		%
Inversiones Quinchamalí Limitada	573,754,802	20.283%
Inversiones Latadía Limitada	550,823,211	19.473%
Inversiones Tano Limitada	457,879,800	16.187%
Banco Santander—JP Morgan	165,134,940	5.838%
Banco de Chile third-party accounts	146,519,884	5.180%
Banco Itaú third-party accounts	128,252,491	4.534%
Paulmann Kemna Horst	70,336,573	2.487%
Fondo de Pensiones Provida C	56,826,301	2.009%
Fondo de Pensiones Habitat C	52,994,957	1.874%
Fondo de Pensiones Habitat B	41,167,960	1.455%
Fondo de Pensiones Provida B	36,054,975	1.275%
Fondo de Pensiones Capital C	32,586,942	1.152%
Other Shareholders	<u>516,391,127</u>	<u>18.255%</u>
Total	<u>2,828,723,963</u>	<u>100.000%</u>

Table of Contents

The Cencosud group is controlled by the Paulmann family, as detailed below:

<u>Interest of Paulmann family as of December 31, 2014</u>	<u>Interest</u> %
Inversiones Quinchamalí Limitada	20.283%
Inversiones Latadía Limitada	19.473%
Inversiones Tano Limitada	16.187%
Paulmann Kemna Horst	2.487%
Peter Paulmann Koepfer	0.498%
Manfred Paulmann Koepfer	0.492%
Heike Paulmann Koepfer	0.492%
Sucesión de Doña Helga Koepfer Schoebitz	0.115%
Inversiones Alpa Limitada	0.007%
Total	<u>60.032%</u>

The consolidated financial statements of Cencosud group corresponding to the year ended December 31, 2014, were approved by the Board of Directors in a session held on March 27, 2015.

2 Summary of the main accounting policies

2.1 Presentation basis

The consolidated financial statements of Cencosud S.A. have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

As explained in note 16, on September 29, 2014 Law No. 20,780 was issued, which introduces modifications to the income tax system in Chile and other tax matters. On October 17, 2014 the Chilean Superintendence of Securities and Insurance (the "SVS") issued Circular No. 856, which established that the effects of the change in the income tax rates on deferred tax assets and liabilities must be recognized directly within "Retained earnings" instead of the income statement as required by IAS 12.

In order to comply with IAS 12, these financial statements are different to those presented to the SVS as the aforementioned effect has been recognized within the income statement. A reconciliation of such differences is presented as follows:

	Consolidated financial statements for SEC	Consolidated financial statements for SVS	Difference
Total equity	4,291,485,811	4,291,485,811	—
Equity attributable to controlling shareholders	4,292,317,595	4,292,317,595	—
Retained earnings			—
Profit attributable to controlling shareholders	164,894,672	191,885,931	26,991,259
Retained earning before profit attributable to controlling shareholders	<u>2,001,653,900</u>	<u>1,974,662,641</u>	<u>(26,991,259)</u>
Total Retained earnings	<u>2,166,548,572</u>	<u>2,166,548,572</u>	—
Non-controlling			
Retained earnings			—
Loss	(748,354)	(861,853)	113,499
Retained earning before loss	<u>(83,430)</u>	<u>30,069</u>	<u>(113,499)</u>
Total Retained earnings	<u>(831,784)</u>	<u>(831,784)</u>	—

Table of Contents

The consolidated financial statements have been prepared under the historic-cost basis, as modified by the revaluation at fair value of certain financial instruments, derivative instruments and investment property.

The presentation of the financial statements in conformity with IFRS requires the use of certain accounting estimates, and also requires Management to exercise its judgment in the process of applying the Company's accounting policies. Note 4 to these financial statements shows the areas in which a greater level of judgment has been applied, or where there is a higher level of complexity and therefore hypothesis and estimates are material to the financial statements.

The amounts in the attached financial statements are expressed in thousands of Chilean pesos, as the Chilean peso is the functional and presentation currency of the Company. All values have been rounded to the nearest thousand of pesos, except where mentioned.

In order to present comparative information, certain figures presented on the consolidated financial statements of the Group as of December 31, 2013, have been reclassified based on the presentation shown on the consolidated financial statement as of December 31, 2014. These reclassifications were made to correct the presentation between current tax assets and deferred income tax assets by ThCh \$ 9,265,967 and between cost of sales and administrative expenses by ThCh \$ 12,519,686. Management of the Company does not believe that these reclassifications made have a material impact on the financial statements.

Amended presentation of discontinued operations of the Financial services segment in Chile.

Table of Contents

The Company, together with its subsidiaries Cencosud Retail S.A. and Easy S.A., have entered into a framework agreement (the “Framework Agreement”) on June 20, 2014 with The Bank of Nova Scotia (“BNS”) and its wholly owned subsidiary Scotiabank Chile, to further develop, on a joint basis, the retail finance business in Chile (hereinafter, the “Business”). The Framework Agreement provides that the Business shall be operated through (i) Cencosud Administradora de Tarjetas S.A. (“CAT”), a current subsidiary of Cencosud that is in the business of issuing credit cards and (ii) Cencosud Administradora de Procesos S.A., Cencosud Servicios Integrales S.A., and Cencosud Corredores de Seguros y Servicios Ltda. , or other companies to be established by Cencosud for purposes of the Framework Agreement (together with CAT, hereinafter, the “Subject Companies”). As part of the agreement, Scotiabank Chile will acquire fifty-one percent (51%) controlling interest of each of the Subject Companies, with Cencosud retaining the remaining forty-nine percent (49%) non-controlling interest.

Under IFRS Standard N° 5 (“IFRS 5”), “Non-current assets held for sale and discontinued operations”, the Subject Companies are considered as from June 20, 2014 “Assets held for sale” a result of Cencosud’s commitment to sell a controlling interest to an unrelated party under the Framework Agreement and that the occurrence of such transaction is deemed as highly probable by management.

IFRS 5 requires that (a) assets that meet the criteria to be classified as held for sale be measured at the lower of carrying amount and fair value less costs to sell, and depreciation on such assets to cease; and (b) assets that meet the criteria to be classified as held for sale be presented separately in the statement of financial position and the results of discontinued operations, net of tax, to be presented separately in the statement of comprehensive income. Net cash flows attributable to the operating, investing and financing activities of discontinued operations are required to be disclosed either in the notes to the financial statements or on the face of the statements of cash flows. IFRS 5 requires that a company “re-present” its statement of comprehensive income as if the operation had been discontinued for all prior periods presented.

As such, our consolidated statements for each of the three years in the period ended December 31, 2014 have been revised to present the results of operations of the Subject Companies (the financial services segment in Chile) as discontinued operations. Net cash flows from operating, investing and financing activities of discontinued operations have been separately presented in the consolidated statement of cash flows for each of the three years in the period ended December 31, 2014.

2.2 *New and amended standards adopted by the group*

(a) New standards, amendments and interpretations adopted by the group.

The following standards have been adopted by the group for the first time for the financial year beginning on 1 January 2014, however none of the new amendments and pronouncements had a significant impact on the group’s financial statements:

IFRIC 21, ‘Levies’, sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 ‘Provisions’. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognized. The Group is not currently subjected to significant levies so the impact on the Group is not material.

Amendment to IAS 32, ‘Financial instruments: Presentation’ on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the group financial statements.

Amendments to IAS 36, ‘Impairment of assets’, on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13.

Amendment to IAS 39, ‘Financial instruments: Recognition and measurement’ on the novation of derivatives and the continuation of hedge accounting. This amendment considers legislative changes to ‘over-the-counter’

Table of Contents

derivatives and the establishment of central counterparties. Under IAS 39 novation of derivatives to central counterparties would result in discontinuance of hedge accounting. The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria. The amendment did not have a significant effect on the group financial statements.

(b) New standards, amendments and interpretations not yet adopted.

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these consolidated financial statement. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The group is yet to assess IFRS 9's full impact.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The group is assessing the impact of IFRS 15.

Amendment to IFRS 10 "consolidated financial statements" IFRS and IAS 28 "Investments in associates and joint ventures". Published in September 2014. This amendment addresses an inconsistency between the requirements of the IFRS 10 and IAS 28 in the treatment of the sale or the contribution of goods between an investor and the associate or joint venture. The main consequence of the amendments is that recognizes a gain or loss completes when the transaction involves a business (is in a subsidiary or not) and a gain or loss partial when the transaction involves assets that do not constitute a business, even if these assets are in a subsidiary.

Amendment to IFRS 10 "consolidated financial statements" IFRS and IAS 28 "Investments in associates and joint ventures". Published in December 2014. The amendment clarifies on the application of the exception from consolidation to investment entities and their subsidiaries. The amendment to IFRS 10 clarifies on the exception of consolidation that is available to entities in group structures that include investment entities. The amendment to IAS 28 allows, to an entity which is not an entity's investment, but it has a stake in an associate or joint venture that is an entity of investment, a choice of accounting policy in the application of the equity method. The entity may choose to keep the measurement of fair value applied by the associate or joint venture that is an entity of investment, or instead, perform a consolidation at the level of the entity's investment (associate or joint venture). Early application is permitted.

Amendment to IAS 1 "presentation of financial statements". Published in December 2014 and is effective for fiscal years beginning on January 1, 2016. The amendment clarifies the guide for the application of IAS 1 on

Table of Contents

materiality and aggregation, presentation of subtotals, structure of the financial statements and disclosure of accounting policies. The modifications are part of initiatives on disclosures of the IASB. Early adoption is permitted.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

2.3 Consolidation basis

2.3.1 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it's exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those through its power over the entity.

Specifically, the Group controls an entity when all of the following circumstances are met:

- (a) Power over the investee;
- (b) Exposure, or rights, to variable returns from involvement with the investee; and
- (c) The ability to use power over the investee to affect the amount of the investor's returns.

When the Group holds less than a majority of voting rights over an investee, it has the power over the investee when these voting rights are sufficient to give the Group the ability to direct unilaterally the relevant activities of the investee. The Group considers all facts and circumstances to evaluate if the voting rights over an investee are sufficient to give it power, including:

- (a) the size of the investor holding of voting rights relative to the size and dispersion of holding of the other vote holders; (b) the potential voting rights held by the investor, other vote holders or other parties; (c) rights arising from other contractual agreements; and (d) any additional facts and circumstances that indicate the investor has, or does not have, the current ability to direct the relevant activities in the time that decision need to be made, including voting patterns at previous shareholders' meetings.

The Group will reassess whether it controls an investee if facts and circumstances indicate that there are changes in one or more of the three elements of control previously mentioned.

The financial statements of subsidiaries are included in the consolidated financial statements from the date in which control commences until the date in which control ceases.

2.3.2 Associates or related entities

Associates or related entities are those entities where the Group has a significant influence but not control, which is generally reflected in an interest between 20% and 50% of the voting rights. The investments in associates or related entities are accounted for using the equity method and are initially recognized at cost. The investment of the Group in associates or related entities includes the goodwill of the acquisition, net of any accumulated impairment loss.

The Group's interest in the gains or losses which occurred after the acquisition of its associates or related entities is charged to income, and its participation in the equity changes subsequent to the acquisition that do not correspond to income are allocated to the corresponding equity reserves (and are presented accordingly in the statement of other integral income).

When the Group's interest in the losses of an associate or related entity is equal to or higher than its interest—including any other uninsured accounts receivable—the Group does not recognize additional losses, unless it has incurred liabilities or payments on behalf of the associate or related entity.

Unrealized profits on transactions between the Group and its associates or related entities are eliminated to the extent of the Group's interest in such entities. The unrealized losses are also eliminated unless the transaction provides evidence of impairment loss of the asset transferred. Whenever necessary to ensure consistency within the Group's policy, the accounting policies of the associates are modified.

Table of Contents

Dilution gains or losses in associates or related entities are recognized in the statement of income.

The group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the impact in the statement of income.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions—that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the associate is recorded in equity.

Table of Contents

2.4 Subsidiary entities

2.4.1 Directly consolidated entities

The detail of the subsidiaries included in consolidation is as follows:

Country	Tax ID Number	Company name	Interest percentage				
			Direct %	Indirect %	Total %	Total %	Total %
			12/31/2014			12/31/2013	12/31/2012
Chile	81.201.000-K	Cencosud Retail S.A.	99.9605	0.0004	99.9609	99.9609	99.9609
Chile	96.671.750-5	Easy S.A.	99.5750	0.0000	99.5750	99.5750	99.5750
Chile	99.500.840-8	Cencosud Administradora de Tarjetas S.A.	99.9929	0.0071	100.0000	100.0000	100.0000
Chile	76.568.660-1	Cencosud Administradora de Procesos S.A.	99.9928	0.0072	100.0000	100.0000	100.0000
Chile	96.978.180-8	Cencosud Internacional Ltda.	74.8487	25.1476	99.9963	99.9963	99.9963
Chile	94.226.000-8	Cencosud Shopping Centers S.A.	99.9999	0.0000	99.9999	99.9999	99.9999
Chile	78.410.310-2	Comercial Food And Fantasy Ltda.	90.0000	0.0000	90.0000	90.0000	90.0000
Chile	76.433.310-1	Costanera Center S.A.	99.9999	0.0000	99.9999	99.9999	99.9999
Chile	76.476.830-2	Circulo Mas S.A.	99.0000	1.0000	100.0000	100.0000	100.0000
Chile	99.565.970-0	Banco Paris S.A.	98.8900	1.1100	100.0000	100.0000	100.0000
Chile	83.123.700-7	Mercado Mayorista P y P Ltda.	90.0000	0.0000	90.0000	90.0000	90.0000
Chile	76.181.388-9	Cencosud Tiendas S.A. (*)	0.0000	0.0000	000.0000	100.0000	100.0000
China	Foreign	Cencosud (Shanghai) Trading CO, Ltda.	100.0000	0.0000	100.0000	100.0000	100.0000
Chile	76.236.195-7	Cencosud Argentina SPA	100.0000	0.0000	100.0000	100.0000	100.0000
Chile	76.388.146-6	Operadora de Procesos S.A.	99.9000	0.1000	100.0000	000.0000	000.0000
Chile	76.388.155-5	Servicios Integrales S.A.	99.9000	0.1000	100.0000	000.0000	000.0000

(*) As of December 31, 2012, Cencosud S.A. owned 85.58% of Cencosud Tiendas S.A. shares. However, the Company did not account for the non-controlling interest as a result of the option agreement which entitled Cencosud S.A to acquire the remaining interest of 14.42% in future periods. As a consequence, a financial liability was recognized for the payment of the 14.42% of the shares, in accordance to IAS 32 paragraph 23.

On December 18, 2013, Cencosud Tiendas S.A. was merged with Cencosud S.A. after the exercise of the option for the acquisition of the remaining 14.42% of the shares of Cencosud Tienda S.A., as per the paragraph above.

As of December 31, 2014 Cencosud S.A. proceeded to apply IFRS 5 “Non-current assets classified as held for sale”. Thus reclassifying the operations financial retail for Chile separately in the financial statements. See note 34

Table of Contents

2.4.2 Indirect consolidation entities

The financial statements of consolidated subsidiaries also include the following companies:

<u>Country</u>	<u>Tax ID number</u>	<u>Company name</u>
Chile	81.201.000-K	Cencosud Retail S.A.
Chile	76.365.580-6	Jumbo Administradora Norte S.A.
Chile	99.571.870-7	Jumbo Administradora Temuco S.A.
Chile	76.819.580-3	Santa Isabel Administradora Norte Ltda.
Chile	76.819.500-5	Santa Isabel Administradora Sur Ltda.
Chile	76.062.794-1	Santa Isabel Administradora S.A.
Chile	78.448.780-6	Paris Administradora Sur Ltda.
Chile	77.779.000-5	Paris Administradora Ltda.
Chile	77.301.910-K	Logística y Distribución Paris Ltda.
Chile	77.251.760-2	Jumbo Supermercados administradora ltda..
Chile	77.218.570-7	Cencosud Corredores de Seguros y Servicios Ltda.
Chile	77.312.480-9	Administradora de Servicios Cencosud Ltda.
Chile	99.586.230-1	Hotel Costanera S.A.
Chile	79.829.500-4	Eurofashion Ltda.
Chile	76.116.801-3	Administradora TMO S.A.
Chile	76.168.900-2	Meldar Capacitación Ltda.
Chile	77.566.430-4	Sociedad Comercializadora de Vestuarios FES Ltda.
Chile	99.512.750-4	MegaJohnsons Puente Alto S.A.
Chile	96.953.470-3	MegaJohnsons S.A.
Chile	96.973.670-5	MegaJohnsons Maipú S.A.
Chile	96.988.680-4	MegaJohnsons Puente S.A.
Chile	96.989.640-0	MegaJohnsons Viña del Mar S.A.
Chile	96.988.700-2	MegaJohnsons Administradora S.A.
Chile	96.988.690-1	MegaJohnsons Quilin S.A.
Chile	76.398.410-9	Johnsons Mega San Bernardo S.A.
Chile	76.190.379-9	Cencosud Retail Administradora Ltda.
Chile	96.671.750-5	Easy S.A.
Chile	76.365.590-3	Easy Administradora Norte S.A.
Chile	99.500.840-8	Cencosud Administradora de Tarjetas S.A.
Chile	76.023.825-2	Cencosud Servicios Integrales S.A.
Chile	94.226.000-8	Cencosud Shopping CentersS.A.
Chile	88.235.500-4	Sociedad Comercial de Tiendas S.A.
Chile	84.658.300-9	Inmobiliaria Bilbao Ltda.
Chile	78.409.990-8	ACC Alto las Condes Ltda.
Chile	76.433.310-1	Costanera CenterS.A.
Chile	96.732.790-5	Inmobiliaria Santa Isabel S.A.
Chile	76.203.299-6	Comercializadora Costanera Center S.P.A.
Chile	99.565.970-0	Banco Paris S.A.
Chile	76.099.893-1	Banparis Corredores de Seguros Ltda.
Chile	96.978.180-8	Cencosud Internacional Ltda.
Chile	76.258.307-0	Jumbo Argentina S.P.A.
Chile	76.258.309-7	Cencosud Internacional Argentina S.P.A

Table of Contents

<u>Country</u>	<u>Tax ID number</u>	<u>Company name</u>
Argentina	Foreign	Cencosud S.A. (Argentina)
Argentina	Foreign	Unicenter S.A.
Argentina	Foreign	Jumbo Retail Argentina S.A.
Argentina	Foreign	Agrojumbo
Argentina	Foreign	Blaisten S.A.
Argentina	Foreign	Cavas y Viñas El Acequion S.A.
Argentina	Foreign	Carnes Huinca S.A.
Argentina	Foreign	Agropecuaria Anjullon S.A.
Argentina	Foreign	Corminas S.A
Argentina	Foreign	Invor S.A.
Argentina	Foreign	Pacuy S.A.
Argentina	Foreign	Supermercados Dave S.A.
Uruguay	Foreign	SUDCO Servicios Regionales S.A.
Colombia	Foreign	Cencosud Colombia S.A.
Brazil	Foreign	Cencosud Brasil S.A.
U.S.A.	Foreign	Gbarbosa Holding LLC
Brazil	Foreign	Gbarbosa Holding S.A
Brazil	Foreign	Cencosud Brasil Comercial Ltda.
Brazil	Foreign	Mercantil Rodrigues Comercial Ltda.
Brazil	Foreign	Perini Comercial de Alimentos Ltda.
Peru	Foreign	Cencosud Perú
Peru	Foreign	Teledistribución S.A.
Peru	Foreign	Almacenes Metro S.A.
Peru	Foreign	E. Wong S.A.
Peru	Foreign	Cencosud Retail Peru S.A.
Peru	Foreign	Tres Palmeras S.A.
Peru	Foreign	Las Hadas Inversionistas S.A.
Peru	Foreign	Cinco Robles SAC
Peru	Foreign	ISMB Supermercados S.A.
Peru	Foreign	Travel International Partners Perú S.A.
Peru	Foreign	Banco Cencosud S.A.

2.5 *Foreign currency transaction*

2.5.1 *Functional and presentation currency*

Each entity included in these consolidated financial statements is measured using its functional currency, which is the currency of the main economic environment where the entity operates. The consolidated financial statements are presented in Chilean pesos.

In the case of international investments, the functional currency of each company has been defined as the local currency, as the business has a local focus and it is involved in the retail business.

The functional currency of each subsidiary was the Group operates is:

<u>Country</u>	<u>Functional currency</u>
Chile	Chilean peso
Argentina	Argentine peso
Brazil	Brazilian Real
Peru	Peruvian Nuevo Sol
Colombia	Colombian peso
China	Yuan

If the presentation currency differs from the functional currency of the entity, this entity must translate its results and financial position to the selected presentation currency, which in this case is the Chilean peso.

Table of Contents

2.5.2 Transactions and balances

Transactions in foreign currency and adjustable units (“Unidad de Fomento” or “UF”) are recorded at the exchange rate of the corresponding currency or adjustable unit as of the date on which the transaction complies with the requirements for its initial acknowledgement. The UF is a Chilean inflation-indexed, peso-denominated monetary unit. The UF rate is set daily in advance based on changes in the previous month’s inflation rate. At the close of each statement of financial position the monetary assets and liabilities denominated in foreign currencies and adjustable units are translated into Chilean pesos at the exchange rate of the corresponding currency or adjustable unit. The exchange difference arising, both from the liquidation of foreign currency operations, as well as from the valuation of foreign currency monetary assets and liabilities, and the difference arising from the changes in adjustable units are recorded in the statement of income.

Transactions in foreign currency will be translated to the functional currency using the exchange rates in effect at the time of each transaction. Gains and losses in foreign currency that result from the liquidation of the transactions and from the translation at the current exchange rates at the closing of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income.

Exchange rates

The assets and liabilities held in foreign currency and those set in UF (indexation unit), are presented at the following exchange rates and closing values:

Date	Ch\$/US\$	\$Ch/Uf	\$Ch/\$ Ar\$	\$Ch/Colombian\$	\$Ch/	\$Ch/	\$CL/
					Peruvian	Brazilian	Chinese
					nuevo sol	real	yuan
12-31-2014	606.75	24,627.10	70.97	0.25	202.93	228.27	97.59
12-31-2013	524.61	23,309.56	80.49	0.27	187.49	222.71	86.49
12-31-2012	479.96	22,840.75	97.70	0.27	188.15	234.98	77.02

Group entities

The results and financial position of all the entities of Cencosud Group (none is in a hyperinflationary economy), that have a functional currency different than the presentation currency, are translated to the presentation currency as follows:

- Assets, liabilities and equity of each statement of financial position are translated at the closing exchange rate of the closing date of the accounting period.
- Revenues and expenses of each statement of income are translated at average exchange rate (unless this average does not represent a reasonable approximation of the accumulative effect of the rates existing on the transaction dates, in which case income and expenses are translated at the exchange rate of the date of the transaction); and
- All the resulting exchange differences are recognized in other comprehensive income.

On consolidation, the exchange rate differences arising from the translation of a net investment in foreign operations (or national entities with a functional currency that is different than the holding company), are recorded in net equity. When an investment is sold or disposed of (in part or entirely), exchange differences are recorded in the statement of income as part of the gain or loss on sale.

Adjustments to goodwill and to fair value of the assets and liabilities arising from the acquisition of a foreign entity (or entity with a functional currency different to that of the holding company) are treated as assets and liabilities of the foreign entity and translated at the closing exchange rate.

Table of Contents

2.6 *Financial information of operating segments.*

Segment information is reported in a manner consistent with the internal reports delivered to those responsible for making the relevant operating decisions. Such executives are in charge of allocating resources and assessing the performance of the operating segments, which have been identified as:

Supermarkets, department stores, home improvement stores, shopping centers, financial services and other for which the strategic decisions are made.

This information is detailed in Note 28.

2.7 *Property, plant and equipment.*

Property, plant and equipment are measured at the acquisition cost, which includes the additional costs incurred until the asset is in operating condition, less the accumulated depreciation and the impairment losses.

Impairment losses are recorded as expenses in the Company's consolidated statements of income by function.

Depreciation is recorded in the statement of income following the straight line method considering the useful life of the different components.

Leasehold improvements are amortized over the shorter of useful life or the duration of lease agreements.

The Group reviews the residual value, useful life and depreciation method of the property, plant and equipment as of each reporting period. Modifications in the initially set criteria are recognized, according to the situation, as a change in an estimate.

Periodic expenses related to maintenance, conservation and repairs are recorded in the consolidated statement of income by function as incurred.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to income during the financial period in which they are incurred.

2.8 *Investment property.*

Investment properties are assets maintained to generate income through lease which corresponds to land, buildings, work in progress and other constructions which are held to be leased or for a capital appreciation as a result of the increases occur in the future in their respective market prices. Investment properties are initially recognized at acquisition cost which mainly includes its purchase price and any directly attributable expenditure. The group has chosen as its accounting policy for subsequent valuations of these assets the fair value model, using the methodology of discounting the future cash flows to an appropriate discount rate. The Management estimated at each statement of financial position variations of this value, according to the discounted cash flow model. Gains and losses arising from changes in fair value of investment properties are included in the income statement as they occur and are not subject to annual depreciation. Gains from investment property revaluation are not part of the taxable income and are excluded in determining the distributable net result for minimum accrual dividend.

The Group owns shopping centers in which it keeps its own stores and stores leased to third parties. In these cases, only the portion leased to third parties is considered investment property, recognizing the own stores as property, plant and equipment in the financial statements.

Table of Contents

2.9 *Intangible assets.*

2.9.1 *General.*

Intangible assets are those non-monetary assets without physical substance that are susceptible of being singled-out and identified, either because they are separable or because they arise from a legal or a contractual right. The only intangible assets recorded in the statement of financial position are those assets whose cost can be measured in a reliable way (or identified and recorded at fair value in a business combination) and those that the Group expects will generate future economic benefits.

In the case of intangible assets with an indefinite useful life, the Company considers that these maintain their value constantly over time, and therefore are not amortizable. However, these are tested for impairment annually, or more frequently, if events or changes in circumstances indicate a potential impairment.

2.9.2 *Goodwill.*

The goodwill represents the excess of the acquisition cost over the fair value of the Group's interest in the identifiable net assets of the subsidiary/associate as of the date of acquisition. Goodwill related to subsidiary acquisitions is included under intangible assets. Goodwill related to acquisitions of associates is included under investments in associates, and is tested for impairment along with the total balance of the associate.

Goodwill is not amortized; it is subsequently measured at cost less accumulated impairment losses and is tested for impairment annually. To perform this analysis, goodwill is allocated among the cash generating units that are expected to benefit from the business combination that generated the goodwill, and an estimation of the recoverable amount of the cash generating units through the method of the discounted cash flows estimated for each of the cash generating units. If the recoverable amount of any of the cash generating units is lower than the discounted cash flows, a loss should be recorded to income for the period. A loss from impairment of goodwill cannot be reversed in subsequent periods.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognized immediately as an expense.

Gains and losses related to the sale of an entity include the book value of the goodwill related to the sold entity.

2.9.3 *Commercial brands.*

Commercial brands correspond to intangible assets of indefinite useful life that are shown at its acquisition cost, less any impairment loss. Trademarks acquired in a business combination are recognized at fair value at the acquisition date. These assets are subject to impairment tests annually or more frequently when events indicate that impairment may exist.

2.9.4 *Information technology and licenses.*

The licenses and database for information technology that have been acquired are capitalized at the cost incurred in the purchase plus the cost of implementation of the specific application. These expenses are amortized over the estimated useful life.

The corresponding development and maintenance expense of information technology are recorded as an expense of the period. Costs directly related with the production of unique and identifiable information technology that are controlled by the Group, and that may generate economic benefits that exceed the costs for over a year, are recognized as intangible assets. The direct costs include the expenses related to the personnel developing the application.

Development costs of technology recognized as assets are amortized over their estimated useful life.

Table of Contents

2.10 *Borrowing costs.*

General and specific borrowing costs directly attributable to the acquisition, construction or production of any qualified assets as described in Notes 2.7, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until the assets are ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit and loss in the period in which they are incurred.

2.11 *Impairment loss of non-financial assets.*

The assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. The assets subject to amortization are reviewed for impairment tests whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

To test if the assets have suffered an impairment of value, the Group compares the book value of the assets with their recoverable amount and recognizes an impairment loss for the excess of the book value over its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Non-financial assets other than goodwill that have experienced an impairment loss are subject to subsequent impairment reviews as of each statements of financial position closing date in case a reversal of the loss may have occurred. If this situation occurs, the recoverable amount of the specific asset is recalculated and its amount increased if necessary. The increase is recognized in the Consolidated Statement of Comprehensive Income as a reversal of impairment losses. The increase in the asset resulting from the reversal of the impairment loss is limited to the amount that would have been recognized had there been no impairment.

2.12 *Financial assets.*

The Group classifies its financial assets within the following categories: financial assets at fair value through profit or loss, and loans and receivables. The classification depends on the purpose for which the investments were acquired. The Group sets the classification of the investments at the time of the initial recognition. Purchases or sales of financial assets are accounted for as of the settlement date, which is the date when the asset is delivered or received by the Company.

2.12.1 *Financial assets at fair value through profit or loss.*

This category has two subcategories: (i) financial assets held for "trading" and (ii) those designated at the beginning as financial assets at fair value through profit or loss. The gains and losses that arise from the changes in their fair value are included in the net results of the period. A financial asset is classified at fair value through profit or loss if it is acquired mainly with the purpose of selling it in the short-term or if it is designated as such. The financial derivative instruments are classified as held for trading unless they are designated as hedging instruments.

The financial assets available to fair value with changes in results are accounted for subsequently to the recognition initial by its fair value

Assets within this category are classified as current if they are held for trading or if they are expected to be realized within twelve months of the date of the financial statements.

Table of Contents

2.12.2 *Trade receivables and other receivables.*

Trade receivables are financial assets other than financial derivative instruments, with fixed payments or with established amounts that are not traded the financial market. They are included within current assets, with the exception of those maturing in over twelve months from the closing date of the financial statements, in which case they are classified as non-current assets.

Account receivables originated by the Company with a maturity in excess of 90 days are measured at their “amortized cost” by recognizing in income the accrued interests based on the effective interest rate (IRR). Amortized cost means the initial cost less the amortization of principal and the accumulated amortization based on the effective interest rate, considering the potential reductions due to impairment or payment default. Impairment for these assets happens when there is objective evidence that the Company will not be able to collect all the balances according to the original terms of the account receivable. The amount of the impairment allowance is the difference between the net accounting value and the present value of the discounted cash flows, discounted at the effective interest rate. The change in the impairment allowance is recorded against the Company’s income.

The effective interest rate is that which equals the future cash flows with the initial net asset value.

A value impairment allowance for trade accounts receivable is set when there is objective evidence that the Company will not be able to collect all the payments according to the original terms of the accounts receivable. Some indicators of potential impairment of accounts receivable are debtor’s financial difficulties, probability that the debtor will start a bankruptcy process or a financial restructuring, default or failure to pay, as well as the experience related to the behavior and characteristics of the collective portfolio.

The amount of the allowance is the difference between the book value of the asset and the present value of the estimated future cash flows, discounted at the effective interest rate. The book value of the asset is reduced through the allowance account and the amount of the loss is recorded in the statement of income.

2.12.3 *Financial assets held to maturity*

The Financial assets held-to-maturity are financial assets not derivatives with fixed or determinable payments and fixed maturity that the Group’s management has the positive intention and ability to hold to maturity. If the Group sells a significant amount of the financial assets held to maturity, the securities classified in this category will be reclassified to available for sale financial assets.

The Financial assets held-to-maturity are subsequently recorded at initial recognition at their amortized cost

2.12.4 *Available for sale financial assets*

The available for sale financial assets are non-derivative assets that are designated in this category or not classified in any of the other categories listed above. Subsequent to initial recognition, they are measured at fair value with changes recognised through the other comprehensive income and are included in non-current assets unless Management intends to dispose of the investment in the 12 months following the closing date.

2.12.5 *Financial assets and liabilities offset*

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis to realize the asset and settle the liability simultaneously.

2.12.6 *Impairment loss on the value of financial assets*

Assets at amortized cost: the Group assesses at each reporting date if there is objective evidence that a financial asset or a group of financial assets may have suffered losses by impairment accounting. A financial asset or a group of financial assets is impaired, and incurred a loss for impairment, if there is evidence objective the deterioration as a result of one or more events that occurred after the initial recognition of the asset, and that event (or events) that causes of loss makes an impact on the estimated future cash flows of the financial asset or group of financial assets that can be estimated reliably.

Table of Contents

Among the evidence of loss the impairment they may include indications that the debtors or a group of debtors is experiencing significant financial difficulties, non-payments or delays in the payment of interest or principal, the probability that will enter in a bankruptcy situation or in any other situation of financial reorganization, and when observable data indicate that there is a susceptible to valuation decrease in the estimated future cash flows such as changes in payment terms or economic conditions that correlate with defaults.

For the category of loans and accounts receivable, as shown in 2.12.2, the amount of the provision for loss of value is the difference between the net book value and the present value of future cash flows discounted at the original effective rate of the financial asset. The variation of the provision for loss of value is recognized in the results of the company. The carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated statement of income. If an investment held to maturity or a loan has a variable interest rate, the discount rate to assess any loss the impairment is determined in accordance with the contract current effective interest rate.

If in a later period, the amount of the impairment loss decreases and the decrease can be attributed objectively to an event occurred after the impairment has been recognized (such as an improvement in the creditworthiness of the debtor), the reversal of previously recognized impairment is recognized in the consolidated statement of income.

Assets classified as held for sale: the Group assesses at the end of each accounting period whether there is objective evidence that a financial asset or group of financial assets has deteriorated. For debt instruments, the group uses the criteria explained above for assets at amortized cost. In the case of investments in heritage instruments classified as held for sale, a significant or prolonged decline in the fair value of the instrument below its cost, is also considered evidence that the asset has deteriorated. If there is this type of evidence for the financial assets available for sale, the loss accumulated - valued as the difference between the acquisition cost and the current fair value, less any impairment of that financial asset previously recognized in results - is removed from the heritage and is recognized in results. Impairment losses recognized in the income statement consolidated by equity instruments are not reversed in the consolidated statement of income. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be attributed objectively to an event happened when impairment losses are recognized in the result, the impairment loss will revert in the consolidated statement of income.

2.13 Derivative financial instruments and hedging activity.

The derivative financial instruments are initially recorded at fair value on the date a derivative contract is entered and are subsequently re-measured at their fair value through the income account, except in the specific case of the accounting of hedging instruments. In order to classify a derivative as a hedging instrument for accounting purposes, the Company documents (i) as of the transaction date or at designation time, the relationship or correlation between the hedging instrument and the hedged item, as well as the risk management purposes and strategies, (ii) the assessment, both at designation date as well as on a continuing basis, whether the instrument used is effective to offset changes in fair value or in the cash flow of the hedged item. A hedge is considered effective when changes in the fair value or in the cash flow of the underlying directly attributable to the risk hedged are offset with the changes in fair value, or in the cash flow of the hedging instrument with effectiveness between 80% to 125%.

The method to recognize a gain or loss resulting from each valuation will depend on whether the derivative is designated as a hedge or not, and on the nature of the inherent risk of the hedged party. The Group designates certain derivatives as: i) fair value hedge of assets and liabilities recorded in the statements of financial position and; ii) hedge of asset and liability cash flows recorded in the statements of financial position as highly probable transactions.

Hedges that meet the strict hedging accounting criteria are booked in accordance with IAS 39 "Financial instruments: Recognition and Measurement."

Table of Contents

The Group documents at the inception of the transaction the relationship between the hedging instrument and the hedged item, as well as its risk management objective and strategy for undertaking various hedging transactions. The Company also documents their evaluation, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly offsetting changes in fair values or cash flows of the hedged items.

2.13.1 Fair value hedge.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of income, together with any changes in the fair value of the covered parties that can be attributable to the hedged risk.

The gain or loss related to the effective portion of interest rate swaps that hedge the loans at fixed interest rates is recognized in the statement of gains and losses as “financial expenses.”

The gain or loss related to the ineffective portion is also recorded in the statement of income. The changes in the fair value of the loans at a fixed rate that can be related to the interest rate risk are recorded in the statement of income under “financial expenses.”

If the hedge ceases to comply with the requirements to be recorded following the hedge accounting guidance, the adjustment in the book value of the hedged party for which the effective rate method is being used will be amortized in income over the remaining period until its maturity.

2.13.2 Cash flows hedges

The effective portions of the changes in the fair value of derivatives that have been designated and qualify as cash flows hedges are recorded in net equity through other comprehensive income. The gain or loss related to the ineffective portion is recorded immediately in the statement of income as “other income (loss)”...

The accumulated amounts in net equity are included in the statement of income in the periods in which the hedged parties impact the income account.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecasted transaction is ultimately recognized in the statement of income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the statement of income within “other gains/(losses)—net”.

Table of Contents

2.13.3 *Financial assets—options.*

In order to determine the fair value of call options (a financial asset), the company considers the net present value of the discounted cash flows of the underlying asset and an analysis of market comparable.

Options contracts incorporated into the agreements between Cencosud S.A. and UBS A.G. London Branch “UBS” (note 23.5) are recognized in the financial statements of Cencosud S.A. as follows:

- The put option was initially accounted for as a liability with a charge to the equity account other reserves, at the present value of the estimated exercise price, in accordance with the provisions of IAS 32 “Financial Instruments: Presentation.”
- After the initial recognition, all variations in the value of the put option are recorded against profit and loss.
- After their initial recognition, the call option is accounted at fair value through profit or loss. The fair value is the present value of the difference between the amount to be paid to exercise the option and the fair value of the underlying shares.
- If the call option is exercised, the asset will be derecognized together with the cash provided as the exercise price, with a credit to non-controlling interest and other reserves within equity. The liability for the put option will be reversed with a credit to the equity account other reserves.
- If the put option is exercised, the corresponding liability will be derecognized with a balancing entry for the cash outflow given as the exercise price. The non-controlling interest will be derecognized against the asset for the call option (if any) and against the equity account other reserves.

The Cencosud acquired 38.6062% of the stocks of Jumbo Retail Argentina S.A., held by UBS. Additionally, Cencosud and UBS agreed on ceasing the call and put option contracts. The impact from this transaction was presented in other reserves in the statement of changes in net equity.

2.14 *Inventory.*

Assets recorded under inventory are stated at the lower value between acquisition cost or production cost, and the net realizable value.

The net realizable value is the estimated sales price in the normal course of operations, less estimated costs necessary to complete the sale.

Commercial and other discounts as well as other similar entries are deducted in the determination of the acquisition price.

The valuation method of the inventory is the Weighted Average Cost.

The cost of inventory includes all the costs related to the acquisition and transformation of the inventory, as well as other costs that may have been incurred to achieve their current condition and location, among which the cost of consumed material, labor, and manufacturing expenses are included.

Table of Contents

2.15 *Trade debtors and other receivables.*

Trade accounts receivable are recognized initially at their fair value (nominal value including an implicit interest) and subsequently recorded at their amortized cost according to the effective interest rate method, less the impairment allowance.

A value impairment allowance for trade accounts receivable is set when there is objective evidence that the Company will not be able to collect all the payments according to the original terms of the accounts receivable. Some indicators of potential impairment of accounts receivable are debtor's financial difficulties, probability that the debtor will start a bankruptcy process or a financial restructuring, default or failure to pay, as well as the experience related to the behavior and characteristics of the collective portfolio.

The implicit interest is separated from the rest of the balance and is recorded as a financial income as the interests are accrued.

The amount of the allowance is the difference between the book value of the asset and the present value of the estimated future cash flows, discounted at the effective interest rate. The book value of the asset is reduced through the allowance account and the amount of the loss is recorded in the income statement.

2.16 *Cash and cash equivalents.*

Cash and cash equivalents include cash-in-hand, time deposits at financial entities, other liquid short-term investments with a high liquidity usually with an original maturity of up to three months and bank overdrafts. In the statement of financial position, if there are overdrafts, these are recorded under the line other financial liabilities within the line bank loans.

2.17 *Loans and other financial liabilities.*

Loans, debt arising from bond issuances and financial liabilities are initially recorded at their fair value, less the transaction costs that are directly related to the transaction. Afterwards, the financial liabilities held by the Group are measured at their amortized cost using the effective rate method.

The effective rate is that which matches future payments with the net initial value of the liability.

The financial liabilities are discharge when the obligation is cancelled, liquidated or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an Exchange or modification is treated as low account of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the income statement

2.18 *Trade payables and other payables.*

The trade creditors and other accounts payable are recorded at their nominal value, as their average payment terms are small and there is not a relevant difference with their fair value.

Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.19 *Provisions.*

Provisions are recorded in the statements of financial position when:

- a. The Group has a present obligation (either legal or implicit) as a result of past events,
- b. It is probable that a resource outflow will occur that incorporate economic benefits to extinguish the obligation, and
- c. A reliable estimate of the amount of the obligation can be made.

Table of Contents

Provisions are measured at the present value of the cash outflows that are expected to be necessary to settle the liability, considering the best information available at the date of the annual financial statements, and are restated at the closing of each accounting period. The discount rate used to establish the present value reflects the current market assessments, at the date of the financial statements, of the time value of money, as well as the specific risk related to the specific liability.

Table of Contents

2.20 *Employee benefits*

2.20.1 *Staff vacations.*

The Company records vacation benefits expense following the accrual method. This benefit corresponds to all the personnel and is equivalent to a fixed amount according to the contracts of each employee. This benefit is recorded at its nominal value.

2.20.2 *Employee Benefit Plans*

The Group, in its Brazilian operations has a pension plan among other benefits with the employees. These commitments, both defined benefit and defined contribution, are instrumented through pension plans.

The Group's net obligation in respect of defined benefit plan is calculated separately for each plan by estimating the amount of the future benefit that the employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any refund from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to the defined benefit plans are recognized in profit and loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that related to past service or the gain or loss on curtailment is recognized immediately in profit and loss. The Group recognizes gain and losses on the settlement of a defined benefit plan when the settlement occurs.

Defined Contribution plans

Obligations for contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

2.21 *Revenue recognition.*

Revenue recognition corresponds to the gross entry of economic benefits during the period from the Group operations. The revenue amount is shown net of any tax levy, price discounts and other items that impact the sales price.

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The group recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the group's activities, as described below. The group bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Ordinary revenue from sales of goods.

The sales of goods are recorded when the risks and benefits that rise from the ownership of the goods are substantially transferred, the amount of the income can be accurately calculated, and the collection of the sales is deemed probable.

Table of Contents

Ordinary revenue from leases.

Revenue obtained from leases is recognized in a straight-line over the life of the corresponding contracts as per IAS 17.

Interest income.

The financial income derived from the Group's commercial cards is recorded on an accrual basis according to the terms agreed upon with the customers. Interest is recognized using effective interest rate method.

When a loan and receivable is impaired, the group reduces the carrying amount to its recoverable amount, which is the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognized using the original effective interest rate.

Revenues from insurance brokerage, travel agencies and family entertainment centers.

The Company has income from personal and/or large-scale insurance brokerage exclusively to customers of the companies involved in the Group. The commission is recognized as earned over the term of the related coverage.

The Company generates revenues from domestic and international travel agency services. Commissions are recognized monthly and when the risks and benefits inherent in the transactions have been transferred to third parties.

The Company has revenues from of family entertainment services which are part of the malls of the Group. Revenue is recognized when services have been effectively provided.

Customer loyalty program.

The Group operates a loyalty program where customers accumulate points for purchases made, which entitle them to discounts on future purchases. The reward points are recognized as a separately identifiable component of the initial sale transaction by allocating the fair value of the consideration received between the award points and the other components of the sale such that the reward points are initially recognized as deferred income at their fair value.

Revenue from the reward points is recognized when the points are redeemed. Breakage is recognized as reward points are redeemed based upon expected redemption rates. Reward points expire 12 months after the initial sale.

2.22 ***Deferred income.***

Cencosud registers deferred income for various transactions from which cash is received and when the conditions to register the income described in Note 2.21 have not been met, such as cash received at the beginning of the issuance of the Group's investment property rental contracts.

Deferred income is recorded in the statement of income on an accrual basis and when the commercial and contractual conditions are met.

2.23 ***Leases.***

Leases are classified as financial when they substantially transfer all the risks and benefits related to the ownership of the good. All other leases are considered as operating.

Goods acquired through a finance lease are recorded as non-current assets, and are initially measured at the present value of the minimum future payments or at its fair value if it is lower, reflecting the corresponding debt with the lessor as a liability. The payments made are detailed between the debt repayment and the corresponding financial burden, which is recorded as a financial expense for the year.

In the case of operating leases, the expense is recorded in a straight line according to the life of the lease contract for the fixed lease portion. The contingent leases are recorded as an expense of the period in which the payment appears probable, as well as the increments of fixed rent indexed by the fluctuation of the consumer price index.

Table of Contents

2.24 *Current and deferred income taxes.*

The tax expense for the period is comprised of current and deferred tax. Tax is recognized in the statement of income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current tax is that which is estimated that will be paid or recovered during the period, using approved legal tax rates, or about to be approved at the date of the financial position statement, corresponding to the current period and including an adjustment corresponding to income taxes payable or recoverable from prior periods.

The deferred tax is calculated using the liability method, which identifies the temporary differences that arise from carrying balances used for the purpose of financial information and those used for tax purposes. The deferred tax liability corresponds to the amounts payable in the future from the temporary tax differences, and the deferred tax assets are those amounts recoverable as a result of temporary deductible differences, compensating negative taxable income balances or tax deductions pending application.

The assets and liabilities from deferred income taxes are measured at the rates applicable in the corresponding periods when the assets will be realized or the liabilities will be paid, based on approved current legal regulations at the date of the financial statements and after considering all tax consequences that derive from the way that the Group expects to recover the assets and liquidate the liabilities.

A deferred income tax asset is recorded only up to the point that it is probable that there will be future fiscal gains, against which unused fiscal credits can be applied. The deferred income tax assets accounted for, as well as those not accounted for, are subject to review at every closing date.

The deferred income tax rate is accrued from the temporary differences that arise from the investments in subsidiaries and affiliates, except when the Company has control over the time when the temporary differences will be reversed, and what it is probable that the temporary difference will not be reversed in the foreseeable future.

The deferred income tax assets and liabilities are recorded in the consolidated financial statements as non-current assets and liabilities, independently of their expected date of realization or liquidation.

The deferred income tax assets and liabilities are compensated when there is a legally executable right to compensate the current tax assets with the current tax liabilities and when the deferred income tax asset and liability are related to the income tax that is levied by the same tax authority to the same tax subject or to different tax subjects where there is the intention of liquidating the balances over a net basis.

2.25 *Payment of dividends.*

The payment of dividends to the Company's shareholders is recorded as a liability in the annual accounts of the Group in the period in which the dividends are approved by the Company's shareholders or when the corresponding liability is accrued according to legal regulations or the by-laws set at the Shareholders' Meeting.

Law 18,046, requires the distribution of at least 30% of the net results for the year, unless the Shareholders provided by unanimity of the issued voting otherwise. In compliance with this requirement, the Company provisions 30 % of the net result thereof less dividends paid on a temporary basis during the year as minimum dividend.

2.26 *Paid-in capital.*

The Company's paid-in capital is represented by ordinary shares.

The incremental costs that can be directly allocated to the issuance of new shares are presented as a reduction to net equity, net of income taxes.

Table of Contents

2.27 *Share-based payments.*

Compensation plans implemented through the use of stock options are recognized in the financial statements applying IFRS 2 “Share-based payments”, booking the expenses associated with the services provided by company executives at the time that these are incurred booking a credit in the account of other equity reserves.

The Company determines the fair value of the services received by referring to the fair value of the equity instruments at the date on which they are issued. The plan that issues the stock options based on continued employment assumes that the services will be received on a lineal basis up to the maturity date of the stock options. Likewise, in the case of stock options based on performance, it is assumed that the services will be received on a lineal basis up to the maturity date of the stock options.

The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted, including any performance condition and to have a current employment contract with the Company or any of its subsidiaries in Chile or abroad and the employment relationship has-not been interrupted from the date of signature of this contract until the date of execution of stock options.

At each year end, the Company reviews the estimations of the number of options that can be exercised.

Once the options are exercised, the Company will decide if new compensation payments in shares will be issued

2.28 *Non-current assets classified as held for sale.*

Non-current asset (or a group of assets for disposal) will be classified as held for sale if their carrying amount will be recovered primarily through a transaction of sale, rather than by its continued use and a sale is considered highly probable.

The non-current asset (or assets for disposal groups) classified as held for sale, will be measured at the lower of their carrying amount or fair value less costs to sell.

Non-current assets will not be depreciated (or amortized) as long as they are classified as held for sale, or are part of an asset for a disposal group classified as held for sale. However, continue to recognizing both interest and other expenses attributable to the liabilities of a group of assets for disposal that have been classified as held for sale.

2.29 *Discontinued operations.*

A discontinued operation is a component of the entity that has been disposed of, or has been classified as kept for sale, and:

- a) Represents a separate major of business or a geographical area of operations, which is significant and can be separated from the rest of the Company;
- b) Is part of a single co-ordinated plan to dispose of a separate major line of business or a geographical area of the operation that is significant and can be considered to be separated from the rest of the Company; or
- c) Is a subsidiary acquired exclusively with a view to resale

2.30 *Cost of sales.*

Cost of sales includes the cost of acquiring products sold and other costs incurred to bring inventory to the locations and conditions necessary for their sale. These costs primarily include acquisition costs net of discounts obtained, non-recoverable import expenses and taxes, insurance and costs for transporting products to distribution centers.

Cost of sales also includes losses related to the credit card receivable portfolio from the financial services segment.

2.31 *Other expenses by function.*

Other expenses by function includes, primarily, advertising expenses that the company incurs to promote its products and brands.

Table of Contents

2.32 *Distribution costs.*

Distribution costs include all expenses necessary to deliver products to customers.

2.33 *Administrative expenses.*

Administrative expenses include payroll and personnel compensation, depreciation of property, plant and equipment for administrative purposes, amortization of non-current assets, and other overhead and administrative expenses.

2.34 *Change in accounting policies*

The Group has adopted the new accounting policies and pronouncements as set out in note 2.2, none of the new amendments and pronouncements had a significant impact on the group's consolidated financial statements in 2013.

2.35 *Non-cash transactions*

Except for the acquisitions of assets through finance leases, the Group has not entered into any non-cash investing or financing transaction. See note 17.5.

Table of Contents

3 Risk management policies

3.1 Position-taking financial instruments.

3.1.1 Categories of financial instruments (classification and presentation).

The Company's position-taking instruments are classified based on their nature, characteristics and the purpose for which they have been acquired or issued.

As of December 31, 2014, and 2013 the Company classifies its financial instruments as follows: Table 1-1. Classification of financial instruments.

December 2014

Classification	Group	Type	Note	At amortized cost		At fair value	
				Book value ThCh\$	Fair value (Informational) ThCh\$	Book value ThCh\$	
At fair value through profit or loss	Mutual funds	Mutual fund shares	6			37,328,837	
	Derivatives	Forward				3,844,213	
	Other financial instruments	Shares		6			42,780
		Financial investments long term		6			6,563,165
		Other financial investments		6			210,306
Credit cards and Trade receivables, net	Cash and equivalents	Cash balances	5	44,859,904	44,859,904		
		Bank balances	5	129,874,187	129,874,187		
		Short-term deposits	5	44,137,702	44,137,702		
		receivables, net	8	816,354,109	826,069,978		
		Receivables from related entities, current	9	1,371,016	1,371,016		
		Receivables due from Bretas	6	16,938,176	16,938,176		
Financial liabilities and payables	Bank loans (1)	Current	17	629,083,332	609,653,255		
		Non-Current	17	695,092,202	710,054,526		
	Bond debt (1)	Current	17	50,539,046	49,313,910		
		Non-Current	17	1,656,384,016	1,712,663,485		
	Other loans (leases)	Current	17	2,671,208	2,671,208		
		Non-Current	17	31,558,878	31,558,878		
	Debt purchase Subsidiaries (Bretas—Prezunic and Johnson's)	Current	17	25,542,999	25,542,999		
		Non-Current		19,681,149	19,681,149		
	Other financial liabilities—other	Current	17	5,939,949	5,939,949		
		Trade payables,	18	1,768,572,529	1,768,572,529		
	Withholding taxes	Non-Current	18	29,125,971	29,125,971		
		Current	18	214,513,580	214,513,580		
Payables to related entities, current	Non-Current	18	5,323,949	5,323,950			
	Current	9	3,302,006	3,302,006			
Hedges	Hedging derivatives	Cash flow hedging Liabilities	17			382,754	
		Cash flow hedging assets	6			220,058,333	
		Fair Value hedging assets				65,272,783	

Table of Contents

December 2013

Classification	Group	Type	Note	At amortized cost		At fair value	
				Book value ThCh\$	Fair value (Informational) ThCh\$	Book value ThCh\$	
At fair value through profit or loss	Mutual funds Derivatives	Mutual fund shares	6			40,759,800	
	Other financial instruments	Shares	6			38,198	
		Financial investments long term	6			8,785,942	
		Other financial investments	6			185,553	
Credit cards and Trade receivables, net	Cash and equivalents	Cash balances	5	47,627,336	47,627,336		
		Bank balances	5	105,893,186	105,893,186		
		Short-term deposits	5	18,191,103	18,191,103		
	Receivables Credit card and Trade (2)	receivables, net	8	1,289,287,365	1,368,550,076		
		Receivables from related entities, current	9	432,303	432,303		
	Financial liabilities and payables	Bank loans (1)	Receivables due from Bretas	6	15,031,535	15,031,535	
			Current	17	441,070,635	443,902,235	
		Bond debt (1)	Non-Current	17	420,811,688	422,705,217	
			Current	17	74,815,992	76,569,908	
		Other loans (leases)	Non-Current	17	1,676,045,068	1,766,658,876	
Current			17	4,808,673	4,808,673		
Time deposits and Term savings accounts		Non-Current	17	27,779,079	27,779,079		
		Current	17	151,918,114	151,918,114		
Debt purchase Subsidiaries (Bretas—Prezunic and Johnson's)		Non-Current	17	48,923,826	48,923,826		
		Current	17	53,727,111	53,727,111		
Letters of credit	Non-Current	17	34,919,748	34,919,748			
	Current	17	9,511,591	9,511,591			
Other financial liabilities—other	Current	17	12,450,378	12,450,378			
	Trade payables,	Current	18	1,737,920,899	1,737,920,899		
Withholding taxes	Non-Current	18	4,956,289	4,956,289			
	Current	18	220,072,319	220,072,319			
Payables to related entities, current	Non-Current	18	3,998,528	3,998,528			
	Current	9	556,494	556,494			
Hedges	Hedging derivatives	Cash flow hedging Liabilities	17			358,936	
		Cash flow hedging assets	6			80,099,525	
						(2,911,255)	

(1) The fair value for disclosure purposes has been determined using discounted cash flow. Significant inputs include the discount rate used to reflect the credit risk associated with Cencosud S.A., these inputs are within level 2 of the fair value hierarchy.

(2) The fair value of current receivables is not notably different to its carrying amount, as the impact of discounting is not significant.

Table of Contents

3.1.2. *General characterization.*

The Company maintains instruments classified at fair value through profit and loss for trading and risk management (derivate instruments not classified as cash flow or fair value hedges purposes). This category is comprised mainly of investments in mutual funds and derivatives.

The category “loans and Trade receivables net” includes bank balances, time deposits and receivables mainly from the credit card business, receivables from consumer credit loans of Banco Paris and notes receivable from customers when credit is extended using post-dated checks. As a result, this category of financial instruments combines the objectives of surplus optimization, liquidity management and financial planning to satisfy the Company’s working capital needs.

Financial liabilities maintained by the Company include obligations with banks and financial institutions, bond issuances and payables, and certificate of deposit issued by Banco Paris and other liabilities.

Lastly, the Company has classified as hedges those derivative instruments determined to be highly effective in offsetting exposure to changes in the hedged item attributable to the hedged risk.

3.1.3. *Accounting treatment of financial instruments (Note 2, accounting policies).*

3.1.4. *Valuation methodology (initially and subsequently).*

Financial instruments that have been accounted for at fair value in the statement of financial position as of December 31, 2014 have been measured using the methodologies as set forth in IAS 39. These methodologies applied for each class of financial instruments are classified using the following hierarchy:

Level I: The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm’s length basis. The quoted market price used for financial assets held by the group is the current bid price.

Level II: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Level III: Inputs for assets or liabilities that are not based on observable market data.

Table of Contents

The Group has established control framework with respect to the measurements of fair value. This includes a valuation team that has an overall responsibility for overseeing all significant fair value measurements, including level 3 fair values, and reports directly to the regional CFO.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence from third parties to support the conclusion that such valuations meet the requirements of IFRS, including the fair value hierarchy in which such valuation should be classified.

Taking into account the nature and characteristics of the instruments maintained in its portfolio, the Company classifies its valuation methodologies in the three aforementioned levels. Currently, the valuation process considers internally developed valuation techniques, for which parameters and observable market inputs are used, mainly using the present value methodology.

In 2014, the Group has no financial instruments that have been valued using inputs assessed as level III, however, the procedures above are in line with the Group policies regarding the estimation and review of the inputs used in fair-valuing financial asset and recurrent and non-recurrent non-financial assets, see note 4.

Table of Contents

The table below presents the percentage of financial instruments, valued under each method, compared to their total value.

Table 1-4. Successive valuation methodologies.

December 2014

Classification	Group	Type	Note	Valuation method			Amortized	
				Value ThCh\$	Level I %	Level II %	Level III %	cost %
At fair value through profit or loss	Mutual funds	Mutual fund shares	6	37,328,837	100			
	Derivatives	Forward	6	3,844,213	—	100		
	Shares	Shares	6	42,780	100			
	Other financial Instrument		Highly liquid financial instruments	6	6,563,165	100		
			Other financial investments	6	210,306	100		
Credit cards and trade Receivables, net	Cash and cash equivalents	Cash balances	5	44,859,904			100	
		Bank balances	5	129,874,187			100	
		Short-term deposits	5	44,137,702			100	
	Receivables	Credit card and trade receivables, net	8	16,938,176			100	
		Receivables due from Bretas	6	816,354,109			100	
	Receivables from related entities	Receivables from related entities, current	9	1,371,016			100	
	Financial liabilities and payables	Bank loans	Current	17	629,083,332			100
Non-Current			17	695,092,202			100	
Bonds payable		Current	17	50,539,046			100	
		Non-Current	17	1,656,384,016			100	
Other loans (lease)		Current	17	2,671,208			100	
		Non-Current		31,558,878			100	
Debt purchase Bretas		Current	17	25,542,999			100	
		Non-Current	17	19,681,149				
Other financial liabilities		Current	17	5,939,949			100	
Trade payables		Current	17	1,768,572,529			100	
		Non-Current	17	29,125,971			100	
Withholding taxes		Current	18	214,513,580			100	
		Non-Current	18	5,323,949			100	
Payables to related entities	Current	18	3,302,006			100		
Tax liabilities	Current	9	60,615,912			100		
Hedges	Hedging derivatives	Cash flow hedging liabilities	17	382,754		100		
		Cash flow hedging assets	6	220,058,333		100		
		Cash flow fair value	6	65,272,783		100		

Table of Contents

December 2013

Classification	Group	Type	Note	Valuation method			Amortized
				Value ThCh\$	Level I %	Level II %	Level III %
At fair value through profit or loss	Mutual funds	Mutual fund shares	6	40,759,800	100		
	Shares	Shares	6	38,198	100		
	Other financial Instrument	Highly liquid financial instruments	6	8,785,942	100		
		Other financial investments	6	185,553	100		
Credit cards and trade Receivables, net	Cash and cash equivalents	Cash balances	5	47,627,336			100
		Bank balances	5	105,893,186			100
		Short-term deposits	5	18,191,103			100
	Receivables	Credit card and trade receivables, net	8	1,289,287,365			100
		Receivables due from Bretas	6	15,031,535			100
		Receivables from related entities, current	9	432,303			100
Financial liabilities and payables	Bank loans	Current	17	441,070,635			100
		Non-Current	17	420,811,688			100
	Bonds payable	Current	17	74,815,992			100
		Non-Current	17	1,676,045,068			100
	Other loans (lease)	Current	17	4,808,673			100
		Non-Current		27,779,079			100
	Deposits and savings Accounts	Current		151,918,114			100
		Non-Current	17	48,923,826			100
	Debt purchase Bretas	Current	17	53,727,111			100
		Non-Current	17	34,919,748			100
	Letters of credit	Current	17	9,511,591			100
	Other financial liabilities	Current	17	12,450,378			100
	Trade payables	Current	17	1,737,920,899			100
		Non-Current	17	4,956,289			100
Withholding taxes	Current	18	220,072,319			100	
	Non-Current	18	3,998,528			100	
Payables to related entities	Current	18	556,494			100	
Tax liabilities	Current	9	63,131,459			100	
Hedges	Hedging derivatives	Cash flow hedging liabilities	17	358,936		100	
		Cash flow hedging assets	6	80,099,525		100	
		Fair value hedging assets		(2,911,255)		100	

Level I instruments are accounted from prices in an active market for directly observable and identical asset and liabilities.

Instruments classified as Level II correspond mainly to interest rate and cross currency swaps that have been valued by discounting the future cash flows stipulated in the contract for both the asset and liability component of each instrument. The structure of interest rates used to bring the future cash flows to present value is constructed based on the currency of each component and inferred from transactions involving risk-free instruments in the relevant market.

In order to estimate the fair value of debt instruments not accounted for at amortized cost, the Company has estimated the cash flows from variable interest obligations using relevant swap curves. The structure of interest rates used to bring the future cash flows to present value is constructed based on the currency of each obligation and corresponds to the risk-free curve in the relevant market plus a credit spread inferred from the initial contractual conditions of each obligation.

Table of Contents

In addition, the fair value for informational purposes (Table 1-1) has been estimated for those instruments accounted for at amortized cost. For instruments maturing in less than one year, the Company has determined that the fair value does not differ significantly from the book value presented. The criteria adopted is applied to balances maintained in trade and other receivables, cash and cash equivalents, trade and other payables and the current portion of bank loans and bonds payable.

The Group recognizes transfers between levels of the fair value hierarchy at the end the reporting period during the change has occurred. As of December 31, 2014, there have been no transfers between level I and II, and transfers out of level III to another level of fair value.

3.1.5 Master netting or similar agreements

The Group does not have any hedged positions that qualify for netting mostly due to; (a) the hedge activities that the Group uses mostly relate to financial liabilities such as bank obligations and bonds, and (b) the position of the fair value of these derivatives contracts, hedging interest rate and exchange rates fluctuations, were favorable and thus presented as a assets as of December 31, 2014 and 2013.

3.1.6 Particular effects on equity accounts.

As of December 31, 2014, the Group presents in the statement of equity the effect relating to derivatives instruments for cash flow hedges deemed as effective, namely derivative contracts (cross currency swaps) with Banco Santander for UF 2,257,437 (equivalent to 280,000,000 soles) related to Incabond Hedge which maturity date is in 2018, hedges by US\$ 535,000,000 related to the 144a bond issuance which maturity is on 2021, hedges by US\$ 910,000,000 related to the 144a bond issuance which maturity is on 2023, hedges by US\$ 100,000,000 related to the Scotiabank which maturity is on 2017, hedges by US\$ 45,000,000 related to the Rabobank which maturity is on 2018, hedges by US\$ 50,000,000 related to the Rabobank which maturity is on 2020, hedges by US\$ 50,000,000 related to the Mizuho which maturity is on 2019, hedges by US\$ 50,000,000 related to the Sumitomo which maturity is on 2019, and hedges by US\$50,800,000 related to bank loans belongs to the subsidiary in Peru.

At December 31, 2014, the Company had 400,000,000 USD in forwards mainly associated with the coverage rate of the unpaid balance of the loan with HSBC short term. These operations allow inhibiting impact on results for the exchange difference arising from these obligations in USD

During the first quarter of 2013, the Company settled US\$1,650,000,000 forward derivatives hedging exchange rate fluctuations relating to the JP Morgan Bridge Loan.

As of December 31, 2012 the company present US\$1,650,000,000 short term forwards derivatives to hedge the exposure to the fluctuation of the foreign exchange rates related to the outstanding balance of the bridge loan with JP Morgan bank. As for this short term operation, the company had a "Roll-over" strategy of automatic renewal which continued until the stockholders meeting approved the issuance of new shares, which occurred during first semester of 2013. Those hedge transactions allowed to the company hedge the foreign exchange income statement impact due to debt denominated in foreign exchange.

3.1.7 Reclassifications.

As of the end of this reporting period, the Company has not reclassified any entries in the aforementioned financial instrument categories.

3.1.8 Embedded derivatives.

As of the end of this reporting period, the Company has not identified any embedded derivatives that should be valued independently from the host contract.

3.1.9 Non-compliance.

As of the end of this reporting period, the Company has not identified any non-compliance with the conditions related to outstanding liabilities.

Table of Contents

3.1.10. Hedges.

The Company has entered into derivative contracts to hedge risks of fluctuations in exchange rates and interest rates. These instruments have been designated as hedges of eligible items and have been valued and accounted for as defined in the accounting criteria described in note 2.13.

Although the Company holds positions in financial instruments as part of its overall financial risk management strategy, only the following derivative instruments have been classified as accounting hedges:

Table 1-10. Hedges.

2014

Hedge type	Risk	Hedge subject classification	Group	Type	Book value (ThCh\$)	Hedging instrument		Fair value (ThCh\$)	Note
						Group	Type		
Cash flow	Interest rate	Financial liability	Bank obligations	IFC Credit	—	Derivate	Interest rate swap	(382,754)	17
							Sub—total derivative	(382,754)	
Cash flow	Interest rate and exchange rate	Financial Asset	Bonds payable	US bond	—	Derivate	Cross currency swap	105,854,109	6
Cash flow	Interest rate and exchange rate	Financial Asset	Bonds payable	Inacabond 1	—	Derivate	Cross currency swap	1,267,147	6
Cash flow	Interest rate and exchange rate	Financial Asset	Bank obligations	Bank of Tokio	—	Derivate	Cross currency swap	531,063	6
Cash flow	Interest rate and exchange rate	Financial Asset	Bank obligations	Banco BBVA NY	—	Derivate	Cross currency swap	3,467,839	6
Cash flow	Interest rate and exchange rate	Financial Asset	Bank obligations	Rabobank Crédito	—	Derivate	Interest rate swap	740,032	6
Cash flow	Interest rate and exchange rate	Financial Asset	Bank obligations	Rabobank Crédito	—	Derivate	Cross currency swap	6,677,537	6
Cash flow	Interest rate and exchange rate	Financial Asset	Bank obligations	Scotiabank Crédito	—	Derivate	Cross currency swap	8,101,046	6
Cash flow	Interest rate and exchange rate	Financial Asset	Bonds payable	US Bond - 2	—	Derivate	Cross currency swap	154,407,519	6
Cash flow	Interest rate and exchange rate	Financial Asset	Bonds payable	Mizuho Crédito	—	Derivate	Cross currency swap	2,090,495	6
Cash flow	Interest rate and exchange rate	Financial Asset	Bonds payable	Sumitomo Crédito	—	Derivate	Cross currency swap	2,194,329	6
Cash flow	Interest rate and exchange rate	Financial Asset	Bonds payable	HSBC	—	Derivate	Forward	3,844,213	6
							Sub—total derivative	289,175,329	

<u>Hedge type</u>	<u>Risk</u>	<u>Hedge subject classification</u>	<u>Group</u>	<u>Type</u>	<u>Book value</u> (ThCh\$)	<u>Hedging instrument</u>		<u>Fair value</u> (ThCh\$)	<u>Note</u>
						<u>Group</u>	<u>Type</u>		
Cash flow	Interest rate	Financial liability	Bank obligations	BBVA NY	—	Derivate	Cross currency swap	(111,456)	17
Cash flow	Interest rate	Financial liability	Bank obligations	IFC Credit	—	Derivate	Interest rate swap	(247,480)	17
							Sub—total derivative	(358,936)	
Cash flow	Interest rate and exchange rate	Financial Asset	Bonds payable	US bond	—	Derivate	Cross currency swap	47,842,494	6

Table of Contents

Hedge type	Risk	Hedge subject classification	Group	Type	Book value (ThCh\$)	Hedging instrument		Fair value (ThCh\$)	Note
						Group	Type		
Cash flow	Interest rate and exchange rate	Financial Asset	Bonds payable	Inacabond 1	—	Derivate	Cross currency swap	2,147,318	6
Cash flow	Interest rate and exchange rate	Financial Asset	Bank obligations	Bank of Tokio	—	Derivate	Cross currency swap	2,048,904	6
Cash flow	Interest rate and exchange rate	Financial Asset	Bank obligations	Rabobank Crédito	—	Derivate	Interest rate swap	614,017	6
Cash flow	Interest rate and exchange rate	Financial Asset	Bank obligations	Rabobank Crédito	—	Derivate	Cross currency swap	484,974	6
Cash flow	Interest rate and exchange rate	Financial Asset	Bank obligations	Scotiabank Credit	—	Derivate	Cross currency swap	657,802	6
Cash flow	Interest rate and exchange rate	Financial Asset	Bonds payable	US Bond - 2	—	Derivate	Cross currency swap	23,392,761	6
						Sub—total derivative		77,188,270	

The cash flow hedges have been evaluated as highly effective. A cash flow hedge is intended to hedge exposure to changes in the cash flows that (i) are attributed to a particular risk associated with an asset or liability recorded previously (as all or some of the future interest payments of debt at variable interest), or a highly probable forecasted transaction and that (ii) may affect profit for the year.

For the described hedge, the financial risk refers to the potential upward deviation of equivalent cash flows in the functional currency (Ch\$) such as interest payments for bonds and debt. The hedge strategy adopted enables the Company to fix the cash outflow expressed in the functional currency for all coupon payments being hedged.

3.2. Characteristics of financial risks.

The Board of Directors understands that it is imperative for the Company to have an institutional framework that protects its financial stability and sustainability by effectively managing financial risks.

In general terms, the Company's efforts are aimed at maintaining a policy that is sustainable with the development of its business, which by nature incorporates an important number of associated risks. As a result, the Company's strategy is focused on maintaining strong financial solvency, placing emphasis on obtaining the cash flows necessary for its investments, ensuring proper management of working capital and taking necessary actions to minimize the financial risk from exposure of its loan commitments in different currencies and interest rates.

The Company identifies the following risks relevant to its operations:

3.2.1. Credit risk.

The concept of credit risk refers to financial uncertainty, at different time horizons, related to complying with obligations entered into with counterparties, when contractual rights are exercised to receive cash or other financial assets from the Company.

3.2.1.1. Exposure:

The following table presents, as of December 31, 2014 and 2013, the amount in the financial asset category that best represents maximum exposure to credit risk without considering guarantees or credit enhancements.

Table of Contents

Table 2-1-1. Exposure to credit risk by financial asset category.

As of December 31, 2014

<u>Classification</u>	<u>Group</u>	<u>Type</u>	<u>Note</u>	<u>Book value</u> (ThCh\$)
At fair value through profit or loss	Mutual funds	Mutual funds shares	6	37,328,837
	Other	Other financial investments	6	3,844,213
		Shares	6	42,780
		Other financial investment	6	6,563,165
Credit cards and trade receivables net	Cash and cash equivalents	Cash balances	5	210,306
		Bank balances	5	44,859,904
		Short-term deposits	5	129,874,187
	Receivables	Credit card and trade receivables, net	8	44,137,702
		Receivables due from Bretas	6	16,938,176
		Receivables from related, current y not current (1)	8	816,354,109
	Receivables from related entities, current	9	1,371,016	

As of December 31, 2013

<u>Classification</u>	<u>Group</u>	<u>Type</u>	<u>Note</u>	<u>Book value</u> (ThCh\$)
At fair value through profit or loss	Mutual funds	Mutual funds shares	6	40,759,800
	Other	Other financial investments	6	185,553
		Shares	6	38,198
		Other financial investment	6	8,785,942
Credit cards and trade receivables net	Cash and cash equivalents	Cash balances	5	47,627,336
		Bank balances	5	105,893,186
		Short-term deposits	5	18,191,103
	Receivables	Credit card and trade receivables, net	8	1,289,287,365
		Receivables due from Bretas	6	15,031,535
		Receivables from related entities, current	9	432,303

Credit risk exposure is primarily concentrated in credit card and trade receivables, please note 8.

3.2.1.2. Effect of guarantees on exposure.

As of the end of this reporting period, the Company has not received any guarantees or other credit enhancements that impact its credit exposure detailed above. However, trade receivables are adequately covered from operating risks with life insurance policies that cover the risk of death.

3.2.1.3. Concentrations.

As of the end of this reporting period, the Company identifies its concentrations for credit risk based on the relevant counterparty for each category of financial assets.

Table of Contents

Table 2-1-2. Diversification of counterparties.

As of December 31, 2014

<u>Classification</u>	<u>Group</u>	<u>Type</u>	<u>Counterparty</u>	<u>Exposure by type of instrument</u> %
At fair value through profit and loss	Mutual funds	Mutual funds	Domestic banks	37.54
			Foreign banks	62.46
Trade receivables and credit card	Cash and cash equivalents	Cash balances	Domestic banks	25.40
			Foreign banks	74.60
		Bank balances	Domestic banks	52.97
			Foreign banks	47.03
		Short- term deposits	Domestic banks	29.36
			Foreign banks	70.64
Receivables	Trade receivables, gross	Non-financial institutions	100	
		Receivables from related entities,		
Hedging Derivatives	Derivatives	Assets hedging derivatives	Non-financial institutions	100
			Domestic banks	98.62
			Foreign banks	1.38

As of December 31, 2013

<u>Classification</u>	<u>Group</u>	<u>Type</u>	<u>Counterparty</u>	<u>Exposure by type of instrument</u> %
At fair value through profit and loss	Mutual funds	Mutual funds	Domestic banks	0
			Foreign banks	100
Trade receivables and credit card	Cash and cash equivalents	Cash balances	Domestic banks	13.88
			Foreign banks	86.12
		Bank balances	Domestic banks	58.06
			Foreign banks	41.94
		Short- term deposits	Domestic banks	40.48
			Foreign banks	59.52
Receivables	Trade receivables, gross	Non-financial institutions	100	
		Receivables from related entities,		
Hedging Derivatives	Derivatives	Assets hedging derivatives	Non-financial institutions	100
			Domestic banks	97.35
			Foreign banks	2.65

Non-financial institutions are mainly composed of clients' credit cards and receivables from other companies. (see note 8)

As presented above, a considerable portion of the Company's credit risk exposure stems from trade receivables, which, given the high degree of fragmentation of the customer portfolio (in terms of geographic location, age, socioeconomic level, among others), has been segmented using internal credit scales.

Table of Contents

3.2.1.4. Financial assets that are not in default or impaired.

As part of its credit risk management activities, the Company constantly monitors the credit quality of counterparties for financial assets that are not in default or impaired. The following table details the credit quality by financial entity of the Company's investments:

As of December 31, 2014

<u>Type</u>	<u>Counterpart</u>	<u>Amount of exposure</u> (ThCh\$)	<u>Credit quality</u>	
			<u>Solvency</u>	<u>Outlook</u>
Mutual funds	Foreign banks	23,317,170	(*)	Stable
	BCI bank	860,000	AA+	Stable
	Banchile	13,151,667	AA+	Stable
Financial instruments	Bonds - Central bank of Chile	6,563,165	AAA	Stable
Derivatives		289,175,329		Stable

(*) All mutual funds included under "Foreign banks" have international risk ratings greater than or equal to A- as required by the Company's investment policy. The assets that are due but not impaired are presented in Note 8.

As of December 31, 2013

<u>Type</u>	<u>Counterpart</u>	<u>Amount of exposure</u> (ThCh\$)	<u>Credit quality</u>	
			<u>Solvency</u>	<u>Outlook</u>
Mutual funds	Foreign banks	40,759,799	(*)	Stable
Financial instruments	Bonds - Central bank of Chile	8,785,942	AAA	Stable
Derivatives		77,188,270		Stable

(*) All mutual funds included under "Foreign banks" have international risk ratings greater than or equal to A- as required by the Company's investment policy. The assets that are due but not impaired are presented in Note 8.

3.2.1.5. Credit Risk from operations other than credit card business.

Credit risk from operations other than the credit card and banking businesses is limited primarily to balances maintained in notes payable from customers for sales with post-dated checks and external credit cards, which are generally recoverable in 30, 60 and 90 days, and investments in time deposits, bank balances and mutual funds. The Company monitors the latter using the credit risk rating granted by risk rating agencies. In addition, it targets its investments in mutual funds toward portfolios with highly solvent underlying assets, properly diversified assets and consistent management by the fund manager.

3.2.1.6. Credit Risk from the credit card business - Also applies to non-current assets classified as held for sale (see note 34).

Given the relative importance of this exposure from the credit card business as compared to total maximum credit risk exposure, Cencosud has targeted its credit risk management toward developing a management model for its own credit cards as well as the banking business that is consistent with the Company's strategic guidelines and the profiles of its credit transactions. The model takes into consideration the large-scale and fragmented nature of the cardholder portfolio and is structured in terms of cardholder selection, portfolio management and recovery of cardholders in default.

Table of Contents

3.2.1.6.1 Business definition.

The financial business is defined as one more element of Cencosud's value offering, which complements the comprehensive product and service offerings the Company provides through each of its retail business units and is aimed at building long-term relationships with our customers. The largest percentage of the financial retail business corresponds to the Más Credit Card in Chile, which has been operating for more than 20 years. The card's market penetration is less in other countries, such as Peru where it has been available for 2 years and 6 months with the name of Banco Cencosud Peru. In addition, the Company operates with Banco Bradesco in Brazil to develop the financial business in that country.

3.2.1.6.2 Risk Model

Foundations:

The Risk Management Model is tightly linked to the large-scale and fragmented nature of the retail cardholder portfolio with a very large volume of cardholders (more than 5,000,000 in the region) and average debt per cardholder of around US\$ 500.

In this context, the challenge lies in managing the cardholder portfolio and its associated risk, building long-term relationships with cardholders and making the value proposition and the retail business sustainable over time. Risk management is structured to ensure:

- Optimum cardholder selection.
- Optimum portfolio management, which involves activating, strengthening, retaining, reducing and containing the portfolio card holders.
- Optimum collections management for cardholders in default, maximizing recovery with high standards of quality and service without affecting the relationship with Cencosud's customers.

Cardholder management efforts are broadly targeted to include all customers, from our target market to prospective customers, including those with or without retail purchases, with or without credit card movements and with or without payments in default.

a. Key Risk Management Factors

The large-scale and fragmented nature of the business determines portfolio management, in which the following key risk management factors stand out:

- Automation and centralization of decision making.
- Customer segmentation.
- Management of information and earnings projections.
- Collections management.
- Large-scale and selective control model for credit and collections circuit.
- Provision models to cover portfolio risk in line with Basel II standards.

Automation and centralization of decision making: credit and collections decisions are large-scale and automated and only minorities of decisions are analyzed by very specialized personnel. The Company features world class risk management and collections systems, including Capstone Decision Accelerator (CDA), TRIAD, Model Builder (from Fair Isaac Corporation - FICO) and Cyber Financial, among others.

Customer segmentation: processes are segmented, differentiated by strategy and action tactics per risk profile, activity level and likelihood of occurrence, among others.

Management of information and earnings projections: the Company manages comprehensive information and statistical models on all relevant business and customer variables, which allows it to make timely, prognostic decisions.

Collections management: the Company has one sole collections model for managing collections for retail cards, which uses an outsourcing collection model to efficiently recover debt through quality management of debtors.

Table of Contents

Large-scale and selective control model for credit and collections circuit: the Company has large-scale controls over all phases of the credit and collections process, from its centralized processes to its point-of-sale and collections processes.

Provision models to cover portfolio risk in line with Basel II standards: the Company has different provisions models that adhere to local regulations in each country as well as Basel II standards, in order to most adequately reflect cardholder portfolio risk. External variables which affect payment behavior are also included in statistical models for estimating provisions. The Company is making progress in each country on implementing anti-cyclical provisions based on industry best practices, starting with Chile and Peru and also during 2012 in Argentina. It also uses back testing to periodically monitor the sufficiency of the provisions it establishes.

Lastly, the Company has a corporate governance strategy that includes, among others, local Risk Committees for each country and a Corporate Risk Committee in which directors and senior executives participate. These committees have the following objectives, among others:

- Monitor the business's main risk indicators.
- Monitor the correct functioning of policies and credit and collections processes.
- Authorize entry into new markets and/or new products that impact risk.
- Authorize provisions model and monitor sufficiency.

3.2.1.7. *Liquidity risk.*

The concept of liquidity risk is used by the Company to refer to financial uncertainty, at different time horizons, related to its capacity to respond to cash needs to support its operations, under both normal and exceptional circumstances.

Table of Contents

As of December 31, 2014 and 2013, the Company presents the following maturities for its financial instruments:

Table 2-2-1. Maturity analysis.

As of December 31, 2014

Classification	Instrument	Maturity						Total liabilities ThCh\$
		0—6 months ThCh\$	6—12 months ThCh\$	1—2 years ThCh\$	2—3 years ThCh\$	3—5 years ThCh\$	More than 5 years ThCh\$	
	Total liabilities	2,430,673,854	349,782,347	370,460,528	362,496,508	518,854,758	1,936,236,784	5,968,504,779
Other financial liabilities current and non-current	Bank loans	498,539,152	149,435,250	220,850,506	226,974,267	223,824,662	70,416,371	1,390,040,208
	Bond debt	56,542,328	55,014,112	98,277,232	124,427,473	290,909,834	1,843,402,526	2,468,573,505
	Other loans	565,487	2,106,055	4,185,774	4,110,715	4,120,262	22,417,887	37,506,180
	Other financial liabilities (Cross Currency Swaps—Interest Rate Swaps)	—	382,754	—	—	—	—	382,754
	Time deposits							
	Term savings accounts							
	Letters of credit							
	Deposits and other demand deposits							
	Debt purchase Bretas—Prezunic—Johnson	—	25,542,999	12,697,096	6,984,053	—	—	45,224,148
	Other financial liabilities—Other	5,939,949	—	—	—	—	—	5,939,949
Commercial loans	Trade payables and other payables and non-current liabilities	1,872,835,239	110,250,870	34,449,920	—	—	—	2,017,536,029
	Payables to related entities	3,302,006	—	—	—	—	—	3,302,006

Table of Contents

As of December 31, 2013

Classification	Instrument	Maturity						Total liabilities
		0—6 months	6—12 months	1—2 years	2—3 years	3—5 years	More than 5 years	
		ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
	Total liabilities	2,315,049,715	466,310,043	296,269,704	355,297,339	331,096,348	2,079,392,357	5,843,415,506
Other financial liabilities current and non-current	Bank loans	155,452,528	305,116,405	128,565,783	221,372,801	95,999,770	1,093,302	907,600,589
	Bond debt	81,530,434	53,079,659	100,598,032	95,090,347	226,213,963	2,048,171,974	2,604,684,409
	Other loans	1,516,099	3,894,247	2,998,336	2,902,844	6,874,108	18,987,723	37,173,357
	Other financial liabilities (Cross Currency Swaps—Interest Rate Swaps)	314,911	—	44,025	—	—	—	358,936
	Time deposits	100,672,466	50,492,621	53,069,680	—	—	—	204,234,767
	Term savings accounts	1,049,251	—	—	—	—	—	1,049,251
	Letters of credit	—	—	2,039,031	1,011,599	2,008,507	11,139,358	16,198,495
	Deposits and other demand deposits	3,513,936	—	—	—	—	—	3,513,936
	Debt purchase Bretas—Prezunic—Johnson	—	53,727,111	32,938,814	1,980,934	—	—	88,646,859
	Other financial liabilities—Other	12,450,378	—	—	—	—	—	12,450,378
Commercial loans	Trade payables and other payables and non-current liabilities	1,957,993,218	—	8,954,817	—	—	—	1,966,948,035
	Payables to related entities	556,494	—	—	—	—	—	556,494

Table of Contents

As part of its comprehensive risk management framework, the Company has liquidity management policies aimed at ensuring timely compliance with its obligations based on the scale and risk of its operations, both under normal conditions and exceptional situations, which are defined as circumstances in which cash flows can be substantially greater than expected as a result of unforeseen changes in general market conditions or the particular situation of a certain institution. In this context, liquidity risk management tools have been designed to both ensure positioning of the statements of financial position that allows minimizing the probability of an internal liquidity crisis (prevention policies) as well as defining contingency plans to address a liquidity crisis scenario.

For such purposes, the liquidity management policies define the Company's management strategy, management's roles and responsibilities, internal limits for cash flow mismatches, sources of risk, contingency plans and internal control mechanisms.

One of the indicators used to monitor liquidity risk is the liquidity position, which is measured and controlled each day based on the difference between cash flows payable for liabilities and expense accounts and cash flows receivable from assets and income accounts for a given maturity period.

In the event of a cash deficit on a consolidated level, Cencosud S.A. has various short and long-term financing alternatives, including lines of credit with banks, access to international debt markets, liquidation of investment instruments, etc. In contrast, in the event of a cash surplus on a consolidated level, this money is invested in different investment instruments.

As of December 31, 2014, the Company has available unused lines of credit for approximately ThCh\$ 352,869,821 (ThCh\$ 325,564,823 as of December 31, 2013).

As of December 31, 2014, the company held unused line of credits as a result of Confirming operations by ThCh\$ 115,411,853 (ThCh\$ 113,001,775 as of December 31, 2013) which held the original maturities agreed with the supplier. Such operations are presented in the line trade accounts payables.

Confirming operations that consider larger payment with the bank that the original payment deadline set by the Company and its suppliers in the trade agreement amounted, in the portion corresponding to the longest period of payment to ThCh\$0 (ThCh\$ 7,612 as of December 31, 2013) in Chile and ThCh\$ 5,939,949 (ThCh\$ 12,442,766 as of December 31, 2013) in Peru, to December 31, 2014. These operations are presented under "Other financial liabilities"

These operations are monitored on a regular basis so that these exposures do not adversely affect the consolidated financial ratios according to corporate policies with the final purpose of ensuring that the liquidity ratio and short term debt are within the parameters set up by management.

3.2.1.8. *Market risk.*

The Company is exposed to market risk, which involves variations in interest and exchange rates that may affect its financial position, operating results and cash flows. The Company's hedge policy calls for a periodic review of its exposure to interest and exchange rate risk for its main assets and obligations.

3.2.1.8.1. *Interest rate risk.*

As of December 31, 2014, approximately 44% of the Company's financial debt, primarily its short-term debt and bonds, was at fixed interest rates. The remaining 56% was at variable interest rates including derivatives. Of the variable rate debt, approximately 99% is indexed to local interest rates (either as originally denominated or by re-denominating with derivatives).

The Company has identified as important its interest rate risk generated primarily from variable rate obligations, which are sensitized by measuring the impact on income of a reasonably possible variation in the observed interest rate. Following regulatory guidelines, the deviation in relevant interest rates is estimated using historical series with a daily frequency for each of the identified risk variables. The distribution of percentage changes occurring in three-month intervals is then analyzed and the extreme scenarios that fall outside a confidence interval of 95% are eliminated. The amount of the sensitized exposure corresponds to the total of the variable rate debt.

Table of Contents

For variable rate debt, the financial risk refers to the potential upward deviation of cash flows related to interest payments on obligations from a specific target, attributable to the rise in interest rates that are important to the Company's indebtedness structure, namely: LIBOR, TAB nominal and the Chamber rate (CAM), Chile.

As of and for December 31, 2014

<u>Classification</u>	<u>Currency</u>	<u>Exposure</u>	<u>Market variable</u>	<u>Change in risk factor %</u>	<u>Effect on income (ThCh\$)</u>
Net liability	USD	400,000,000	LIBOR 1M	(36.23)	101,133
				33.91	(94,648)
Net liability	Ch\$	79,508,100,000	TAB NOM 90	(42.86)	316,896
				43.19	(319,361)
Net liability	Ch\$	184,819,697,369	TAB NOM 180	(37.04)	638,566
				45.07	(777,073)
Net liability	Ch\$	607,851,430,000	CAM	(43.25)	2,147,451
				42.18	(2,094,005)
Net liability	BR\$	698,216,971	CDI	(14.82)	668,159
				13.18	(594,228)
Net liability	COP\$	296,642,344,553	DTF TA	(17.18)	135,386
				12.02	(94,704)
Net liability	COP\$	66,762,674,279	IBR	(27.01)	48,663
				19.89%	(35,829)

As of and for December 31, 2013

<u>Classification</u>	<u>Currency</u>	<u>Exposure</u>	<u>Market variable</u>	<u>Change in risk factor %</u>	<u>Effect on income (ThCh\$)</u>
Net liability	BR\$	408,216,971	CDI	(17.55)	355,709
				16.69	(338,364)
Net liability	Ch\$	79,508,100,000	TAB NOM 90	(41.98)	429,687
				42.11	(431,018)
Net liability	Ch\$	247,319.697.369	TAB NOM 180	(35.80)	1,241,252
				40.79	(1,414,333)
Net liability	Ch\$	608,001,430,000	CAM	(51.19)	2,113,604
				47,06	(3,468,242)

The effect on income obtained from a theoretical exercise shows the incremental effect generated from the reasonably possible estimated change (i.e. it corresponds to the difference between the amount that was effectively recorded for the interest payment and the amount that would have been recorded in a scenario of lower or higher interest rates).

The Company's risk management strategy is to hold its financial debt in variable rates in order to benefit from lower cost of funds and the remainder of its financial debt in fixed rates in order to reduce uncertainty stemming from variable interest payments, by denominating part of its variable interest rate liabilities into fixed rate liabilities using derivative financial instruments for these purposes, which allow the interest rate of the original obligation to be fixed.

3.2.1.8.2. Foreign exchange rate risk.

In the countries in which the Company operates, most expenses and income are in local currency. As a result, most of its debt (89%) is denominated in local currency. As of December 31, 2014, approximately 79% of the debt in U.S. dollars was hedged with cross currency swaps or other foreign currency hedges. The Company's policy is to hedge risks from variations in exchange rates on its net liability position in foreign currency using market instruments designed for that purpose.

The Company has identified as important the exchange rate risk generated from obligations in US dollars, Argentine pesos, Peruvian Nuevos Soles and Unidades de Fomento, which are sensitized by measuring the impact on income of a reasonably possible variation in observed exchange rates. Following regulatory guidelines, the deviation in relevant exchange rates is estimated using historical series with a daily frequency for each of the identified risk variables. The distribution of percentage changes occurring in three-month intervals is then analyzed and the extreme scenarios that fall outside a confidence interval of 95% are eliminated.

Table of Contents

As of and for December 31, 2014

<u>Classification</u>	<u>Currency</u>	<u>Exposure</u>	<u>Market variable</u>	<u>Closing value</u>	<u>Change in risk factor %</u>	<u>Exchange rate value</u>	<u>Effect on income (ThCh\$)</u>
Net liability	USD	573,261,055	USD-CLP	606,75	-8,95%	552,46	31,120,559
Net liability	ARG	430,004,718	ARS-CLP	71,64	9,74%	665,82	(33,863,241)
Net liability	UF	18,434,243	CLF-CLP	24.627,10	11,25%	79,70	(3,466,153)
Net liability	COP	400,779,827,586	COP-CLP	0,26	-0,496%	24.504,87	2,253,307
Net liability	PEN	541,187,436	PEN-CLP	203,54	2,460%	25.232,89	(11,167,289)
Net liability	BRL	1,025,118,587	BRL-CLP	228,19	-10,505%	0,23	10,743,949
					9,786%	0,28	(10,009,522)
					-8,387%	186,47	9,238,629
					9,450%	222,77	(10,409,018)
					-10,900%	203,32	25,497,495
					11,433%	254,28	(26,745,359)

As of and for December 31, 2013

<u>Classification</u>	<u>Currency</u>	<u>Exposure</u>	<u>Market variable</u>	<u>Closing value</u>	<u>Change in risk factor %</u>	<u>Exchange rate value</u>	<u>Effect on income (ThCh\$)</u>
Net liability	USD	564,405,018	USD-CLP	524.61	(9.17)	476.51	27,150,492
Net liability	ARS	580,926,715	ARS-CLP	80.59	10.23	578.26	(30,279,096)
Net liability	UF	30,758,874	CLF-CLP	23,306.56	11.75	90.06	(5,501,147)
Net liability	COP	339,991,902,733	COP-CLP	0.27	(0.50)	23,190.87	3,558,539
Net liability	PEN	281,143,707	PEN-CLP	187.88	2.55	23,900.74	(18,276,283)
Net liability	BRL	432,869,191	BRL-CLP	222.45	(10.24)	0.24	9,482,918
					10.23	0.30	(9,472,797)
					(8.61)	171.71	4,545,638
					9.83	206.35	(5,191,347)
					(11.19)	197.55	10,779,103
					11.74	248.57	(11,304,624)

The effect on income obtained from a theoretical exercise shows the incremental effect generated from the reasonably possible estimated change (i.e. it corresponds to the difference between the amount that was effectively recorded for exchange differences and the amount that would have been recorded in a scenario of lower or higher exchange rates).

The Company's strategy is to hold most of its financial debt in local currencies to reduce uncertainty stemming from an increase in the value of its liabilities due to foreign currency fluctuations, using derivative financial instruments for these purposes, which allow the value of the obligation to be expressed in its functional currency.

Additionally, the exposure to exchange rates for conversion of the functional currency of the subsidiaries in Argentina, Colombia, Peru and Brazil, relating to the difference between monetary assets and liabilities (e.i., those denominated in a local currency and consequently exposed to the translation from their functional currencies into the presentation currency for the Group consolidated financial statements) is hedge only when it's predictable that adverse material differences could occur and the cost related to hedging is deemed reasonable by management. The Company currently does not have any net investment hedging contracts.

Table of Contents

The Company assesses the fluctuation of the functional currencies compared to the presentation currency through a sensitivity analysis on equity and net assets in local currency using favorable and unfavorable scenarios, the amounts of exposure of all possible scenarios, including a general one, resulting from this analysis are as follows:

Currency	Rate of conversion	Scenarios	Flux on assets ThCh\$	Flux%	Flux on Equity ThCh\$	Flux %
ARG PESO	61,22	S1	(183,496,782)	-1.71	(79,807,950)	-1.86
	79,70	S2	164,306,474	1.53	71,461,542	1.67
COP PESO	0,23	S1	(146,562,723)	-1.37	(99,593,445)	-2.32
	0,28	S2	204,675,438	1.91	139,082,650	3.24
PER SOL	186,47	S1	(95,730,986)	-0.89	(58,943,555)	-1.37
	222,77	S2	115,414,604	1.08	71,063,168	1.66
BRL REAL	203,32	S1	(169,894,475)	-1.59	(85,233,060)	-1.99
	254,28	S2	177,159,943	1.65	88,878,018	2.07
All currencies		S1	(595,684,966)	-5.56	(323,578,010)	-7.54
		S2	661,556,459	6.17	370,485,378	8.63

S1: Scenario 1 represents the most unfavorable exchange rate to be used in converting into the presentation currency, and how that impacts to the net assets and equity of the Group

S2: Scenario 2 represents the most advantageous exchange rate to be used in converting into the presentation currency, and how that impacts to the net investment and equity of the Group

4 Estimates, judgment or criteria applied by management

The estimates and criteria used are continuously assessed and are based on prior experience and other factors, including the expectation of occurrence of future events that are considered reasonable according to the circumstances.

The Cencosud Group makes estimates and assumptions with respect to the future. Actual results could differ from those estimates. The estimates and assumptions that have a significant risk of generating material adjustments to the asset and liability balances in the next year are presented below.

4.1 Estimate of impairment of assets with indefinite useful lives

The Cencosud Group assesses annually, or when there is a triggering event, whether goodwill has experienced any impairment, according to the accounting policy described in Note 2.11. The recoverable balances of the cash generating units have been determined from the base of their value in use. The methodology of discounting cash flows at a real pre-tax discount rate calculated for each country is applied.

Segment	2014				
	Chile	Argentina	Perú	Colombia	Brasil
Supermarkets	9,60%	31,07%	10,65%	9,51%	10,30%
Department Stores	9,17%	—	8,89%	—	—
Home Improvement	9,54%	34,33%	—	9,23%	—
Segment	2013				
	Chile	Argentina	Perú	Colombia	Brasil
Supermarkets	9,16%	27,57%	10,69%	9,33%	10,54%
Department Stores	8,83%	—	9,48%	—	—
Home Improvement	9,19%	28,78%	—	9,26%	—

Table of Contents

The projection of flows is carried out by each country and by business segment. Using the functional currency of each country and the projection considered a horizon of 5 years perpetuity, unless they justify a different horizon. The projections are the historical information of the last year and the main macroeconomic variables that affect the markets. In addition projections considered a moderate organic growth and recurring investments needed to keep generating capacity of flow of each segment

The assets measured correspond mainly to trademarks and goodwill arising from past business combinations. The measurements are performed for each operating segment representing the cash generating unit determined to carry out the annual impairment test. The projected cash flows in each segment are allocated initially to identifiable tangible and intangible assets and the exceeding portion is allocated to goodwill. The valuation review of the trademarks incorporates among other factors the market analysis, financial projections and the determination of the role that brand has in the generation of sales.

Table of Contents

4.2. *Impairment of accounts receivable*

The Company assesses the impairment of the accounts receivable when there is objective evidence that it will not be able to collect all the amounts according to the original terms of the account receivable (Note 2.12.2).

4.3 *Investment property*

a) Fair value measurement for lands

The fair value for land was determined by external and independent property valuers, having an appropriate recognized professional qualification and recent experience in the location and category of the property being valued.

The methodology used in determining the fair value of lands was the market approach, which consists of determining the fair value based on recent transactions occurred in the market.

This measurement corresponds to level II of the fair value hierarchy.

b) Fair value measurements for investment properties other than land.

The Company's finance department is responsible for determining fair value measurements included in the financial statements, including Level 3 fair values of investment properties. The Company's finance department includes a valuations team that prepares a valuation for each investment property every quarter. The valuation team reports directly to the Chief Financial Officer (CFO) and the Audit Committee (AC). Discussions of valuation processes, key inputs and results are held between the CFO, AC and the valuation team at least once every quarter, in line with the Company's quarterly reporting dates.

The fair value measurement for this type of investment has been categorized as a level III fair value based on the inputs used in the valuation technique. Investment properties are valued on a highest and best use basis. Changes in Level 3 fair values are analyzed at each reporting date during the quarterly valuation discussions between the CFO, AC and the valuation team. As part of this discussion, the team presents a report that explains the reasons for the fair value movements.

For all of the Company's investment properties, the current use is considered to be the highest and best use.

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers in or out of Level 3 fair value measurements for investment properties during the period, nor transfers between Level 1 and Level 2 of the fair value hierarchy.

For investment property the methodology of the discounted future cash flows uses a country-specific WACC post-tax rate, measured in real terms and differentiated by country. The rates used at December 31, 2014 were 7.09% in Chile, 22.53% in Argentina, 7.8% in Peru and 7.7% in Colombia (at December 31, 2013: 7.82% in Chile, 20.08% in Argentina, 8.38% in Peru and 8.24% in Colombia). To this effect, a calculation is performed to obtain the net revenues that correspond to the lease income minus the direct costs and operating expenses. Additionally, the projected cash flows used the historical information of the recent years and the projected macroeconomic variables that will affect each country.

As a result of the project of tax reform in Chile enacted in the second half of the year 2014, the Group conducted an assessment of changes in the legislation and included such in determining the fair value of the investment properties from June 30, 2014.

Table of Contents

The cash flows are calculated in a scenario of moderated growth for those investment properties that have reached the expected maturity level and the main variables used are:

1. Determination of the Discount Rate

The discount rate is reviewed quarterly for each country and consists of the following factors:

- a) BETA: Because the American market presents a greater number of comparable companies within this industry, using betas of companies in that country.
- b) Risk-free rate: It draws on the U.S. Treasury rate at 30 years (30yr T-Bond)
- c) Risk premium: Estimated on long-term returns of the stock market and the country risk of each transaction, estimated by the Credit Default Swap to 10 years (10yr CDS). In the case of Argentina's country risk used is the average of the last three years.
- d) Leverage Ratio: Estimated as of BETA referring them on 66,4% equity and 33,6% debt.
- e) Tax rate: We use the tax rate in effect in each country
- f) Spread: To estimate the return on debt using the international bond spread Cencosud which is similar to the Industry spread. With all these factors we estimate the discount rate (WACC) nominal and real, the latter being used as the flow is estimated at UF (Unidad de Fomento) in Chile, or adjusted for inflation in Peru and Argentina

2. Revenue growth:

The evolution of income depends on the property, but remains between 0.5% and 1.0% annual real growth, except those newly opened malls whose maturation does expect superior performance improved in the first years of operation. The revenue projection is reviewed quarterly so that it is aligned to the budget approved by the board in the short term and that their expectations of long-term trends are in line with the life cycle in which the asset is (Shopping).

3. Growth in costs and expenses:

As income, change in expenditure depends on the property but always reflects the standard structure resulting from the operation of such properties and operating agreements signed with tenants. These are also reviewed quarterly to be aligned with the budget and expected evolution for each Shopping.

4. Investment Plan:

For each shopping center, the Company reviews whether the investment plans is in line with the characteristics of each property and the life cycle in which they are placed.

Based on the points described above, the estimated available flow projection thirty-year term, after which it is estimated a perpetuity. The present value of these flows determines the fair value of the investment property.

Table of Contents

5. Valuation technique and Inter-relationship between key unobservable inputs.

Valuation technique (Discounted cash flows): The valuation model considers the present value of the net cash flows to be generated from the property taking into account expected revenue growth, occupancy rates, other cost and expenses not paid by tenants. The expected net cash flows are discounted using risk-adjusted discount rates (see above on “determination of discount rate”). Among other factors, the discount rate estimation considers the quality of a building and its location, tenant credit and lease terms.

<u>Class</u>	<u>Country (*)</u>	<u>Unobservable input</u>	<u>Range</u>
Malls	Chile	Discount rate (risk adjusted)	7.2% - 8.0%
		Expected revenue growth (real)(**)	0.5% - 1%
		Occupancy rate	90% - 100%
	Argentina	Discount rate (risk adjusted)	19.5% - 24%
		Expected revenue growth (real)	0.5% - 1%
		Occupancy rate	90% - 100%
Office	Chile	Discount rate (risk adjusted)	7.2% - 8.0%
		Expected revenue growth (real)	0.5% - 1%
		Occupancy rate (1 st through 5 th year)	50% - 90%
		Thereafter	80% - 98%

(*) The group concentrates 89% of the total of the investment properties in Chile and Argentina.

(**) For Costanera Shopping using 1.5% considering the level of maturation of this property.

The estimated fair value of the investment properties would increase (decrease) if:

- Risk-adjusted discount rate were lower (higher)
- Expected revenue growth were higher (lower)
- The occupancy rate were higher (lower)

4.4 Fair value of derivatives

The fair value of financial instruments that are not traded in an active market as it is the case of the over-the-counter derivatives, is determined by using valuation techniques. The group uses its judgement to select a variety of methods and makes assumptions that are mainly based on market conditions existing at the end of each reporting period. The Group has used discounted cash flows analysis for various foreign exchange contracts and interest rate contracts that are not traded in active markets.

The net carrying amount of foreign exchange contracts and interest rate contracts would be an estimated ThCh\$ 20,987,072 lower or ThCh\$ 19,060,339 higher were the discount rate used in the discount cash flow analysis to differ by 10% from management’s estimates.

5 Cash and cash equivalents

The composition of this item as of December 31, 2014 and 2013 is the following:

<u>Cash categories</u>	<u>As of December 31,</u>	
	<u>2014</u>	<u>2013</u>
	<u>ThCh\$</u>	<u>ThCh\$</u>
Cash in hand	44,859,904	47,627,336
Bank balances	129,874,187	105,893,186
Short-term deposits	44,137,702	18,191,103
Cash and cash equivalents	218,871,793	171,711,625

Table of Contents

Cash and equivalents include cash, bank account balances and short term investments. Currency is as follows:

<u>Currency</u>	<u>As of December 31,</u>	
	<u>2014</u>	<u>2013</u>
	<u>ThCh\$</u>	<u>ThCh\$</u>
Chilean Peso	89,101,619	75,215,858
Argentine Peso	28,382,909	23,234,710
US dollars	454,489	449,997
Peruvian New Sol	79,280,765	38,247,113
Brazilian Real	9,720,446	13,803,720
Colombian Peso	11,931,565	20,760,227
Total cash and cash equivalents	218,871,793	171,711,625

6 Other financial assets, current and non-current

The composition of this item as of December 31, 2014 and 2013 includes the following:

<u>Other financial assets, current</u>	<u>As of December 31,</u>	
	<u>2014</u>	<u>2013</u>
	<u>ThCh\$</u>	<u>ThCh\$</u>
Shares	42,780	38,198
Mutual Funds Shares(*)	37,328,837	40,759,800
Hedging Derivatives	3,844,213	—
Highly liquid financial instruments	6,563,165	8,785,942
Total other financial assets, current	47,778,995	49,583,940

<u>Other financial assets, non-current</u>	<u>As of December 31,</u>	
	<u>2014</u>	<u>2013</u>
	<u>ThCh\$</u>	<u>ThCh\$</u>
Hedging derivatives	285,331,116	77,188,270
Financial investments Long term	210,306	185,553
Account receivable due from Bretas (see 6.1 below)	16,938,176	15,031,535
Total other financial assets, non-current	302,479,598	92,405,358

(*) Mutual Funds shares are mainly fixed rate investments.

6.1 Offsetting non-derivatives financial assets and liabilities

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends to either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Table of Contents

The following financial assets and liabilities are subject to offsetting in accordance with paragraph 42 of IAS 32:

a) As of December 31, 2014

Financial assets

	<u>Gross amounts of recognized financial assets</u> ThCh\$	<u>Gross amounts of recognized financial liabilities set off in the balance sheet</u> ThCh\$	<u>Net amounts of financial assets presented in the balance sheet</u> ThCh\$	<u>Related amounts not set off in the balance sheet</u>		
				<u>Financial instrument</u> ThCh\$	<u>Cash collateral received</u> ThCh\$	<u>Net amount</u> ThCh\$
Account receivable due from Bretas,	16,938,176	—	16,938,176	—	—	16,938,176

Financial liabilities

	<u>Gross amounts of recognized financial liabilities</u> ThCh\$	<u>Gross amounts of recognized financial asset set off in the balance sheet</u> ThCh\$	<u>Net amounts of financial liability presented in the balance sheet</u> ThCh\$	<u>Related amounts not set off in the balance sheet</u>		
				<u>Financial instrument</u> ThCh\$	<u>Cash collateral received</u> ThCh\$	<u>Net amount</u> ThCh\$
Debt purchase Bretas, current	(12,697,096)	—	(12,697,096)	(12,697,096)	—	—

b) As of December 31, 2013

Financial assets

	<u>Gross amounts of recognized financial assets</u> ThCh\$	<u>Gross amounts of recognized financial liabilities set off in the balance sheet</u> ThCh\$	<u>Net amounts of financial assets presented in the balance sheet</u> ThCh\$	<u>Related amounts not set off in the balance sheet</u>		
				<u>Financial instrument</u> ThCh\$	<u>Cash collateral received</u> ThCh\$	<u>Net amount</u> ThCh\$
Account receivable due from Bretas,	26,099,794	(11,068,259)	15,031,535	—	—	15,031,535

Financial liabilities

	<u>Gross amounts of recognized financial liabilities</u> ThCh\$	<u>Gross amounts of recognized financial asset set off in the balance sheet</u> ThCh\$	<u>Net amounts of financial liability presented in the balance sheet</u> ThCh\$	<u>Related amounts not set off in the balance sheet</u>		
				<u>Financial instrument</u> ThCh\$	<u>Cash collateral received</u> ThCh\$	<u>Net amount</u> ThCh\$
Debt purchase Bretas, current	57,342,194	(11,068,259)	46,273,935	(15,031,534)	—	31,242,401

The agreement between the Group and Bretas' former shareholders established the net settlement of the abovementioned financial assets and liabilities.

Table of Contents

The agreement mentioned above relates to the acquisition of Bretas in October 2010. As part of this acquisition, the Group assumed certain tax contingencies and accounted them for in accordance with IFRS 3, however, the former shareholders of Bretas agreed on assuming these tax contingencies when their settlement becomes effective, which entitled the Group to account for a receivable amount as a guarantee and presented it as an offset of the non-current financial liability that the Group accounted for as a result of the outstanding consideration from the acquisition. The amount due to the former shareholders of Bretas was reclassified as current in the statement of the financial position as of December 31, 2014 based on the change of the nature of this liability regarding its presentation and an amendment of the terms of the existing agreement.

The initial agreement included that such contingencies (receivable) offset the balance due to the former owner of Bretas for the outstanding consideration relating to the acquisition of Bretas. In 2013, the balance for the outstanding consideration changed its nature regarding the presentation as the Group had agreed the payment of this amount in 2014. As a result of this change in presentation of the financial liability and the expected realization of the contingencies in the long term, the parties agreed that (a) the contingencies which realization is expected in the short term offset the financial liability for the outstanding consideration, and (2) all the payments that the Group makes for the contingencies in the long-term are to be deducted from the future lease payments made to the former shareholders of Bretas. This change in the agreement resulted in the presentation of a separate long-term receivable account for the tax contingencies assessed as such. As of December 31, 2013, the amount of the related tax contingency is presented as a long-term provision in the consolidated statement of financial position of the Group.

Table of Contents

7 Derivative financial instruments

7.1 *Financial assets and liabilities held at fair value through profit or loss*

The Company, following the financial risk management policy described in Note 3, enters into financial derivative contracts to hedge exchange rate and interest rate fluctuation risks.

This account as of December 31, 2014, there are no contracts relating to hedging activities.

Changes in the fair value of the assets and liabilities classified in this category (cross currency swaps and interest rate swaps) are recorded under “financial income” or “financial expenses”, except for the agreements that do not hedge direct liabilities, which are recorded as other gains (losses).

These financial instruments are recorded in the accounts other current and non-current financial assets and other current and non-current financial liabilities.

7.2 *Hedging assets and liabilities*

The Company has derivatives to hedge exposure to exchange rate and interest rate variation, particularly instruments classified as cross currency swaps (CCS), used to hedge debts denominated in Peruvian Nuevo Soles and U.S. dollars from bond placements and bank debt in those currencies. These instruments are classified as cash flow and fair value hedges. The fair value of these contracts as of December 31, 2014 represent an asset current of Th Ch\$ 3,844,213 and asset – non current of ThCh\$ 285,531,116 (ThCh\$ 77,188,270 as asset non current of December 31, 2013) and a liability of ThCh\$ 382,754 (ThCh\$ 358,936 as of December 31, 2013).

These financial instruments are recorded in the accounts current and non-current financial assets and current and non-current financial liabilities. The liabilities are detailed in Note 17.4 and the asset in Note 6.

Changes in the fair value of the assets and liabilities classified in this category (cross currency swaps) are recorded under “financial income” or “financial expenses”.

These financial instruments are presented as “operating activities” in the statement of cash flows as part of the changes in working capital. This is based on the fact that Cencosud has entered into these assets and liabilities as derivative financial instruments to serve as economic and financial hedges for the risks associated with exchange rates and interest rates as described previously.

Instruments at fair value through profit or loss and hedge instruments are detailed in Note 3.

Table of Contents

7.3 Assets and liabilities derivatives designated as hedges

The following table indicates the period in which the cash flows associated with cash hedges are expected to occur and the carrying amounts of the related hedging instruments.

December 31, 2014	Carrying amount	Expected cash flows	
	ThCh\$	One year or less ThCh\$	More than one year ThCh\$
Cross Currency Swap			
Assets	289,175,329	35,071,613	1,110,934,627
Liabilities	—	—	—
Interest Rate Swap			
Liabilities	382,754	—	—
December 31, 2013			
December 31, 2013	Carrying amount	Expected cash flows	
	ThCh\$	One year or less ThCh\$	More than one year ThCh\$
Cross Currency Swap			
Assets	77,188,270	2,623,050	905,111,113
Liabilities	111,456	6,715,008	8,288,838
Interest Rate Swap			
Liabilities	247,480	—	—

8 Trade receivables and other receivables

Trade receivables and other receivables as of December 31, 2014 and 2013 are as follows:

	As of December 31,	
	2014 ThCh\$	2013 ThCh\$
Trade receivables and other receivables, net, current		
Trade receivables net, current	190,629,343	189,382,770
Credit card receivables net, current	272,626,749	573,299,096
Other receivables, net, current	317,357,759	319,894,783
Letters of credit loans	962,903	726,828
Consumer installment credit—(Banco Paris)		50,144,076
Total	781,576,754	1,133,447,553
Trade receivables and other receivables, net, non-current		
	2014 ThCh\$	2013 ThCh\$
Trade receivables net, non-current	960,006	874,953
Credit card receivables net, non-current	2,800,679	54,857,341
Other receivables, net, non-current(1)	20,614,649	14,972,281
Letters of credit loans	10,402,021	11,079,842
Consumer installment credit—(Banco Paris)		74,055,395
Total	34,777,355	155,839,812

Table of Contents

	As of December 31,	
	2014	2013
	ThCh\$	ThCh\$
Trade receivables and other receivables, gross, current		
Trade receivables gross, current	210,196,220	207,511,530
Credit card receivables gross, current	287,514,053	615,717,408
Other receivables gross, current	328,546,822	336,000,114
Letters of credit loans	962,904	951,689
Consumer installment credit—(Banco Paris)		64,867,699
Total	827,219,999	1,225,048,440
	As of December 31,	
	2014	2013
	ThCh\$	ThCh\$
Trade receivables and other receivables, gross, non-current		
Trade receivables gross, non-current	960,006	874,953
Credit card receivables gross, non-current	2,800,679	54,857,341
Other receivables gross, non-current	20,614,649	14,972,280
Letters of credit loans, non-current	10,402,021	11,079,844
Consumer installment credit, non-current	—	74,055,395
Total	34,777,355	155,839,813
	As of December 31,	
	2014	2013
	ThCh\$	ThCh\$
Trade receivables and other receivables close to maturity		
Less than three months	606,401,384	787,246,457
Between three and six months	73,829,507	108,689,500
Between six and twelve months	46,238,087	137,131,540
In more than twelve months	34,777,355	155,839,812
Total	761,246,333	1,188,907,309

Please refer to table 1-1 in Note 3 to see the trade receivables' and other receivables' fair value.

The maturity of past due trade receivables as of December 31, 2014 and 2013 is as follows:

	As of December 31,	
	2014	2013
	ThCh\$	ThCh\$
Trade receivables past due but not impaired		
Past due in less than three months	54,092,055	144,856,572
Past due between three and six months	18,260,439	27,167,160
Past due between six and twelve months	5,791,956	5,919,720
Past due in more than twelve months	22,606,571	14,037,491
Total	100,751,021	191,980,943

Table of Contents

The movement of the bad debt allowance is as follows:

<u>Change in bad debt allowance</u>	<u>As of December 31,</u>	
	<u>2014</u>	<u>2013</u>
	<u>ThCh\$</u>	<u>ThCh\$</u>
Initial balance	91,600,887	93,609,839
Increase in provision	107,419,389	87,813,321
Utilized provision	(97,906,650-)	(89,822,273)
Reclassification to assets held for sale (note 34)	(55,470,381)	—
Total	<u>45,643,245</u>	<u>91,600,887</u>

The maximum exposure to credit risk at the date of the report is the book value in each category of the trade account. The Cencosud Group does not request collateral as a guarantee.

The information presented below is required by the Superintendence of Securities and Insurance through the rule number 23942 dated on September 14, 2011.

The financial business is defined as one more element of Cencosud's value offering, which complements the comprehensive product and service offerings the Company provides through each of its business units and is aimed at building long-term relationships with our customers. The largest percentage of the financial retail business corresponds to the Más Credit Card in Chile, which has been operating for more than 20 years. The card's market penetration is less in other countries, such as Peru where it has been available for less than 1 year. Its distribution with respect to the total portfolio is:

<u>Receivables portfolio</u>	<u>As of December 31,</u>			
	<u>2014</u>		<u>2013</u>	
	<u>ThCh\$</u>	<u>%</u>	<u>ThCh\$</u>	<u>%</u>
Current credit card receivables, gross	287,514,053	99	615,717,408	91
Non—current credit card receivables, gross	2,800,679	1	54,857,341	9
Total credit card receivables	<u>290,314,732</u>	<u>100</u>	<u>670,574,749</u>	
Chilean credit card	—		444,461,099	66
Credit card Más	—		443,887,523	
Credit card Johnson's	—		573,576	
Argentine credit card	220,392,098	76	169,088,073	25
Peruvian credit card	69,922,634	24	57,025,577	9
Total credit card receivables	<u>290,314,732</u>	<u>100</u>	<u>670,574,749</u>	<u>100</u>

Table of Contents

Receivables portfolio	As of	
<u>Non-current assets reclassified to assets held for sale</u>	<u>December 312014</u>	%
	ThCh\$	
Current credit card receivables, gross	<u>426,660,055</u>	
Total credit card receivables	<u>426,660,055</u>	
Chilean credit card	426,660,055	
Credit card Más	426,562,388	100
Credit card Johnson's	<u>97,667</u>	<u>0,0</u>
Total credit card receivables	426,660,055	100

Progress is being made to regionalize the financial business through an organizational structure where each risk area autonomously and independently manages risk, led by the Corporate Risk Management Division, which reports directly to Cencosud's Corporate CEO. In turn, the risk management areas in each country report (administratively and functionally) to the Corporate Risk Manager.

Table of Contents

CHILE

1. Credit policies. Credit Card Más

- a) Credit policies are led by the Risk Management Division through a risk committee in Chile and parameters are set in the Company's evaluation systems for the entire credit process. Among others, these policies include:
 - i. the commercial ethics of debtors or those eligible for credit;
 - ii. the cardholder risk profile, measured based on payment behavior and/or associated score models;
 - iii. the debtor's credit capacity, among others.

As mentioned, the main objective of the financial business is to grant customers access to financing for products offered by the Company's retail stores (to complement Cencosud's value offering). Cash advances and financing at affiliated businesses are very limited as compared to total credit card sales. Financial products are targeted toward cardholders with better risk profiles and are complementary to the credit card itself. Minimum payment policies are segmented by risk profile and fluctuate between 10% and 20% of the value invoiced monthly.

- b) The collections policy aims to secure 100% of debt payments while the cardholder is in the early stages of default so that the cardholder's account may remain open to continue making purchases. However, some cardholders cannot make their payments. For these cardholders, new payment plans can be structured. These agreements must consider at least:
 - i. The cardholder's expressed will.
 - ii. The intention to pay, manifested by an initial payment as a condition to restructure the debt.
 - iii. Account blockage for all cardholders who restructure debt that is more than 30 days in default. Only after having demonstrated favorable payment behavior does the company evaluate potentially opening the account so the cardholder may continue making purchases and reducing the credit limit, as appropriate.

Most renegotiation and refinancing are done for cardholders that are more than 30 days in default and require initial payments of an average of 15% of the total debt. The average term is around 23 months and a maximum of 2 restructurings per year is accepted.

- c) Bad debt allowances are determined using a model that brings together banking industry best practices, in line with Basel criteria, in order to estimate the level of allowances necessary to cover the portfolio's potential risk. This model segments cardholders in different clusters to better estimate losses, classifying renegotiated cardholders, among others, in a special category. The validation and sufficiency of the allowance model is monitored on a monthly basis by the Risk Committee using defined back testing and sufficiency analyses. Beginning in December 31, the Board of Directors of Cencosud Group, through its Corporate Risk Committee, decided to begin establishing anti-cyclical provisions for a total of ThCh\$3,902, which is increasingly being adopted as a best practice by the international and local banking industry. These provisions, which are established in economically favorable periods with low unemployment rates and high growth rates, allow the company to prepare for recessionary economic cycles and their impact on the cardholder portfolio.
- d) The write-off policy establishes that 100% of all accounts with more than 6 invoices past due be written off and that such amounts be fully recognized as a loss in the statement of income. All cardholders that subsequently pay all or part of their written-off debt are recognized as recovered write-offs in the statement of income.

Table of Contents

e) Credit terms (months)

	Average term	Range	
		Minimum	Maximum
Purchases	3	1	36
Affiliated businesses	3	1	36
Cash advances	14	3	48
Renegotiated	23	4	24
Refinancing	7	4	12

2. Definition of portfolio types.

Considers 2 types of policies in restructuring debt in default:

- Renegotiation Policy: establishes the conditions for restructuring 100% of the cardholder's debt in default.
- Refinancing Policy: establishes the conditions for restructuring 100% of the cardholder's invoiced debt.

3. Portfolio stratification

As of December 31, 2014

Credit card Más Delinquency segments	Non-refinanced customers (number)	Non-refinanced portfolio	Refinanced customers (number)	Refinanced portfolio	Total Gross portfolio
	N°	ThCh\$	N°	ThCh\$	ThCh\$
Payments up to date	1,125,311	331,498,568	29,193	15,168,091	346,666,659
01-30 days	91,502	37,668,543	10,476	5,703,919	43,372,462
31-60 days	29,172	8,946,609	6,202	3,288,972	12,235,581
61-90 days	17,361	5,190,493	4,731	2,555,810	7,746,303
91-120 days	12,867	4,064,153	3,526	1,939,699	6,003,852
121-150 days	10,307	3,548,797	2,880	1,593,028	5,141,825
150-180 days	10,503	3,866,737	2,705	1,528,969	5,395,706
>180 days	—	—	—	—	—
Total	1,297,023	394,783,900	59,713	31,778,488	426,562,388

As of December 31, 2014

	ThCh\$	
Total allowance on non-refinanced portfolio	15,097,967	As of December 31, 2014
Total allowance on refinanced portfolio	7,516,375	As of December 31, 2014
Total write-offs for the period	44,591,383	Write-offs between January 1 and December 31, 2014
Total recovered for the period	16,416,423	Write-offs recovered between January 1 and December 31, 2014
	N°	
Number of cards issued (not additional cards)	2,662,034	Stock as of December 31, 2014
Number of cards with outstanding balances	1,356,736	Stock as of December 31, 2014
Average number of refinances	7,718	Average number of accounts refinanced monthly between January 1 and December 31, 2014
Total refinanced receivables (ThCh\$)	31,778,488	Stock of refinanced portfolio as of December 2014
% refinanced / non-refinanced portfolio	4.60%	Number of refinanced customers/non-refinanced customers

Table of Contents

As of December 31, 2013

<u>Credit card Más Delinquency segments</u>	Non-refinanced customers	Non-refinanced portfolio	Refinanced customers	Refinanced portfolio	Total Gross portfolio
	(number) N°	ThCh\$	(number) N°	ThCh\$	ThCh\$
Payments up to date	1,232,001	346,218,316	34,947	15,740,292	361,958,608
01-30 days	91,698	37,659,571	14,681	6,620,467	44,280,038
31-60 days	28,309	9,012,903	8,351	3,967,265	12,980,168
61-90 days	16,190	4,800,557	5,744	2,761,775	7,562,332
91-120 days	12,425	3,837,416	4,721	2,321,809	6,159,225
121-150 days	10,248	3,464,801	3,878	1,938,661	5,403,462
150-180 days	10,686	3,647,565	3,600	1,896,125	5,543,690
>180 days	—	—	—	—	—
Total	1,401,557	408,641,129	75,922	35,246,394	443,887,523

As of December 31, 2013

	ThCh\$	
Total allowance on non-refinanced portfolio	20,519,859	As of December 2013
Total allowance on refinanced portfolio	8,473,679	As of December 2013
Total write-offs for the period	57,018,013	Write-offs between Jan and Dec 2013
Total recovered for the period	18,201,984	Write-offs recovered between Jan and Dec 2013
	N°	
Number of cards issued (not additional cards)	2,930,288	Stock as of December 2013
Number of cards with outstanding balances	1,477,479	Stock as of December 2013
Average number of refinances	7,820	Average number of accounts refinanced monthly between Jan and Dec 2013
Total refinanced receivables (ThCh\$)	35,246,394	Stock of refinanced portfolio as of December 2013
% refinanced / non-refinanced portfolio	5.42%	Number of refinanced customers/non-refinanced customers

Table of Contents

4. Portfolio allowance factors

As of December 31, 2014

<u>Credit card Más Delinquency segments</u>	<u>Non-refinanced portfolio as % of average losses</u>	<u>Refinanced portfolio as % of average losses</u>
Payments up to date	0.8	18.3
01-30	5.0	20.4
31-60	20.0	16.8
61-90	36.8	29.7
91-120	51.5	38.6
121-150	63.6	48.8
151-180	64.2	48.8
>180 days	—	—
Total	3.8	23.7

As of December 31, 2013

<u>Credit card Más Delinquency segments</u>	<u>Non-refinanced portfolio as % of average losses</u>	<u>Refinanced portfolio as % of average losses</u>
Payments up to date	1.9	16.9
01-30	7.1	20.8
31-60	24.7	17.0
61-90	43.1	31.7
91-120	57.4	40.2
121-150	68.8	50.9
151-180	69.4	50.9
>180 days	—	—
Total	5.0	24.0

.0

5. Risk ratios. (% provision/portfolio)

As of December 31, 2014

<u>Credit card Más risk ratios (allowance / portfolio)</u>	<u>%</u>	
Non-refinanced portfolio	3.8	Stock of allowances on non-refinanced portfolio / Stock of non-refinanced portfolio
Refinanced portfolio	23.7	Stock of allowances on refinanced portfolio / Stock of refinanced portfolio
Total portfolio	5.3	Stock of total allowances / Stock of total portfolio
Write off ratio	6.0	

Table of Contents

As of December 31, 2013

<u>Credit card Más risk ratios (allowance / portfolio)</u>	<u>%</u>	
Non-refinanced portfolio	5.0	Stock of allowances on non-refinanced portfolio /Stock of non-refinanced portfolio
Refinanced portfolio	24	Stock of allowances on refinanced portfolio /Stock of refinanced portfolio
Total portfolio	6.5	Stock of total allowances/ Stock of total portfolio
Write off ratio	9.4	

Credit Card **Johnson's** — **TMO**

As of March 2012, the Company's system began to migrate the portfolio management of Johnson's Multiopción Card (hereinafter TMO) to Cencosud Cards. This process involved that the client had to change its product by Cencosud card, which was conducted during 2012. For purposes of portfolio impacts, promotes the transfer of clients without problems of arrears and without renegotiation conditions.

1. Purchase of TMO's portfolio.

In December 2012, the portfolio of TMO was included in the portfolio of Cencosud Administradora de Tarjeta. As of December 31, 2014, the carrying value of the portfolio amounts to M\$ 97,667 (85% of this amount represents customers who renegotiated) and shows a bad debt provision of M\$ 66,800.

Table of Contents

ARGENTINA

1. Credit policies.
 - a) Customers are selected using policies with parameters based on the credit assessment system. The approval decision and the credit limit are based on a combination of statistical models, payment history in the financial system and an estimate of the applicant's income level. The minimum payment is between 10% and 30% depending on the risk of the customer for shopping segment up to 5 and 100% for purchases greater than 5 quota: associated trades represent December a **22%** of total sales. Not offered financial products of advance cash.
 - b) Collections policy: during the first 90 days of delay, the company aims to ensure that the cardholder pays its debt in default and recovers access to credit. Refinancing requires an initial payment of at least 50% of the unpaid minimum payment and are limited to a maximum of once every six months. For cardholders more than 90 days in default, the card is blocked indefinitely and a new payment plan is established based on their willingness and capacity to pay.
 - c) Allowances: allowances are calculated each month by applying statistical methodology that combines portfolio behavior over the last 12 months. The portfolio is also segmented into clusters based on the likelihood of non-payment calculated when the account is opened and also the cardholder's seniority. The company verifies that the calculated allowances charge the expected losses in the current period and also that they exceed the requirements of the local regulator (BCRA). Conservative allowances are added based on new factors that may not be taken into consideration by the statistical methodology.

Table of Contents

- d) Write-off policy: The local regulator requires allowances for 100% of delinquent debt once it is 360 days past due. However, Cencosud applies their own criteria of establishing allowances for 100% of accounts that are 180 days past due. Currently, because of a limitation with the card processing system in Argentina, accounts are not written-off in accounting at 360 days. However, the 100% allowance is maintained.

Average Terms for Credit Cards and Refinancing (months)

<u>Range of terms</u>	<u>Portfolio</u> %
Payment upon invoicing	17.50
Installments 0-3 M	31.72
Installments 3-6 M	22.02
Installments 6-12 M	10.79
Installments +12 M	17.97
Average term for portfolio	6.69
<u>Range of terms for refinanced collections</u>	<u>Portfolio</u> %
Installments 0-3 M	8.2
Installments 3-6 M	31.1
Installments 6-12 M	48.2
Installments +12 M	12.5
Average term for refinanced collections in months	11.4

2. Definition of portfolio types.

Cencosud Argentina segments its portfolio into three main groups based on risk of non-payment. This segmentation is determined when customers are approved for credit and is used primarily to properly allocate credit limits. Each month, the company monitors the mixture of characteristics of new cards issued versus the portfolio, and any important deviations are used to modify customer selection methods.

3. Portfolio stratification

As of December 31, 2014

<u>Delinquency segments</u>	<u>Non-refinanced</u> <u>customers</u> <u>(number)</u>	<u>Non-</u> <u>refinanced</u> <u>portfolio</u>	<u>Refinanced</u> <u>customers</u> <u>(number)</u>	<u>Refinanced</u> <u>portfolio</u>	<u>Total</u> <u>Gross</u> <u>portfolio</u>
	N°	ThCh\$	N°	ThCh\$	ThCh\$
Payments up to date	787,949	188,443,617	5,254	2,815,381	191,258,998
01-30 days	94,951	20,002,040	1,993	685,699	20,687,739
31-60 days	16,694	3,217,508	938	390,654	3,608,162
61-90 days	8,710	1,969,955	571	276,826	2,246,781
91-120 days	3,850	978,019	277	153,264	1,131,283
121-150 days	2,588	790,351	79	34,186	824,537
150-180 days	2,188	633,775	2	823	634,598
>180 days					
Total	916,930	216,035,265	9,114	4,356,833	220,392,098

Table of Contents

	M\$	
Total allowance on non-refinanced portfolio	6,328,417	Stock as of December 2014
Total allowance on refinanced portfolio	1,661,563	Stock as of December 2014
Total write-offs for the period	371,365	Write-offs between Jan and Dec 2014
Total recovered for the period	464,531	Write-offs recovered between Jan and Dec 2014
	N°	
Number of cards issued (not additional cards)	1,232,252	Stock as of December 2014
Number of cards with outstanding balances	926,044	Stock as of December 2014
Average number of refinancing	1,401	Average number of accounts refinanced monthly between Jan and Dec 2014
Total refinanced receivables	4,356,833	Stock of refinanced portfolio as of December 2014
% refinanced / non-refinanced portfolio	0.99	Number of refinanced customers/non-refinanced customers

As of December 31, 2013

<u>Delinquency segments</u>	Non-refinanced	Non-	Refinanced		Total
	customers	refinanced	customers	Refinanced	Gross
	(number)	portfolio	(number)	portfolio	portfolio
	N°	ThCh\$	N°	ThCh\$	ThCh\$
Payments up to date	673,223	144,439,434	2,792	689,093	145,128,527
01-30 days	86,911	17,721,705	928	242,134	17,963,839
31-60 days	22,973	3,190,021	516	151,723	3,341,744
61-90 days	7,787	1,057,097	239	72,109	1,129,206
91-120 days	3,117	607,332	128	44,948	652,280
121-150 days	2,570	570,801	54	15,385	586,186
150-180 days	1,180	284,304	4	1,174	285,478
>180 days	17	813	—	—	813
Total	797,778	167,871,507	4,661	1,216,566	169,088,073

Table of Contents

As of December 31, 2013

	M\$	
Total allowance on non-refinanced portfolio	4,027,068	Stock as of December 2013
Total allowance on refinanced portfolio	555,750	Stock as of December 2013
Total write-offs for the period	7,225,842	Write-offs between Jan and Dec 2012
Total recovered for the period	2,494,930	Write-offs recovered between Jan and Dec 2013
	N°	
Number of cards issued (not additional cards)	1,171,323	Stock as of December 2013
Number of cards with outstanding balances	802,439	Stock as of December 2013
Average number of refinancing	943	Average number of accounts refinanced monthly between Jan and Dec 2013
Total refinanced receivables	1,216,566	Stock of refinanced portfolio as of December 2013
% refinanced / non-refinanced portfolio	0.58	Number of refinanced customers/non-refinanced customers

Table of Contents

4. Portfolio allowance factors.

As of December 31, 2014

<u>Delinquency segments</u>	<u>Non-refinanced portfolio as % of average losses</u>	<u>Refinanced portfolio as % of average losses</u>
Payments up to date	1.8	33.6
01-30	2.2	33.6
31-60	9.5	72.0
61-90	27.8	100.0
91-120	45.1	100.0
121-150	68.6	100.0
151-180	90.6	100.0
>180 days	—	—
Total	2.9	46.4

As of December 31, 2013

<u>Delinquency segments</u>	<u>Non-refinanced portfolio as % of average losses</u>	<u>Refinanced portfolio as % of average losses</u>
Payments up to date	1.5	33.6
01-30	2.1	33.6
31-60	10.7	72.0
61-90	27.9	100.0
91-120	44.6	100.0
121-150	60.3	100.0
151-180	85.6	100.0
>180 days	100.0	—
Total	2.4	45.7

Table of Contents

5. Risk ratios (% provision/portfolio).

As of December 31, 2014

Risk ratios (allowance / portfolio)	%	
Non-refinanced portfolio	2.9	Stock of allowances on non-refinanced portfolio/Stock of non-refinanced portfolio
Refinanced portfolio	46.4	Stock of allowances on refinanced portfolio/Stock of refinanced portfolio
Total portfolio	3.6	Stock of total allowances/Stock of total portfolio
Write off ratio	3.6	

As of December 31, 2013

Risk ratios (allowance / portfolio)	%	
Non-refinanced portfolio	2.4	Stock of allowances on non-refinanced portfolio/Stock of non-refinanced portfolio
Refinanced portfolio	45.7	Stock of allowances on refinanced portfolio/Stock of refinanced portfolio
Total portfolio	2.7	Stock of total allowances/Stock of total portfolio
Write off ratio	3.3	

PERU

1. Credit policies.

Financial retail operations in Peru began July 21, 2010 with a pilot program in one store and later in October 2010 was rolled out in all formats of Metro Supermarkets. Prospective credit card holders are selected based on the cardholders' purchasing behavior in the Bonus customer loyalty program, combined with an analysis of behavior profiles by credit rating agencies available in the country.

Since operations began, they were structured as defined by the Group, following the requirements defined by Peruvian banking regulations (despite not being enforceable at that time). From June, 2012 Cencosud Bank has been authorized by the Superintendency of Banks and Insurance (SBS) to establish itself as a bank.

Adhering to banking regulations involves diverse elements; including observing mandatory definitions for refinancing, as well as classifying debtors based on days in default which, in turn, translates into establishing allowances over the principal of the loans.

In addition, the standards require pro-cyclical provisions to be established that are linked to the economic cycle and that in practice translate into 1.5% additional allowances over current non-delinquent balances.

2. Definition of portfolio types.

The portfolio is divided into two groups:

- Non-refinanced portfolio.
- Refinanced portfolio, which includes cardholders that are at least one day delinquent. They must make a minimum payment and the debtor classification (and therefore the allowance) must be maintained or increased based on the regulations mentioned above.

Table of Contents

3. Portfolio stratification

As of December 31, 2014

Delinquency segments	Non-refinanced customers (number)		Refinanced customers (number)		Total gross portfolio
	N°	ThCh\$	N°	ThCh\$	
Payments up to date	221,583	59,983,701	2,904	1,087,167	61,070,868
01-30 days	8,171	2,837,752	698	280,541	3,118,293
31-60 days	4,818	1,909,791	620	248,621	2,158,412
61-90 days	3,112	1,273,760	329	132,164	1,405,924
91-120 days	3,677	1,605,737	262	117,557	1,723,294
121-150 days	726	326,899	46	18,323	345,222
150-180 days	108	65,072	5	8,119	73,191
>180 days	1,015	25,146	31	2,284	27,430
Total	243,210	68,027,858	4,895	1,894,776	69,922,634

As of December 31, 2014

	ThCh\$	
Total allowance on non-refinanced portfolio	3,770,364	Stock as of December 2014
Total allowance on refinanced portfolio	975,623	Stock as of December 2014
Total write-offs for the period	4,157,960	Write-offs between Jan and Dec 2014
Total recovered for the period	753,560	Write-offs recovered between Jan and Dec 2014
	N°	
Number of cards issued (not additional cards)	532,168	Stock as of December 2014
Number of cards with outstanding balances	248,105	Stock as of December 2014
Average number of refinances		Average number of accounts refinanced monthly between Jan and Dec 2014
	578	
Total refinanced receivables	1,894,776	Stock of refinanced portfolio as of December 2014
% refinanced / non-refinanced portfolio	2.01	Number of refinanced customers/non-refinanced customers

As of December 31, 2013

Delinquency segments	Non-refinanced customers (number)		Refinanced customers (number)		Total gross portfolio
	N°	ThCh\$	N°	ThCh\$	
Payments up to date	226,953	50,424,409	327	72,013	50,496,422
01-30 days	10,344	2,606,274	64	17,102	2,623,376
31-60 days	5,281	1,268,826	15	4,116	1,272,942
61-90 days	3,479	764,649	15	3,210	767,859
91-120 days	3,931	888,699	29	11,355	900,054
121-150 days	872	222,351	20	5,091	227,442
150-180 days	226	31,789	31	13,708	45,497
>180 days	2,526	614,610	162	77,375	691,985
Total	253,612	56,821,607	663	203,970	57,025,577

Table of Contents

As of December 31, 2013

	ThCh\$	
Total allowance on non-refinanced portfolio	3,107,209	Stock as of December 2013
Total allowance on refinanced portfolio	155,844	Stock as of December 2013
Total write-offs for the period	9,056,228	Write-offs between Jan and Dec 2013
Total recovered for the period	717,359	Write-offs recovered between Jan and Dec 2013
	N°	
Number of cards issued (not additional cards)	541,570	Stock as of December 2013
Number of cards with outstanding balances	254,275	Stock as of December 2013
Average number of refinances	—	Average number of accounts refinanced monthly between Jan and Dec 2013
Total refinanced receivables	203,970	Stock of refinanced portfolio as of December 2013
% refinanced / non-refinanced portfolio	0.26	Number of refinanced customers/non-refinanced customers

Table of Contents

4. Portfolio allowance factors.

As of December 31, 2014

	Non-refinanced	Refinanced
	portfolio as % of average losses	portfolio as % of average losses
<u>Delinquency segments</u>		
Payments up to date	1.5	38.6
01-30	6.8	44.1
31-60	26.3	65.3
61-90	60.0	80.8
91-120	60.0	94.2
121-150	100.0	100.0
151-180	100.0	100.0
>180 days	100.4	1140.1
Total	<u>5.5</u>	<u>51.5</u>

As of December 31, 2013

	Non-refinanced	Refinanced
	portfolio as % of average losses	portfolio as % of average losses
<u>Delinquency segments</u>		
Payments up to date	1.5	43.3
01-30	6.4	60.8
31-60	26.5	91.6
61-90	60.0	94.1
91-120	59.9	99.4
121-150	99.8	100.0
151-180	99.9	100.0
>180 days	100.0	100.0
Total	<u>5.5</u>	<u>76.4</u>

Table of Contents

5. Risk ratios (% provision/portfolio)

As of December 31, 2014

<u>Risk ratios (allowance / portfolio)</u>	<u>%</u>	
Non-refinanced portfolio	5.5	Stock of allowances on non-refinanced portfolio / Stock of non-refinanced portfolio
Refinanced portfolio	51.5	Stock of allowances on refinanced portfolio / Stock of refinanced portfolio
Total portfolio	6.8	Stock of total allowances / Stock of total portfolio

Note:

Allowances and allowance ratios do not include millions ThCh\$ 784 in anti-cyclical provisions that are included based on international and domestic banking industry best practices and in line with the Basel standards in order to be prepared for future changes in macroeconomic conditions.

As of December 31, 2013

<u>Risk ratios (allowance / portfolio)</u>	<u>%</u>	
Non-refinanced portfolio	5.5	Stock of allowances on non-refinanced portfolio / Stock of non-refinanced portfolio
Refinanced portfolio	76.4	Stock of allowances on refinanced portfolio / Stock of refinanced portfolio
Total portfolio	5.7	Stock of total allowances / Stock of total portfolio
Write-off ratio	19.9	

Note:

Allowances and allowance ratios do not include millions ThCh\$ 388 in anti-cyclical provisions that are included based on international and domestic banking industry best practices and in line with the Basel standards in order to be prepared for future changes in macroeconomic conditions.

9 Transactions with related parties

Transactions with related companies are based on immediate payment or collection or with a term of up to 30 days, and are not subject to special conditions. These operations comply with what is established in articles 44 and 49 of Law N° 18,046 that regulates the Corporations.

It is noteworthy that the related party transactions are in accordance with IAS 24 (Revised) "Related Parties". The Company has a policy to disclose all transactions performed with related parties during the period.

Table of Contents

9.1 Trade receivables from related entities

The composition of the item as of December 31, 2014 and December 31, 2013 is as follows:

Tax ID Number	Company	Receivables from related entities				Balance as of			
		Transaction description	Transaction term	Nature of relationship	Currency	Current		Non-current	
						12/31/2014	12/31/2013	12/31/2014	12/31/2013
						ThCh\$	ThCh\$	ThCh\$	ThCh\$
96.863.570-0	Inmobiliaria Mall Viña del Mar S.A.	Dividends receivable	Current	Associate	Chilean Pesos	1,371,016	432,303	—	—
Total						1,371,016	432,303	—	—

9.2 Trade payables to related entities

The composition of the item as of December 31, 2014 and December 31, 2013 is as follows:

Tax ID number	Company	Payables to related entities				Balance as of			
		Transaction description	Transaction term	Nature of relationship	Currency	Current		Non-current	
						12/31/2014	12/31/2013	12/31/2014	12/31/2013
						ThCh\$	ThCh\$	ThCh\$	ThCh\$
	Loyalti del Perú S.A.C.	Fund transfer	Current	Associate	Peruvian New Sol	3,302,006	556,494	—	—
						3,302,006	556,494	—	—

Table of Contents

9.3 Transactions with related parties and impact on income

The operations and its impact on income are presented for the years ended December 31, 2014 and December 31, 2013, as follows:

Transactions							Impact to		Impact to
Tax ID Number	Company	Nature of relationship	Transaction description	Currency	Country	12/31/2014	income (charge /credit)	12/31/2013	income (charge /credit)
						ThCh\$	ThCh\$	ThCh\$	ThCh\$
3.294.888-k	Horst Paulmann Kemna	Chairman	Dividends paid	Chilean pesos	Chile	1,448,867	—	2,011,560	—
4.580.001-6	Helga Koepfer Schoebitz	Shareholder	Dividends paid	Chilean pesos	Chile	63,867	—	88,771	—
76.425.400-7	Inversiones Tano Ltda.	Shareholder	Dividends paid	Chilean pesos	Chile	9,431,893	—	13,094,931	—
86.193.900-6	Inversiones Quinchamali Ltda.	Shareholder	Dividends paid	Chilean pesos	Chile	11,919,602	—	16,637,640	—
96.802.510-4	Inversiones Latadia Ltda.	Shareholder	Dividends paid	Chilean pesos	Chile	11,346,441	—	15,753,026	—
7.012.865-9	Manfred Paulmann Koepfer	Shareholder	Dividends paid	Chilean pesos	Chile	257,880	—	358,033	—
8.953.509-3	Peter Paulmann Koepfer	Director	Dividends paid	Chilean pesos	Chile	256,387	—	355,959	—
8953510-7	Heike Paulmann Koepfer	Director	Dividends paid	Chilean pesos	Chile	253,168	—	351,490	—
0-E	Plaza Lima Norte	Company director relationship	Leases paid	Peruvian New Sol	Peru	940,167	(940,167)	614,638	(614,638)
0-E	Plaza Lima Norte	Company director relationship	Utilities paid	Peruvian New Sol	Peru	386,679	(386,679)	286,775	(286,775)
96.863.570-0	Inmobiliaria Mall Viña Del Mar S.A.	Associate	Leases paid	Chilean pesos	Chile	2,844,602	(2,844,602)	2,990,827	(2,990,827)
96.863.570-0	Inmobiliaria Mall Viña Del Mar S.A.	Associate	Utilities Paid	Chilean pesos	Chile	2,068,690	(2,068,690)	2,327,237	(2,327,237)
96.863.570-0	Inmobiliaria Mall Viña Del Mar S.A.	Associate	Dividends collected	Chilean pesos	Chile	5,153,267	—	2,461,185	—
96.863.570-0	Inmobiliaria Mall Viña Del Mar S.A.	Associate	Sale of goods	Chilean pesos	Chile	39,915	39,915	8,901	8,901
77.209.070-6	Viña Cousiño Macul S.A.	Common director	Merchandise buying	Chilean pesos	Chile	804,477	(804,477)	707,765	(707,765)
92.434.000-0	Besalco S.A.	Common director	Services provided	Chilean pesos	Chile	—	—	307	(307)
92.147.000-2	Wenco S.A.	Common director	Merchandise buying	Chilean pesos	Chile	1,916,998	(1,916,998)	2,506,186	(2,506,186)
92.147.000-2	Wenco S.A.	Common director	Sale of goods	Chilean pesos	Chile	64,398	(64,398)	2,999	2,999
76.076.630-5	Maxi Kioskos Chile S.A.	Company's Director	Leases collected	Chilean pesos	Chile	402,676	402,676	478,364	478,364
76.076.630-5	Maxi Kioskos Chile S.A.	Company's Director	Utilities collected	Chilean pesos	Chile	183,740	183,740	231,157	231,157

Table of Contents

Transactions									
Tax ID Number	Company	Name of relationship	Transaction description	Currency	Country	Impact to Income (charge /credit)		Impact to income (charge /credit)	
						12/31/2014	12/31/2013	12/31/2014	12/31/2013
						ThCh\$	ThCh\$	ThCh\$	ThCh\$
76.076.630-5	Maxi Kioskos Chile S.A.	Company's Director	Utilities collected	Chilean pesos	Chile			828	828
78.410.320-K	Imp Y Comercial Regen Ltda.	Company's Director	Merchandise buying	Chilean pesos	Chile	538,564	(538,564)	385,807	(385,807)
78.410.320-K	Imp Y Comercial Regen Ltda.	Company's Director	Leases collected	Chilean pesos	Chile	188,315	188,315	231,442	231,442
78.410.320-K	Imp Y Comercial Regen Ltda.	Company's Director	Sale of goods	Chilean pesos	Chile	19,795	19,795		
78.410.320-K	Imp Y Comercial Regen Ltda.	Company's Director	Common expenses collected	Chilean pesos	Chile	66,079	66,079	87,275	87,275
88.983.600-8	Teleductos S.A.	Common director	Leas collected	Chilean pesos	Chile	119,447	(119,447)		
88.983.600-8	Teleductos S.A.	Common director	Services provided	Chilean pesos	Chile	703,940	(703,940)	939,346	(939,346)
88.983.600-8	Teleductos S.A.	Common director	Leases paid	Chilean pesos	Chile	7,858	(7,858)		
92.491.000-3	Labsa Inversiones Ltda.	Company, director relationship	Leases paid	Chilean pesos	Chile	669,474	(669,474)	676,841	(676,841)
93.737.000-8	Manquehue Net S.A.	Common director	Services provided	Chilean pesos	Chile	7,329	(7,329)	8,499	(8,499)
77.978.800-8	Neuralis Ltda.	Company, director relationship	Services provided	Chilean pesos	Chile	13,026	(13,026)	5,769	(5,769)
96.566.940-K	Agencias Universales S.A.	Common director	Services provided	Chilean pesos	Chile	598,503	(598,503)	616,338	(616,338)
96.566.940-K	Agencias Universales S.A.	Common director	Sale of goods	Chilean pesos	Chile	18,001	18,001	22,206	22,206
92.580.000-7	Empresa Nacional de Telecomunicaciones S.A.	Common director	Services provided	Chilean pesos	Chile				
90.193.000-7	Empresa El Mercurio.S.A.P.	Common director	Sale of goods	Chilean pesos	Chile	1,013,524	(1,013,524)	738,464	(738,464)
90.193.000-7	Empresa El Mercurio.S.A.P.	Common director	Leases paid	Chilean pesos	Chile	25,531	25,531	5,365	(5,365)
90.193.000-7	Empresa El Mercurio.S.A.P.	Common director	Common expenses collected	Chilean pesos	Chile	203,185	203,185		
90.193.000-7	Empresa El Mercurio.S.A.P.	Common director	Services provided	Chilean pesos	Chile	14,777	14,777		
96.628.870-1	Entel Telefonía Local S.A.	Common director	Services provided	Chilean pesos	Chile	2,820,967	(2,820,967)	2,064,849	(2,064,849)
96.628.870-1	Entel PCS	Common director	Services provided	Chilean pesos	Chile	49,413	(49,413)	18,019	(18,019)
96.806.980-2	Telecomunicaciones S.A.	Common director	Services provided	Chilean pesos	Chile	304,780	(304,780)	134,992	(134,992)
96.806.980-2	Entel PCS	Common director	Services provided	Chilean pesos	Chile	8,180,454	(8,180,454)	12,753,566	(12,753,566)
96.566.940-K	Cia Nacional de Telefonos, Telefonica del Sur S.A.	Common director	Services provided	Chilean pesos	Chile				
96.566.940-K	Cia Nacional de Telefonos, Telefonica del Sur S.A.	Common director	Leas collected	Chilean pesos	Chile	1,881	1,881	—	—
4773765-6	Cristian Eyzaguirre Johnston	Common director	Services provided	Chilean pesos	Chile	—	—	6,119	(6,119)
96.628.870-1	Industria Productos Alimenticios S.A.	Common director	Merchandise buying	Chilean pesos	Chile	103,676	(103,676)		
79.675.370-5	Assets- Chile S.A.	Common director	Sale of goods	Chilean pesos	Chile	1,062,352	(1,062,352)	1,245,503	(1,245,503)
70.649.100-7	Centros de Estudios Públicos	Company, director relationship	Services provided	Chilean pesos	Chile	4,958	4,958	906	(906)
						15,414	(15,414)	28,595	(28,595)

Table of Contents

Transactions

Tax ID Number	Company	Name of relationship	Transaction description	Currency	Country	Impact to			
						12/31/2014	Income (charge /credit)	12/31/2013	Impact to income (charge /credit)
						ThCh\$	ThCh\$	ThCh\$	ThCh\$
O-3	JetAviation Flight Services Inc.	Company, director relationship	Services provided	Chilean pesos	Chile	675,534	(675,534)	1,144,040	(1,144,040)
92434000	Besalco S.A	Common director	Services provided	Chilean pesos	Chile	1,753	(1,753)	307	(307)
88.417.000-1	Sky Airline S.A.	Company, director relationship	Leases collected	Chilean pesos	Chile	11,654	11,654	15,141	15,141
	Sky Airline S.A.	Company, director relationship	Other expenses collected	Chilean pesos	Chile	3,922	3,922	5,632	5,632
88.417.000-1	Sky Airline S.A.	Company, director relationship	Compra pasajes aéreos	Chilean pesos	Chile	46	(46)		
79689080-0	Inversiones e Inmobiliaria Inmo Ltda.	Company, director relationship	Services provided	Chilean pesos	Chile	300,000	300,000	—	—

Table of Contents

Addition information required by SVS (Superintendencia de Valores y Seguros) as per communication N° 3592 dated January 31, 2014.

a) Transactions between the holding company Cencosud S.A and its direct and indirect subsidiaries.

Tax ID Number	Company	Nature of relationship	Transaction description	Currency	Country	Impact to income (charge /credit)		Impact to income (charge /credit)	
						12/31/2013 ThCh\$	12/31/2013 ThCh\$	12/31/2013 ThCh\$	12/31/2013 ThCh\$
93.834.000-5	Cencosud Chile S.A.	Common control	Admin and operational fees	Chilean peso	Chile	77,292,455	(77,292,455)	74,020,423	(74,020,423)
94.226.000-8	Cencosud Shopping Centers S.A.	Common control	Leases	Chilean peso	Chile	63,018,336	(63,018,336)	61,551,936	(61,551,936)
94.226.000-8	Cencosud Shopping Centers S.A.	Common control	Utilities	Chilean peso	Chile	17,232,385	(17,232,385)	17,799,619	(17,799,619)
84.671.700-5	Cencosud Retail S.A.	Common control	Leases	Chilean peso	Chile	187,220	(187,220)	32,302	(32,302)
84.671.700-5	Cencosud Retail S.A.	Common control	Sales of inventory	Chilean peso	Chile	14,794,721	(14,794,721)	14,163,609	(14,163,609)
78.410.990-8	Adm. del Centro Comercial Alto las Condes Ltda.	Common control	Utilities	Chilean peso	Chile	23,826,124	(23,826,124)	25,658,822	(25,658,822)
96.671.750-5	Easy S.A.	Common control	Sale of inventory	Chilean peso	Chile	970,790	(970,790)	1,845,056	(1,845,056)
78.410.310-2	Food & Fantasy Ltda.	Common control	Services rendered	Chilean peso	Chile	30	(30)	3,893	(3,893)
99.500.840-8	Cencosud Administradora de Tarjetas S.A.	Common control	Admin and operational fees	Chilean peso	Chile	506,013	(506,013)	533,173	(533,173)
96.732.790-5	Inmobiliaria Santa Isabel S.A.	Common control	Leases	Chilean peso	Chile	475,751	(475,751)	455,555	(455,555)
99.566.580-8	Jumbo Administradora S.A.	Common control	Admin and operational fees	Chilean peso	Chile	43,945,582	(43,945,582)	67,247,586	(67,247,586)
99.571.870-7	Jumbo Administradora Temuco S.A.	Common control	Admin and operational fees	Chilean peso	Chile	13,470,106	(13,470,106)	21,795,347	(21,795,347)
88.235.500-4	Sociedad Comercial de Tiendas S.A.	Common control	Leases	Chilean peso	Chile	4,520,709	(4,520,709)	4,728,446	(4,728,446)
76.365.580-6	Jumbo Administradora Norte S.A.	Common control	Admin and operational fees	Chilean peso	Chile	20,024,368	(20,024,368)	26,976,444	(26,976,444)
76.365.590-3	Easy Administradora Norte S.A.	Common control	Admin and operational fees	Chilean peso	Chile	6,691,396	(6,691,396)	10,276,427	(10,276,427)
76.433.310-1	Costanera Center S.A.	Common control	Easement	Chilean peso	Chile	26,202,640	(26,202,640)	18,659,833	(18,659,833)
77.312.480-9	Administradora de Servicios Paris Ltda.	Common control	Commissions	Chilean peso	Chile	9,826	(9,826)	7,013	(7,013)
76.476.830-2	Circulo Mas S.A.	Common control	Services rendered	Chilean peso	Chile	29,187,114	(29,187,114)	23,252,183	(23,252,183)
76.568.660-1	Cencosud Administradora de Procesos S.A.	Common control	Admin and operational fees	Chilean peso	Chile	2,356,186	(2,356,186)	1,882,904	(1,882,904)
76.023.825-2	Cencosud Servicios Integrales S.A.	Common control	Commissions	Chilean peso	Chile	4,458,884	(4,458,884)	7,187,656	(7,187,656)
77.302.910-k	Logística y Distribución Paris Ltda.	Common control	Admin and operational fees	Chilean peso	Chile	5,000,345	(5,000,345)	5,000,345	(5,000,345)
78.448.780-6	Paris Administradora Sur Ltda.	Common control	Admin and operational fees	Chilean peso	Chile	13,297,824	(13,297,824)	20,885,489	(20,885,489)
77.251.760-2	Jumbo Supermercados Administradora Ltda.	Common control	Admin and operational fees	Chilean peso	Chile	65,019,331	(65,019,331)	4,462,799	(4,462,799)
77.779.000-5	Paris Administradora Ltda.	Common control	Admin and operational fees	Chilean peso	Chile	63,740,691	(63,740,691)	56,355,833	(56,355,833)
76.819.580-3	Santa Isabel Administradora Norte Ltda.	Common control	Admin and operational fees	Chilean peso	Chile	16,069,134	(16,069,134)	22,084,068	(22,084,068)
76.819.500-5	Santa Isabel Administradora Sur Ltda.	Common control	Admin and operational fees	Chilean peso	Chile	13,775,048	(13,775,048)	19,589,136	(19,589,136)

Table of Contents

Tax ID Number	Company	Nature of relationship	Transaction description	Currency	Country	Impact to income (charge /credit)		Impact to income (charge /credit)	
						12/31/2013 ThCh\$	12/31/2013 ThCh\$	12/31/2013 ThCh\$	12/31/2013 ThCh\$
79.829.500-4	Eurofashion Ltda.	Common control	Sale of inventory	Chilean peso	Chile	15,672,569	(15,672,569)	16,120,799	(16,120,799)
76.062.794-1	Santa Isabel Administradora S.A.	Common control	Admin and operational fees	Chilean peso	China	76,789,213	(76,789,213)	61,089,375	(61,089,375)
O-E	Cencosud (Shanghai) Trading Co., Ltd	Common control	Admin and operational fees	Chilean peso	Chile	2,016,567	(2,016,567)	1,637,824	(1,637,824)
96.988.700-2	MegaJohnson's Administradora S.A.	Common control	Admin and operational fees	US dollar	Chile	10,536,486	(10,536,486)	5,648,963	(5,648,963)
76.190.379-9	Cencosud Retail Administradora Ltda.	Common control	Admin and operational fees	Chilean peso	Chile	7,468,314	(7,468,314)	10,278,884	(10,278,884)
76.203.299-6	Comercializadora Costanera Center S.P.A.	Common control	Leases	Chilean peso	Chile	5,934,388	(5,934,388)	6,365,437	(6,365,437)
76.203.299-6	Comercializadora Costanera Center S.P.A.	Common control	Utilities	Chilean peso	Chile	3,118,535	(3,118,535)	2,578,189	(2,578,189)
O-E	Cencosud Argentina S.A.	Common control	Leases	Argentine peso	Argentina	12,131,063	(12,131,063)	7,407,554	(7,407,554)
O-E	Cencosud Argentina S.A.	Common control	Utilities	Argentine peso	Argentina	7,859,099	(7,859,099)	8,260,750	(8,260,750)
O-E	Cencosud Argentina S.A.	Common control	Sale of inventory	Argentine peso	Argentina	1,513,651	(1,513,651)	4,892,716	(4,892,716)
O-E	Cencosud Argentina S.A.	Common control	Commissions	Argentine peso	Argentina	14,519,700	(14,519,700)	13,874,286	(13,874,286)
O-E	Jumbo Retail Argentina S.A.	Common control	Leases	Argentine peso	Argentina	209,253	(209,253)	528,900	(528,900)
O-E	Jumbo Retail Argentina S.A.	Common control	Sale of inventory	Argentine peso	Argentina	9,189,946	(9,189,946)	9,336,677	(9,336,677)
O-E	Invor S.A.	Common control	Leases	Argentine peso	Argentina	403,995	(403,995)	413,845	(413,845)

Table of Contents

b) Financing activities between related parties and their conditions

As of December 31, 2014

Grantor	Tax ID	Country	Receiving entity	Country ThCh\$	Instrument ThCh\$	Currency	Rate	Loans granted	Settlements	Grant date ThCh\$	Maturity
								in local currency	made in local currency ThCh\$		date ThCh\$
Cencosud S.A.	93.834.000-5	Chile	Cencosud Retail S.A.	Chile	Fund transfer	Chilean peso	—	1,929,125,918	1,743,820,640	Throughout 2014	—
Cencosud S.A.	93.834.000-5	Chile	Cencosud Shopping Centers S.A.	Chile	Fund transfer	Chilean peso	—	60,092,367	163,357,065	Throughout 2014	—
Cencosud S.A.	93.834.000-5	Chile	Administradora Centro Comercial Alto Las Condes Ltda.	Chile	Fund transfer	Chilean peso	—	51,327,427	51,698,061	Throughout 2014	—
Cencosud S.A.	93.834.000-5	Chile	Easy S.A.	Chile	Fund transfer	Chilean peso	—	388,951,685	369,675,430	Throughout 2014	—
Cencosud S.A.	93.834.000-5	Chile	Comercial Food And Fantasy Ltda.	Chile	Fund transfer	Chilean peso	—	2,108,623	2,517,818	Throughout 2014	—
Cencosud S.A.	93.834.000-5	Chile	Cencosud Internacional Ltda.	Chile	Prepaid capital contributions	Chilean peso	—	331,950	6,819,980	Throughout 2014	—
Cencosud S.A.	93.834.000-5	Chile	Cencosud Internacional Ltda.	Chile	Prepaid capital contributions	Chilean peso	—	20,014,602	—	Throughout 2014	—
Cencosud S.A.	93.834.000-5	Chile	Cencosud Administradora de Tarjetas S.A.	Chile	Fund transfer	Chilean peso	—	899,565,998	721,525,370	Throughout 2014	—
Cencosud S.A.	93.834.000-5	Chile	Jumbo Administradora S.A.	Chile	Fund transfer	Chilean peso	—	49,292,680	56,012,535	Throughout 2014	—
Cencosud S.A.	93.834.000-5	Chile	Jumbo Administradora Temuco S.A.	Chile	Fund transfer	Chilean peso	—	17,720,641	19,934,968	Throughout 2014	—
Cencosud S.A.	93.834.000-5	Chile	Cencosud Corredora de Seguros Ltda.	Chile	Fund transfer	Chilean peso	—	5,000	—	Throughout 2014	—
Cencosud S.A.	93.834.000-5	Chile	Sociedad Comercial de Tiendas S.A.	Chile	Fund transfer	Chilean peso	—	5,149,197	10,586,718	Throughout 2014	—
Cencosud S.A.	93.834.000-5	Chile	Jumbo Administradora Norte Ltda.	Chile	Fund transfer	Chilean peso	—	21,107,219	26,639,139	Throughout 2014	—
Cencosud S.A.	93.834.000-5	Chile	Easy Administradora Norte S.A.	Chile	Fund transfer	Chilean peso	—	6,394,897	8,446,053	Throughout 2014	—
Cencosud S.A.	93.834.000-5	Chile	Costanera Centers S.A.	Chile	Fund transfer	Chilean peso	—	35,737,812	37,487,732	Throughout 2014	—
Cencosud S.A.	93.834.000-5	Chile	Circulo Mas S.A.	Chile	Fund transfer	Chilean peso	—	14,748,662	13,505,310	Throughout 2014	—
Cencosud S.A.	93.834.000-5	Chile	Cencosud Administradora de Procesos S.A.	Chile	Fund transfer	Chilean peso	—	42,927,818	27,048,407	Throughout 2014	—
Cencosud S.A.	93.834.000-5	Chile	Cencosud Servicios Integrales S.A.	Chile	Fund transfer	Chilean peso	—	78,802,594	51,256,909	Throughout 2014	—
Cencosud S.A.	93.834.000-5	Chile	Logística y Distribución Paris Ltda.	Chile	Fund transfer	Chilean peso	—	6,118,691	5,575,325	Throughout 2014	—
Cencosud S.A.	93.834.000-5	Chile	Paris Administradora Sur Ltda.	Chile	Fund transfer	Chilean peso	—	23,227,011	17,520,186	Throughout 2014	—
Cencosud S.A.	93.834.000-5	Chile	Administradora y Comercial Puente Alto Ltda.	Chile	Fund transfer	Chilean peso	—	49,437,476	49,449,320	Throughout 2014	—
Cencosud S.A.	93.834.000-5	Chile	Paris Administradora Ltda.	Chile	Fund transfer	Chilean peso	—	89,256,845	75,662,400	Throughout 2014	—
Cencosud S.A.	93.834.000-5	Chile	Santa Isabel Administradora Norte S.A.	Chile	Fund transfer	Chilean peso	—	19,738,757	23,973,062	Throughout 2014	—
Cencosud S.A.	93.834.000-5	Chile	Santa Isabel Administradora Sur S.A.	Chile	Fund transfer	Chilean peso	—	13,392,970	16,887,329	Throughout 2014	—
Cencosud S.A.	93.834.000-5	Chile	Eurofashion Ltda.	Chile	Fund transfer	Chilean peso	—	57,668,729	44,461,984	Throughout 2014	—
Cencosud S.A.	93.834.000-5	Chile	Santa Isabel Administradora S.A.	Chile	Fund transfer	Chilean peso	—	90,589,806	78,806,585	Throughout 2014	—
Cencosud S.A.	93.834.000-5	Chile	Administradora TMO S.A.	Chile	Fund transfer	Chilean peso	—	1,204,953	586,498	Throughout 2014	—
Cencosud S.A.	93.834.000-5	Chile	Sociedad Comercializadora de Vestuario FES Ltda.	Chile	Fund transfer	Chilean peso	—	23,521	14,754	Throughout 2014	—
Cencosud S.A.	93.834.000-5	Chile	MegaJohnson's Puente Alto S.A.	Chile	Fund transfer	Chilean peso	—	2,000	—	Throughout 2014	—
Cencosud S.A.	93.834.000-5	Chile	MegaJohnson's S.A.	Chile	Fund transfer	Chilean peso	—	1,441,420	323,255	Throughout 2014	—
Cencosud S.A.	93.834.000-5	Chile	MegaJohnson's Maipú S.A.	Chile	Fund transfer	Chilean peso	—	629	150,887	Throughout 2014	—
Cencosud S.A.	93.834.000-5	Chile	MegaJohnson's Puente S.A.	Chile	Fund transfer	Chilean peso	—	2,850	—	Throughout 2014	—
Cencosud S.A.	93.834.000-5	Chile	Paris Administradora Centro Ltda.	Chile	Fund transfer	Chilean peso	—	—	—	Throughout 2014	—
Cencosud S.A.	93.834.000-5	Chile	MegaJohnson's Viña del Mar S.A.	Chile	Fund transfer	Chilean peso	—	399,591	—	Throughout 2014	—
Cencosud S.A.	93.834.000-5	Chile	Paris Administradora Norte Ltda.	Chile	Fund transfer	Chilean peso	—	—	—	Throughout 2014	—
Cencosud S.A.	93.834.000-5	Chile	MegaJohnson's Administradora S.A.	Chile	Fund transfer	Chilean peso	—	14,087,470	17,195,686	Throughout 2014	—
Cencosud S.A.	93.834.000-5	Chile	MegaJohnson's Quilin S.A.	Chile	Fund transfer	Chilean peso	—	7,750	—	Throughout 2014	—
Cencosud S.A.	93.834.000-5	Chile	Johnson's Mega San Bernardo S.A.	Chile	Fund transfer	Chilean peso	—	2,050	—	Throughout 2014	—
Cencosud S.A.	93.834.000-5	Chile	Cencosud Retail Administradora S.A.	Chile	Fund transfer	Chilean peso	—	32,170,084	58,542,991	Throughout 2014	—
Cencosud S.A.	93.834.000-5	Chile	Comercializadora Contanera Center SPA	Chile	Fund transfer	Chilean peso	—	45,406,534	41,685,605	Throughout 2014	—
Cencosud S.A.	93.834.000-5	Chile	Cencosud Internacional Argentina Spa	Chile	Fund transfer	Chilean peso	—	66,845	—	—	—

Table of Contents

Grantor	Tax ID	Country	Receiving entity	Country ThCh\$	Instrument ThCh\$	Currency	Rate	Loans granted	Settlements	Grant date ThCh\$	Maturity date ThCh\$
								in local currency	made in local currency ThCh\$		
Cencosud S.A.	93.834.000-5	Chile	Cencosud Corredora de Seguros Ltda.	Chile	Fund transfer	Chilean peso		22,329	—		
Cencosud Brasil Comercial	93.834.000-5	Chile	PERINI	Chile	Fund transfer	Reales	125% CDI	2,990	—		
Cencosud Brasil Comercial	O-E	Argentina	Mercantil Rodriguez	Chile	Loan	Reales	125% CDI	—	8,780		
Cencosud Perú S.A.	O-E	Brasil	E.Wong S.A.	Chile	Loan	Sol Peruano	fixed 18,50%	—	6,645		
Cencosud Perú S.A.	O-E	Brasil	Cencosud Retail Perú S.A.	Chile	Loan	Sol Peruano	fixed 18,50%	—	12,737	05/09/2014	04/03/2015
Cencosud Perú S.A.	93.834.000-5	Chile	Tres Palmeras SA	Chile	Loan	Sol Peruano	fixed 18,50%	—	3,098	18/11/2014	17/05/2015
Cencosud Perú S.A.	O-E	Perú	Cencosud Retail Perú S.A.	Chile	Loan	US Dollar	fixed 3,0%	—	1,275	22/09/2014	22/09/2015
Cencosud S.A.	O-E	Perú	Cencosud Perú S.A.	Chile	Loan	US Dollar	fixed 7,66%	—	30,000	01/02/2011	14/08/2017
Unicenter SA	O-E	Perú	Agrojumbo SA	Chile	Loan	Argentine peso	fixed 18,50%	1,795	—	07/09/2014	06/03/2015
Unicenter SA	O-E	Perú	Agrojumbo SA	Chile	Loan	Argentine peso	fixed 18,50%	4,583	—	14/09/2014	13/03/2015
Jumbo	O-E	Argentina	Cavas y Viñas El Acequi6n	Chile	Loan	Argentine peso	fixed 18,50%	122	—	05/09/2014	04/03/2015
Jumbo	O-E	Perú	Cavas y Viñas El Acequi6n	Chile	Loan	Argentine peso	fixed 18,50%	124	—	18/11/2014	17/05/2015
Jumbo	O-E	Perú	Cavas y Viñas El Acequi6n	Chile	Loan	Argentine peso	fixed 18,50%	436	—	31/08/2014	27/02/2015
Agropecuaria Anjull6n	O-E	Perú	Cavas y Viñas El Acequi6n	Chile	Loan	Argentine peso	fixed 18,50%	104	—	16/09/2014	15/03/2015
Agropecuaria Anjull6n	O-E	Perú	Cavas y Viñas El Acequi6n	Chile	Loan	Argentine peso	fixed 18,50%	104	—	25/09/2014	24/03/2015

Table of Contents

9.4 Board of Directors and key management of the Company

The Board of Directors as of December 31, 2014 is comprised of the following people:

<u>Board of directors</u>	<u>Role</u>	<u>Profession</u>
Horst Paulmann Kemna	Chairman	Businessman
Heike Paulmann Koepfer	Director	Commercial Engineer
Peter Paulmann Koepfer	Director	Commercial Engineer
Roberto Oscar Philipps	Director	National Public Accountant
Cristian Eyzaguirre Johnston	Director	Economist
Richard Büchi Buc	Director	Civil Engineer
Erasmus Wong Lu	Director	Civil Engineer
David Gallagher Patrickson	Director	Economist
Julio Moura Neto	Director	Engineer

Key management of the Company as of December 31, 2014 is composed of the following people:

<u>Senior management</u>	<u>Position</u>	<u>Profession</u>
Daniel Rodríguez	Chief Executive Officer	Forest Engineer
Carlos Mechetti	General Counsel	Attorney at law
Bronislao Jandzio	Audit Managing Director	Business Administrator
Pablo Castillo	Supermarket Managing Director	Commercial Engineer
Carlos Wulf	Home Improvement Stores Managing Director	Naval Engineer
Renato Fernández	Corporate Affairs Manager	Journalist
Jaime Soler	Department Stores Managing Director	Commercial Engineer
Marcelo Reyes	Corporate Risk Managing Director	Commercial Engineer
Patricio Rivas	Financial Retail Managing Director	Commercial Engineer
Pietro Illuminati	Procurement Director	Industrial Engineer
Rodrigo Hetz	Human Resources Director	Industrial Engineer
Andres Artigas	Chief Information Officer	Industrial Engineer
Juan Manuel Parada	Chief Financial Officer	Business Administrator
Stepan Krause	Projects Managing Director	Commercial Engineer
Rodrigo Larrain	Shopping Centers Managing Director	Industrial Engineer

9.5 Board of Directors compensation

In accordance with Article 33 of Law N° 18,046 in regards to Corporations, the Ordinary Shareholders' Meeting held on April 25, 2014, set the following amounts for the 2014 period:

- Fees paid for attending Board sessions: payment of UF 330 (equivalents to ThCh\$ 8,127) each month for those holding the position of Director of the Board and twice this amount for the President of the Board, if and only if they attend a minimum of 10 ordinary sessions each year.
- Fees paid for attending the Directors' Committee: payment to each Director of UF 110 (equivalents to ThCh\$ 2,709) for each session they attend.

Table of Contents

The details of the amount paid to Directors for the years ended December 31, 2014, 2013 and 2012, are as follows:

Name	Role	For the year ended December 31,		
		2014	2013	2012
		ThCh\$	ThCh\$	ThCh\$
Horst Paulmann Kemna	Chairman	184,487	147,291	104,146
Heike Paulmann Koepfer	Director	92,243	73,646	57,292
Peter Paulmann Koepfer	Director	92,243	73,646	52,072
Cristián Eyzaguirre Johnston	Director	92,243	79,771	69,453
Roberto Oscar Philipps	Director	122,991	98,225	69,453
Sven von Appen Behmann	Director	—	18,283	52,072
Erasmó Wong Lu Vega	Director	92,243	73,646	52,072
David Gallagher Patrickson	Director	122,991	98,225	69,453
Julio Moura	Director	92,243	73,646	52,072
Richard Büchi Buc	Director	122,991	73,816	—
Total		1,014,675	810,195	578,085

(*)

On November 13, 2014 the Company communicated a material event reporting that on that date, Mr. Daniel Rodríguez Cofré, has submitted to Cencosud's Board of Directors his resignation as Chief Executive Officer, effective on December 31, 2014.

The Board appointed Mr. Jaime Soler Bottinelli as new Corporate Chief Executive Officer since January 1, 2015.

9.6 Compensation paid to senior management

Key management compensation	For the year ended December 31,		
	2014	2013	2012
	ThCh\$	ThCh\$	ThCh\$
Salary and other short term employee benefits	5,195,504	6,255,270	5,715,000
Shares—based payments	612,501	983,730	445,717
Total	5,808,005	7,239,000	6,160,717

The Cencosud Group has established an incentive plan, which rewards management for the achievement of individual objectives in the achievement of the company's results. These incentives are structured as a minimum and a maximum of gross compensation and are paid once a year.

10 Inventory

The composition of this item as of December 31, 2014 and 2013 is as follows:

Inventory category	As of December 31,	
	2014	2013
	ThCh\$	ThCh\$
Raw materials	6,804,775	5,948,240
Goods	1,239,757,189	1,152,071,765
Finished Goods	235,448	793,111
Provisions	(152,187,829)	(113,906,489)
Total	1,094,609,583	1,044,906,627

Table of Contents

The composition of inventories by business line as of December 31, 2014 and 2013 is as follows:

<u>Inventory category</u>	<u>As of December 31, 2014</u>			
	<u>Department stores</u>	<u>Supermarkets</u>	<u>Home improvement</u>	<u>Total</u>
	<u>ThCh\$</u>	<u>ThCh\$</u>	<u>ThCh\$</u>	<u>ThCh\$</u>
Raw material	2,116,044	4,688,732	—	6,804,776
Goods	153,451,257	695,663,533	238,454,570	1,087,569,360
Finished Goods	—	235,447	—	235,447
Total	<u>155,567,301</u>	<u>700,587,712</u>	<u>238,454,570</u>	<u>1,094,609,583</u>

<u>Inventory category</u>	<u>As of December 31, 2013</u>			
	<u>Department stores</u>	<u>Supermarkets</u>	<u>Home improvement</u>	<u>Total</u>
	<u>ThCh\$</u>	<u>ThCh\$</u>	<u>ThCh\$</u>	<u>ThCh\$</u>
Raw material	1,856,890	4,091,350	—	5,948,240
Goods	178,369,821	651,423,279	208,372,176	1,038,165,276
Finished Goods	—	793,111	—	793,111
Total	<u>180,226,711</u>	<u>656,307,740</u>	<u>208,372,176</u>	<u>1,044,906,627</u>

The Company periodically assesses its inventories at their net realizable value, by separating the inventory for each line of business and verifying the age, inventory turnover, sales prices and seasonality. Any adjustments are carried against income of the period.

The goods included in inventory are valued between the purchase price or production cost, net of allowance for obsolescence and net realizable value.

The carrying amount of inventories carried at December 31, 2014 and December 31, 2013 to its net realizable value less selling costs, provides for:

Current Inventories:

<u>Inventories at net realizable value</u>	<u>Inventories at net realizable value as of December 31,</u>	
	<u>2014</u>	<u>2013</u>
	<u>ThCh\$</u>	<u>ThCh\$</u>
Inventory	59,318,630	46,104,966
Total	<u>59,318,630</u>	<u>46,104,966</u>

<u>Net realizable value movements</u>	<u>Balance as of December 31,</u>	
	<u>2014</u>	<u>2013</u>
	<u>ThCh\$</u>	<u>ThCh\$</u>
Beginning Balance	46,104,966	43,659,617
Increase of Inventory to NRV (Net Realizable Value)	20,798,098	8,619,110
Decrease of Inventory to NRV (Net Realizable Value)	(7,584,434)	(6,173,761)
Acquisitions through Business combinations	.	.
Total	<u>59,318,630</u>	<u>46,104,966</u>

Table of Contents

Other information relevant to inventory:

<u>Additional information inventory</u>	<u>For the periods between</u>		
	<u>01/01/2014</u> <u>12/31/2014</u>	<u>01/01/2013</u> <u>12/31/2013</u>	<u>01/01/2012</u> <u>12/31/2012</u>
	<u>ThCh\$</u>	<u>ThCh\$</u>	<u>ThCh\$</u>
Cost of inventories recognized as expenses during the year	7,377,823,134	6,922,055,443	6,318,469,948

Provision movements:

<u>Provisions</u>	<u>Balance as of December 31,</u>	
	<u>2014</u>	<u>2013</u>
	<u>ThCh\$</u>	<u>ThCh\$</u>
Beginning Balance	113,906,489	112,639,609
Amount of sales of inventory	47,902,756	12,822,726
Amount of reversals of inventory reductions	(9,621,416)	(11,555,846)
Total	<u>152,187,829</u>	<u>113,906,489</u>

The circumstances or events that led to the reversal of any write-down of inventories at December 31, 2014 and 2013, relate mainly to liquidations and auctions to recover more value from the estimated net realizable value for inventories.

The Company has not given inventories as collaterals at the end of the year.

Table of Contents

11 Investments in associates recorded following the equity method

11.1. Breakdown of investments in associates

The composition of the item as of December 31, 2014 and 2013, as well as other related information is as follows:

Investments in associates	Country Of origin	Functional currency	Ownership percentage	Voting power percentage	Balance as of	Participation	Translation difference	Other increase (decrease)(*)	Balance
					December 31, 2013	in profit or loss of equity method			as of December 31, 2014
			%	%	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Loyalti del Perú S.A.C.	Peru	Peruvian Nuevo Sol	42.50	42.50	860,815	170,050	66,543	(344,981)	752,427
Carnes Huinca S.A.	Argentina	Argentine Pesos	50.00	50.00	192,079	(133,810)	(58,269)	—	—
Inmobiliaria Mall Viña del Mar S.A.	Chile	Chilean Pesos	33.33	33.33	48,889,260	6,171,966	—	(3,565,739)	51,495,487
Total					49,942,154	6,208,206	8,274	(3,910,720)	52,247,914

The composition of the item as of December 31, 2013 and 2012, as well as other related information is as follows:

Investments in associates	Country Of origin	Functional currency	Ownership percentage	Voting power percentage	Balance as of	Participation	Translation difference	Other increase (decrease)	Balance
					December 31, 2012	in profit or loss of equity method			as of December 31, 2013
			%	%	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Loyalti del Perú S.A.C.	Peru	Peruvian Nuevo Sol	42.50	42.50	717,843	142,475	497	—	860,815
Carnes Huinca S.A.	Argentina	Argentine Pesos	50.00	50.00	207,360	23,037	(38,318)	—	192,079
Inmobiliaria Mall Viña del Mar S.A.	Chile	Chilean Pesos	3.33	33.33	41,335,198	10,123,927	—	(2,569,865)	48,889,260
Total					42,260,401	10,289,439	(37,821)	(2,569,865)	49,942,154

(*) Decreases represent dividends received from associates.

Table of Contents

The composition of the item as of December 31, 2012 and 2011, as well as other related information is as follows:

<u>Investments in associates</u>	<u>Country of origin</u>	<u>Functional currency</u>	<u>Ownership percentage</u>	<u>Voting power percentage</u>	<u>Balance as of</u>	<u>Participation</u>	<u>Translation difference</u>	<u>Other increase (decrease)</u>	<u>Balance as of</u>
					<u>December 31, 2011</u>	<u>in profit or loss of equity method</u>			<u>December 31, 2012</u>
			<u>%</u>	<u>%</u>	<u>ThCh\$</u>	<u>ThCh\$</u>	<u>ThCh\$</u>	<u>ThCh\$</u>	<u>ThCh\$</u>
Loyalti del Perú S.A.C.	Peru	Peruvian Nuevo Sol	42.50	42.50	935,477	97,534	(315,168)	—	717,843
Carnes Huinca S.A.	Argentina	Argentine Pesos	50.00	50.00	(14,578)	801	27,234	248,371	207,360
Inmobiliaria Mall Viña del Mar S.A.	Chile	Chilean Pesos	33.33	33.33	37,897,834	5,544,077	—	(2,106,713)	41,335,198
Total					38,818,733	5,642,412	(342,402)	(1,858,342)	42,260,401

Table of Contents

Set out above are the associates of the group as at 31 December 2014, which, in the opinion of the directors, are material to the group. The associates as listed above have share capital consisting solely of ordinary shares, which are held directly by the group; the country of incorporation or registration is also their principal place of business.

There are no contingent liabilities relating to the group's interest in the associates

The associates listed above are private companies and there is no quoted market price available for their shares.

11.2 Relevant summarized information with regards to associates

The information below reflects the amounts presented in the financial statements of the associates adjusted for differences in accounting policies between the group and the associates.

The information regarding investments in associates as of December 31, 2014 is as follows:

Investments in associates	At December 31, 2014							
	Interest	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Ordinary income	Ordinary expense	Net gain (loss)
	%	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Loyalti del Perú S.A.C.	42.5	5,156,260	220,255	982,387	2,623,712	7,581,053	7,180,935	400,118
Carnes Huinca S.A.	50.00	129,358	160,144	1,719,006	—	467,017	734,637	(267,620)
Inmobiliaria Mall Viña del Mar S.A.	33.33	33,586,345	244,982,888	13,689,029	110,370,471	24,660,719	(2,424,743)	18,517,750
Total		38,871,963	245,363,287	16,390,422	112,994,183	32,708,789	5,490,829	18,650,248

The information regarding investments in associates as of December 31, 2013 is as follows:

Investments in associates	At December 31, 2013							
	Interest	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Ordinary income	Ordinary expense	Net gain (loss)
	%	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Loyalti del Perú S.A.C.	42.5	4,003,056	258,207	834,033	1,401,782	8,516,202	8,180,967	335,235
Carnes Huinca S.A.	50.00	335,846	190,382	142,070	—	2,016,399	1,970,325	46,074
Inmobiliaria Mall Viña del Mar S.A.	33.33	13,095,417	216,495,332	13,619,985	69,288,315	22,338,980	(8,035,837)	30,374,817
Total		<u>17,434,319</u>	<u>216,943,921</u>	<u>14,596,088</u>	<u>70,690,097</u>	<u>32,871,581</u>	<u>2,115,455</u>	<u>30,756,126</u>

Table of Contents

The information regarding investments in associates as of December 31, 2012 is as follows:

Investments in associates	At December 31, 2012							
	Interest	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Ordinary income	Ordinary expense	Net gain (loss)
	%	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Loyalti del Perú S.A.C.	42.5	4,183,697	204,230	829,610	1,869,275	6,203,947	5,974,455	229,492
Carnes Huinca S.A.	50.00	254,780	263,165	103,225		1,882,828	1,881,226	1,602
Inmobiliaria Mall Viña del Mar S.A.	33.33	5,681,797	190,702,140	11,181,517	61,184,425	21,313,956	4,680,062	16,633,894
Total		10,120,274	191,169,535	12,114,352	63,053,700	29,400,731	12,535,743	16,864,988

12 Intangible assets other than goodwill

Intangible assets are mainly composed of software and brands acquired in business combinations. The detail as of December 31, 2014 and 2013 is as follows:

Intangibles assets other than goodwill net	As of December 31,	
	2014	2013
	ThCh\$	ThCh\$
Finite life intangible assets, net	125,471,527	101,181,642
Indefinite life intangible assets, net	275,070,653	470,439,865
Intangible assets, net	400,542,180	571,621,507
Patents, Trade Marks and Other Rights, Net	275,070,653	470,439,865
Software (IT)	88,441,290	61,048,198
Other Identifiable Intangible Assets, net	37,030,237	40,133,444
Identifiable Intangible Assets, Net	400,542,180	571,621,507
Intangibles assets other than goodwill gross	As of December 31,	
	2014	2013
	ThCh\$	ThCh\$
Finite life intangible assets, Gross	216,527,275	175,222,015
Indefinite life intangible assets, Gross	275,070,653	470,439,865
Intangible Assets, Gross	491,597,928	645,661,880
Patents, Trade Marks and Other Rights, Gross	275,070,653	470,439,865
Software (IT)	160,757,436	118,664,961
Other Identifiable Intangible Assets, Gross	55,769,839	56,557,054
Identifiable Intangible Assets, Gross	491,597,928	645,661,880

Table of Contents

<u>Accumulated amortization and value impairment</u>	<u>As of December 31,</u>	
	<u>2014</u>	<u>2013</u>
	<u>ThCh\$</u>	<u>ThCh\$</u>
Finite life intangible assets	(91,055,748)	(74,040,373)
Indefinite life intangible assets	—	—
Intangible Assets, Gross	(91,055,748)	(74,040,373)
Software (IT)	(72,316,146)	(57,616,763)
Other Identifiable Intangible Assets	(18,739,602)	(16,423,610)
Accumulated amortization and value impairment	(91,055,748)	(74,040,373)

Other identifiable intangible assets mainly correspond to customer's data base.

The Group performs an annual recoverability analysis, according to the criteria described in note 2.11 "under Impairment loss of non financial assets IAS 36 "impairment of assets.".

The detail of the useful lives applied to intangible assets as of December 31, 2014 and 2013 is as follows:

<u>Estimated useful lives or amortization rates used</u>	<u>Minimum life</u>	<u>Maximum life</u>
Patents, Trade Marks and Other Rights	Indefinite	Indefinite
Software (IT)	1	7
Other identifiable Intangible Assets	1	5

The movement of intangible assets as of and for the year ended December 31, 2014 is the following:

<u>Intangible movements</u>	<u>Patents, trademarks and other rights</u>	<u>Applications (IT)</u>	<u>Other identifiable intangible assets</u>	<u>Intangible assets, net</u>
	<u>ThCh\$</u>	<u>ThCh\$</u>	<u>ThCh\$</u>	<u>ThCh\$</u>
Initial balance as of January 1, 2014	470,439,865	61,048,198	40,133,444	571,621,507
Additions	—	19,709,085	—	19,709,085
Removal	—	(348,314)	—	(348,314)
Amortization	—	(14,699,383)	(2,315,992)	(17,015,375)
Increase (decrease) in foreign exchange	10,239,485	(2,813,769)	134,265	7,559,981
Decrease for classification as held for sale	(205,608,697)	(3,526,108)	99,484	(209,035,321)
Other Increase (decrease)	—	29,071,581	(1,020,964)	28,050,617
Balance at December 31, 2014	275,070,653	88,441,290	37,030,237	400,542,180

Table of Contents

The movement of intangible assets as of and for the year ended December 31, 2013 is the following:

<u>Intangible movements</u>	<u>Patents, trademarks and other rights</u>	<u>Applications (IT)</u>	<u>Other identifiable intangible assets</u>	<u>Intangible assets, net</u>
	<u>ThCh\$</u>	<u>ThCh\$</u>	<u>ThCh\$</u>	<u>ThCh\$</u>
Initial balance as of January 1, 2013	472,618,978	38,122,191	44,542,777	555,283,946
Additions	—	35,929,237	666,005	36,595,242
Acquisitions through business combination	—	—	—	—
Amortization	—	(11,553,378)	(3,833,906)	(15,387,284)
Increase (decrease) in foreign exchange	(2,179,113)	(1,449,852)	(1,241,432)	(4,870,397)
Balance at December 31, 2013	<u>470,439,865</u>	<u>61,048,198</u>	<u>40,133,444</u>	<u>571,621,507</u>

The details of the amounts of identifiable intangible assets that are individually significant as of December 31, 2014 and 2013 is as follows:

<u>Individually significant identifiable Intangible assets</u>	<u>Book Value 2014</u>	<u>Book Value 2013</u>	<u>Remaining amortization period</u>	<u>Country of origin</u>	<u>Segment</u>
	<u>ThCh\$</u>	<u>ThCh\$</u>			
Paris Brand	120,754,313	326,363,010	Indefinite	Chile	Department stores
Johnson's Brand	15,501,628	15,501,628	Indefinite	Chile	Department stores
Pierre Cardin License	171,584	171,584	Defined	Chile	Department stores
Wong Brand	33,189,716	30,224,513	Indefinite	Peru	Supermarkets
Metro Brand	72,413,925	65,944,390	Indefinite	Peru	Supermarkets
Bretas Brand	19,137,928	18,671,783	Indefinite	Brazil	Supermarkets
Perini Brand	856,926	836,053	Indefinite	Brazil	Supermarkets
Prezunic Brand	13,044,633	12,726,904	Indefinite	Brazil	Supermarkets
Total	<u>275,070,653</u>	<u>470,439,865</u>			

The factors for considering the brands with indefinite useful lives over time are the following:

- Verifiable history and expected use of the asset by the Company: This is the most important factor to consider in the definition of the useful life of the brand. The brands mentioned have a history of more than 80 years of successful existence in the market. The use that has been and is being given to these brands shows an intention to keep them and consolidate them further in the long term.
- Legal, regulatory or contractual limits to the useful life of the intangible asset: There are no legal, regulatory or contractual limits linked to the brands. The brands are duly protected and the pertinent registrations remain current.
- Effects of obsolescence, demand, competition and other economic factors: The brands have a rating linked to strong national brands according to their history. This implies a low risk of obsolescence.
- Maintenance of the necessary investment levels to produce the projected future cash flows: historic and projected cash flows for the brands are duly sustained with investments in marketing, publicity, technology, renovations and improvements to the retail infrastructure. They are efficient as a result of synergies and scale of operations, but are compatible and realistic for the industry. An increase in the other general administration expenses and necessary sales is also contemplated to sustain the projected increase in sales.
- Relationship of the useful life of an asset or group of assets with the useful life of an intangible asset: The brands do not depend on the useful life of any asset or group of assets as they existed independently for a substantial time prior to the acquisitions, and they are not related to sectors subject to technological obsolescence or other causes.

Table of Contents

The charge to income for amortization of intangibles for the years ended December 31, 2014, 2013 and 2012, are detailed below:

Item line in statement of income which includes amortization of identifiable Intangible assets	As of December 31,		
	2014	2013	2012
	ThCh\$	ThCh\$	ThCh\$
Administrative expenses (see note 25.3)	17,015,375	14,101,251	8,723,032
Total	17,015,375	14,101,251	8,723,032

As of December 31, 2014 and 2013, there are no relevant intangible assets encumbered. There are also no restrictions on ownership of them.

As of December 31, 2014 and 2013, there are no commitments to acquire intangible assets.

No significant intangible assets that have been fully depreciated are in use as of December 31, 2014.

13 Goodwill

13.1 Impairment test on Cash Generating Units including Goodwill.

Goodwill is allocated to each group of cash generating units, as appropriate, in each country and operating segment. The following table details goodwill by operating segment and country as of December 31, 2014 and 2013:

Goodwill per operating segment and country	As of December 31,		
	2013	Exchange rate fluctuation	2014
	ThCh\$	ThCh\$	ThCh\$
Real Estate & Shopping—Argentina	170,515	(20,168)	150,347
Real Estate & Shopping—Colombia	38,515,875	(2,853,028)	35,662,847
Supermarkets—Chile	106,991,957	—	106,991,957
Supermarkets—Brazil	555,708,811	13,876,125	569,584,936
Supermarkets—Peru	248,204,885	20,439,935	268,644,820
Supermarkets— Colombia	539,222,248	(39,942,388)	499,279,860
Home Improvement—Argentina	3,646,347	(437,551)	3,208,796
Home Improvement—Chile	1,227,458	—	1,227,458
Department stores—Chile	138,159,463	—	138,159,463
Financial services – Colombia	64,193,125	(4,755,046)	59,438,079
Total	1,696,040,684	(13,692,121)	1,682,348,563

The basis of the amount recoverable from each group of cash generating units is the value in use, which determined by the net present value of the cash flows that the group of cash generating units will produce, discounted based on a rate of average cost of market capital in line with the business of each country.

Table of Contents**13.2 Key assumptions**

Discount rate

<u>Cash generating units</u>	<u>Discount rate</u>	
	<u>2014</u>	<u>2013</u>
Supermarkets – Chile	9.60	9.16
Supermarkets – Brazil	10.30	10.54
Supermarkets – Peru	10.65	10.69
Supermarkets – Colombia	9.51	9.33
Department stores– Chile	9.17	8.83
Home Improvement—Argentina	34,33	28.78
Home Improvement—Chile	9.54	9.19
Real Estate - Colombia	11,17	9,33
Financial Services - Colombia	11,83	9,33

The discount rate was a pre-tax measure estimated based on the historical industry average weighted-average cost of capital, with a debt leveraging of 23% taking into account the main competitors in the market in each country where the Company operates.

Table of Contents

Other key assumptions

The financial projections to determine the net present value of future cash flows are modeled considering the principal variables that determine the historic flows of each group of CGU and the budgets approved by the Board. Conservative growth rates are used for this purpose, which fluctuate from 1,2% to 1,7% annual average for the first five year of the projections and the terminal growth rates are between 0% and 1%, except for the group of UGEs Supermarkets Colombia which have 10 years projections with an annual average growth of 3,4%. The most sensitive variables used in these projections are the discount rates, operating costs, store occupation factors, terminal growth rates, and the market prices of the goods and services traded.

A differentiated discount rate is used to determine the value in use of each operating segment/country where the Company operates. For the impairment test performed in 2014, management carried out a reasonableness analysis on the key assumptions such as EBITDA margin, discount rate and terminal growth rate. This analysis consisted of a sensibility analysis on these three assumptions. Management assessed a change of 5%, 5% and 10% on the EBITDA margin, discount rate and terminal growth rate respectively. Based on the results of the sensibility analysis performed, if the proposed changes occurred on the assessed key assumptions, there would not be an impairment loss in 2014.

If EBITDA margin used in the value in use calculation for the group of UGEs Supermarkets - Colombia, or if the estimated cost of capital used in determining the discount rate for the group of UGEs aforementioned, had been 5% higher, than management's estimates, both changes taken in isolation, the recoverable amount determined by value in use calculation, still remains in an amount similar to the goodwill carrying amount, with a small surplus.

If EBITDA margin used in the value in use calculation for the group of UGEs Supermarkets -Brazil, or if the estimated cost of capital used in determining the discount rate for the group of UGEs aforementioned, had been 5% higher, than the management's estimates, both changes taken in isolation, the recoverable amount determined by value in use calculation, remains in an amount higher than similar to the goodwill carrying amount, with a small surplus.

The recoverable amount exceeded the CGU's carrying amounts of each group of CGU based on a sensibility analysis performed, management did not identify a reasonably possible change in the two assumptions tested that could cause the carrying value exceeds the recoverable amount.

Acquisition of Colombia Holdings Alpha BV, Colombia Holdings Thalie BV, Colombia Holdings Calliope BV, Colombia Holdings Uranie BV, and Colombia Holdings Coledim BV, each organized under the laws of the Kingdom of the "Netherlands", as well as the acquisition of 100% of the capital stock of Grandes Superficies de Colombia S.A. and Atacadao de Colombia S.A.S (Carrefour)

On November 30, 2012, Cencosud S.A. filed an official notice of an essential event, or "*Hecho Esencial*", with the Chilean Superintendency of Securities and Insurance, "*Superintendencia de Valores y Seguros*" ("SVS"), pursuant to article 9 and second paragraph of article 10 of Act number 18.045 of the Republic of Chile, and Section II of the General Rule No. 30 of the SVS, announcing that:

Pursuant to the stock purchase agreement executed between the Company and Carrefour Nederlans B.V., a company organized under the laws of the Kingdom of the Netherlands and an affiliate of Carrefour S.A., a company organized under the laws of France, the Company completed the acquisition of 100% of the capital stock of Colombia Holdings Alpha BV, Colombia Holdings Thalie BV, Colombia Holdings Calliope BV, Colombia Holdings Uranie BV, and Colombia Holdings Coledim BV, each organized under the laws of the Kingdom of the Netherlands, as well as the acquisition of 100% of the capital stock of Grandes Superficies de Colombia S.A. and Atacadao de Colombia S.A.S., each organized under the laws of Colombia (collectively, the "Acquired Companies"). The Acquired Companies operate supermarkets under the Carrefour brand name in Colombia.

The total purchase price operation was EUR 1,905,005,000 (ThCh\$1,171,090,394). All the expenses related to this transaction have been recorded in the income statements of the Company. The expenses amounted to ThCH\$3,359,720 (professional fees).

Net sales and profit of the chain in the last twelve months of 2012 totaled about US\$ 2.1 billion and US\$27,498 million respectively. In one month to December 31, 2012, the acquired Company contributed revenue and profit of US\$244 and US\$9,7 million respectively.

Table of Contents

The Company operates 72 hypermarkets, 16 convenience stores, four local cash & carry format, as well as gas stations. It also acquired the premises are located in nine of the ten largest cities in Colombia, becoming the second supermarket operator. In relation to the attributable synergies to this acquisition, Cencosud is a strong retail operator in the South America Pacific shore and the entry into the Colombian market creates synergy opportunities not only for its Colombian operations but also for its Chilean and Peruvian operations by increasing the scale of its purchases from Asia and by providing a better cost of goods to Colombia and to its operations in Chile and Peru. Furthermore, given that Cencosud is a multi-format retail operator, it believes is well suited to create value out of the real estate portfolio acquired by developing new formats into the existing properties. Cencosud can further develop the sites by opening home improvement stores next to existing supermarkets, or start department store or shopping center operations in the future, further developing its business footprint in Colombia and generating operational efficiencies in that market. Finally, the Group's core business is supermarket operations, which is also the case for the Company's Colombian Operations. Supermarkets are worth more than the value of their assets. Procedures, logistics, trained people, points of sales, etc., are all part of the added value of a supermarket operation. The goodwill recognized is basically attributable to the aforementioned facts and synergies expected to be achieved from integrating the acquired business into the Group's existing structure.

The Company concluded the process of determining the fair value measurement of assets and liabilities of the Sociedad Grandes Superficies de Colombia S.A. y Atacadao de Colombia S.A.S in 2013. All adjustments determined as part of the process have been accounted for as adjusting entries to the amounts recognized as of December 31, 2012.

The balance of the company at the date of purchase provided the following:

<u>Assets</u>	<u>Measurement Period Adjustments</u>	<u>Final allocation of consideration transferred restated ThCh\$</u>	<u>Preliminary allocation as of December 01, 2012 ThCh\$</u>
Current Assets			
Cash and cash equivalents	—	7,137,486	7,137,486
Other financial assets, current	463,921	3,124,415	2,660,494
Trade debtors and other accounts receivables	(2,963,220)	34,085,549	37,048,769
Intercompany receivables, current		74,099	74,099
Inventories	(15,919,318)	94,035,892	109,955,210
Current tax assets	—	8,016,441	8,016,441
Total current assets	<u>(18,418,617)</u>	<u>146,473,882</u>	<u>164,892,499</u>
Non-current assets			
Trade debtors and other accounts receivable, non-current	—	7,280	7,280
Intangible assets other than goodwill	10,373,018	17,669,695	7,296,677
Goodwill	(26,618,046)	—	26,618,046
Property, plant and equipment	224,997,165	715,416,527	490,419,362
Investment property	—	23,495,425	23,495,425
Deferred income tax assets	<u>17,911,453</u>	<u>50,165,320</u>	<u>32,253,867</u>
Total non-current assets	<u>226,663,590</u>	<u>806,754,247</u>	<u>580,090,657</u>
Total assets	<u>208,244,973</u>	<u>953,228,129</u>	<u>744,983,156</u>

Table of Contents

<u>Net Equity and liabilities</u>	Measurement <u>Period Adjustments</u>	Final allocation of consideration transferred <u>ThCh\$</u>	Preliminary allocation as of December 01, <u>2012</u> <u>ThCh\$</u>
Current liabilities			
Other financial liabilities, current	—	80,314,269	80,314,269
Trade creditors and other Accounts payables	1,509,214	182,131,348	180,622,134
Intercompany Accounts payable, current	—	5,220,634	5,220,634
Other short-term provisions	10,162,303	12,965,888	2,803,585
Employee benefit provisions, current	—	2,788,075	2,788,075
Other non-financial liabilities, current	—	867,040	867,040
Total current liabilities	<u>11,671,517</u>	<u>284,287,254</u>	<u>272,615,737</u>
Non-current Liabilities			
Other financial liabilities, non-current	2,805,517	11,855,081	9,049,564
Non-current liabilities	—	14,538,258	14,538,258
Other Non-current provisions	9,374,893	9,374,893	—
Deferred income tax liabilities	71,980,675	79,525,006	7,544,331
Other long term provisions	—	713,260	713,260
Total non-current liabilities	<u>84,161,085</u>	<u>116,006,498</u>	<u>31,845,413</u>
Total liabilities	<u>95,832,602</u>	<u>400,293,752</u>	<u>304,461,150</u>

<u>Net Equity and liabilities</u>	Final allocation of consideration transferred restated <u>ThCh\$</u>	Preliminary allocation of consideration transferred <u>ThCh\$</u>
Paid in Capital		323,596,000
Retained Earnings		78,632,494
Other Reserves		38,293,512
Equity attributable to equity instrument holders:		
Not controlling interest		<u>440,522,006</u>
Equity and liabilities		<u>744,983,156</u>
Net Assets	552,934,377	
Consideration Paid	1,171,090,394	
Goodwill	618,156,017	
Accumulated exchange difference	23,775,231	
Goodwill as of December 31, 2013	641,931,248	

Table of Contents

As for the allocation of Goodwill, this was determined by taking into account the expected benefits from the related synergies arising from business model of the Company in Colombia, the allocation is as follows:

- a) Supermarket – carries 84% of total goodwill
- b) Financial services – carries 10% of total goodwill
- c) Shopping centers – carries 6% of total goodwill

The goodwill recognized is expected to be deductible for tax purposes.

Fair value measurements

The valuation techniques used in determining the fair value of the significant assets and assumed liabilities were as follows:

Property Plan and Equipment: The Company used the “Replacement Cost new method” to determine the fair value of PPE. This method consists of identifying the replacement cost of new property with similar capacity, adjusted for depreciable factors such as functional or technological obsolescence, remaining useful life, and physical condition. For lands and buildings, the Company used the “Sales Comparison method.” This method identifies prices of recent transactions between market participants (purchasers/sellers) for comparable properties.

Intangible assets: The Company identified and assessed for recognition the following intangibles assets:

- Customer relationship: The Company used the multi-period excess earnings method to estimate the fair value based on a residual cash flow notion.
- Customer lists (databases): The Company used a market approach to determine the fair value of this asset

The hierarchy for the fair value of the assets measured from the business combination, specifically intangible assets, has been assessed as level III.

The trade receivables comprise of gross contractual amounts of ThCh\$ M\$ 34,399,870, of which ThCh\$3,878,630 was expected to be uncollectible as of the date of acquisition.

14 Property, plant and equipment

14.1 The composition of this item as of December 31, 2014 and 2013 is as follows:

	As of December 31,	
	2014	2013
	ThCh\$	ThCh\$
Construction in progress	108,039,312	196,653,736
Land	771,941,959	755,456,534
Buildings	1,138,386,080	1,159,045,283
Plant and equipment	271,557,147	270,153,069
Information technology equipment	41,570,628	35,962,383
Fixed installations and accessories	383,530,340	389,903,950
Motor vehicles	3,256,956	1,192,222
Leasehold improvements	260,036,834	230,830,919
Other property plant and equipment	31,409,200	62,685,772
Totals	<u>3,009,728,456</u>	<u>3,101,883,868</u>

Table of Contents

<u>Property, plant and equipment categories, gross</u>	<u>As of December 31,</u>	
	<u>2014</u>	<u>2013</u>
	<u>ThCh\$</u>	<u>ThCh\$</u>
Construction in progress	108,039,312	196,653,736
Land	771,941,959	755,456,534
Buildings	1,307,766,446	1,350,194,798
Plant and equipment	574,031,890	564,330,049
Information technology equipment	140,855,701	134,041,857
Fixed installations and accessories	730,008,069	679,969,395
Motor vehicles	7,848,595	5,493,456
Leasehold improvements	316,018,731	276,531,887
Other property plant and equipment	36,689,118	73,410,377
Totals	3,993,199,821	4,036,082,089

<u>Accumulated depreciation and impairment of property, plant and equipment</u>	<u>As of December 31,</u>	
	<u>2014</u>	<u>2013</u>
	<u>ThCh\$</u>	<u>ThCh\$</u>
Buildings	(169,380,366)	(191,149,515)
Plant and equipment	(302,474,743)	(294,176,980)
Information technology equipment	(99,285,073)	(98,079,474)
Fixed installations and accessories	(346,477,729)	(290,065,445)
Motor vehicles	(4,591,639)	(4,301,234)
Leasehold improvements	(55,981,897)	(45,700,968)
Other property plant and equipment	(5,279,918)	(10,724,605)
Totals	(983,471,365)	(934,198,221)

Table of Contents

14.2 *The following table shows the technical useful lives for the assets.*

<u>Method used for the depreciation of property, plant and equipment (life)</u>	<u>Rate explanation</u>	<u>Minimum</u> <u>life</u>	<u>Maximum</u> <u>life</u>
Buildings	Useful Life (years)	25	60
Plant and equipment	Useful Life (years)	7	20
Information technology equipment	Useful Life (years)	3	7
Fixed installations and accessories	Useful Life (years)	7	15
Motor vehicles	Useful Life (years)	1	5
Leasehold improvements (*)	Useful Life (years)	5	35
Other property plant and equipment	Useful Life (years)	3	15

(*) Leasehold improvement will be depreciated using the shorter useful life between of the length of the lease contract and the useful life per the table above.

The Company and its subsidiaries reviewed the estimated useful lives of property, plant and equipment at the end of each fiscal year. As such, the Company has determined that there are no significant changes in the estimated useful lives in the reporting periods.

Table of Contents

14.3 Reconciliation of changes in property, plant and equipment

The following chart shows a detailed roll-forward of changes in property, plant and equipment; by class between January 1, 2014 and December 31, 2014:

Movement year 2014	Construction In	Land	Building, net	Plant and equipment net	Information technology equipment, net	Fixed installations and accessories, net	Motor vehicles, net	Lease improvements, net	Other property, plant and equipment, net	Property, plant and equipment, net
	progress									
Opening balance January 1, 2014	196,653,736	755,456,534	1,159,045,283	270,153,069	35,962,383	389,903,950	1,192,222	230,830,919	62,685,772	3,101,883,868
Charge										
Additions	74,613,966	28,789,994	12,142,562	22,688,461	7,431,611	10,221,794	37,127	21,411,800	6,356,217	183,693,532
Disposals	—	—	—	—	—	—	(12,998)	—	—	(12,998)
Transfer to (from) non—current assets and disposal groups held for sale	(153,192)	—	—	(1,063,820)	(737,816)	(697,955)	—	—	—	(2,652,783)
Transfers to (from) investment properties	6,208,164	9,024,753	(255,582)	145,240	—	424,342	—	—	(11,834)	15,535,083
Other Increase/(decrease)	(31,645,866)	—	—	—	3,595,249	—	—	—	—	(28,050,617)
Removal	(41,390)	—	(3,735,684)	(1,936,378)	(854,924)	(29,646)	—	—	(10,692,659)	(17,290,681)
Depreciation expenses	—	—	(33,585,988)	(53,175,448)	(12,446,988)	(63,836,549)	(289,575)	(18,888,233)	(804,885)	(183,027,666)
Increase (decrease) in foreign exchange	21,117,212	(21,329,321)	(31,192,967)	(15,939,444)	(3,048,321)	(9,767,635)	(41,059)	292,006	(439,753)	(60,349,282)
Transfer from construction in progress	(158,713,318)	—	35,968,456	50,685,470	11,669,432	57,312,033	2,371,239	26,390,344	(25,683,656)	—
Total changes	(88,614,424)	16,485,426	(20,659,203)	1,404,081	5,608,243	(6,373,616)	2,064,734	29,205,917	(31,276,570)	(92,155,412)
Final balance as of December 31, 2014	108,039,312	771,941,960	1,138,386,080	271,557,150	41,570,626	383,530,334	3,256,956	260,036,836	31,409,202	3,009,728,456

Table of Contents

The following chart shows a detailed roll-forward of changes in property, plant and equipment; by class between January 1, 2013 and December 31, 2013:

Movement year 2013	Construction In		Building, net	Plant and equipment net	Information technology equipment, net	Fixed installations		Lease improvements, net	Other property, plant and equipment, net	Property, plant and equipment, net
	progress	Land				Motor vehicles, net	and accessories, net			
	ThCh\$	ThCh\$				ThCh\$	ThCh\$			
Opening balance January 1, 2013	277,245,095	786,367,971	1,121,151,675	275,363,368	32,063,673	393,271,556	1,854,965	195,341,364	51,868,443	3,134,528,110
Charge	—	—	—	—	—	—	—	—	—	—
Additions	87,527,955	15,341,731	29,421,393	23,910,995	8,908,011	30,801,595	26,999	41,061,452	7,585,256	244,585,387
Disposals	—	—	—	—	—	(1,827)	(201,455)	—	—	(203,282)
Transfer to (from) non—current assets and disposal groups held for sale	—	—	—	—	—	—	—	—	—	—
Transfers to (from) investment properties	(11,695,675)	37,592	(575,206)	—	—	655,702	—	—	(18,593)	(11,596,180)
Disposals through business divestiture	—	—	—	—	—	—	—	—	—	—
Removal	(6,532)	(33,944)	(614,499)	(864,775)	(108,519)	(642,688)	(242)	(346,263)	(720)	(2,618,182)
Depreciation expenses	—	—	(29,006,983)	(50,637,568)	(11,832,075)	(61,364,962)	(686,065)	(14,201,074)	(5,921,663)	(173,650,390)
Increase (decrease) in foreign exchange	(7,764,143)	(26,713,784)	(21,491,905)	(11,910,988)	566,083	(13,360,842)	(43,916)	(11,246,577)	2,804,477	(89,161,595)
Transfer from construction in progress	(148,652,964)	(19,543,032)	60,160,808	34,292,037	6,365,210	40,545,416	241,936	20,222,017	6,368,572	—
Total changes	(80,591,359)	(30,911,437)	37,893,608	(5,210,299)	3,898,710	(3,367,606)	(662,743)	35,489,555	10,817,329	(32,644,242)
Final balance as of December 31, 2013	196,653,736	755,456,534	1,159,045,283	270,153,069	35,962,383	389,903,950	1,192,222	230,830,919	62,685,772	3,101,883,868

Table of Contents

Movement year 2012	Construction In		Building, net	Plant and equipment, net	Information Technology equipment, net	Fixed Installations And accessories, net	Engine vehicles, net	Lease improvements, net	Other property, plant and equipment, net	Property, plant and equipment, net
	progress	Land								
	ThCh\$	ThCh\$								
Opening balance January 1, 2012	350,254,325	593,589,931	608,920,291	214,613,734	22,501,400	264,943,521	1,101,256	134,218,413	38,385,930	2,228,528,801
Charge										
Additions	199,439,068	29,558,199	16,356,250	51,499,623	9,289,164	53,502,893	292,850	44,026,508	15,425,831	419,390,386
Acquisitions through business combination (See note 13)	26,475,367	205,337,111	425,100,918	22,636,848	1,682,377	35,560,264	1,055,677	33,077,924	20,779,314	771,705,800
Disposals	—	(13,413,500)	—	—	—	—	(125,471)	—	—	(13,538,971)
Transfer to (from) non—current assets and disposal groups held for sale	—	—	—	—	—	—	—	—	—	—
Transfers to (from) investment properties	9,102,922	(9,116,117)	4,195,542	(119,851)	(74,635)	(107,278)	—	—	(6,375,415)	(2,494,832)
Disposals through business divestiture	—	—	—	—	—	—	—	—	—	—
Removal	(2,026,193)	(2,347,124)	(4,430,792)	(4,829,501)	(355,432)	(739,975)	—	(150,265)	(522,448)	(15,401,730)
Depreciation expenses	—	—	(22,060,242)	(37,751,367)	(7,339,250)	(53,029,585)	(352,937)	(9,750,470)	(1,186,169)	(131,470,020)
Increase (decrease) in foreign exchange	(4,810,026)	(32,237,454)	(27,380,220)	(16,245,504)	(2,191,010)	(14,729,318)	(116,439)	(18,835,643)	(5,645,710)	(122,191,324)
Transfer from construction in progress	(301,190,368)	14,996,925	120,449,928	45,559,386	8,551,059	107,871,034	29	12,754,897	(8,992,890)	—
Total changes	(73,009,230)	192,778,040	512,231,384	60,749,634	9,562,273	128,328,035	753,709	61,122,951	13,482,513	905,999,309
Final balance as of December 31, 2012	277,245,095	786,367,971	1,121,151,675	275,363,368	32,063,673	393,271,556	1,854,965	195,341,364	51,868,443	3,134,528,110

Table of Contents

14.4 The Company has traditionally maintained the policy to carry out all the necessary work in response to the opportunities and changes experienced in domestic and regional markets where the Company operates, to capture the best opportunities and results for each of its business units.

The cost includes disbursements directly attributable to the acquisition or construction of an asset, as well as interests from related financing in the case of qualifying assets.

14.5 *Costs arising from interest expense:*

The company incorporates costs for general and specific interest directly attributable to the acquisition, construction or production of an asset which necessarily takes time to get ready for intended use.

Detail	As of December 31,		
	2014	2013	2012
	ThCh\$	ThCh\$	ThCh\$
Costs of capitalized interest in Property, Plant and Equipment	58,692	295,405	14,158,806
Capitalization rate of capitalized interests in Property, Plant and Equipment	5.7%	4.5%	4.5%

14.6 *Assets subject to finance lease*

The financial lease operations are shown in note 30.

14.7 *Assets granted*

As of December 31, 2014 and 2013, properties, plant and equipment have been granted as security for the total amount of ThCh\$ 4,154,567 and ThCh\$ 3,186,327, respectively, whose details are shown in Note 31.1 Guarantees Granted. Nevertheless, there are no restrictions on ownership of assets.

14.8 *Commitments to acquire assets*

As of December 31, 2014, there are commitments to acquire property, plant and equipment of ThCh\$ 76,028,453. (As of December 31, 2013 there are commitments to acquire property, plant or equipment of ThCh\$ 67,592,660.)

14.9 *Assets out of service*

As of December 31, 2014 and 2013, there are no essential elements or assets that are temporarily out of service. The property, plant and equipment mainly relate to stores and operating fixed assets to enable the performance of the retail business every day of the year, except when there are restrictions for public holidays established in each country.

14.10 *Assets fully depreciated*

In view of the nature of the retail business, the Company has no significant assets that are fully depreciated and that are in use as of December 31, 2014 and 2013. These assets relate mainly to minor equipment such as scales, furniture, computers, cameras, lighting and others. The retail business assets are depreciated based on the term of the lease agreement.

Table of Contents

14.11 Impairment losses

Assets subject to amortization are tested for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be recovered. It recognizes an impairment loss when the carrying amount is greater than its recoverable amount. The recoverable amount of an asset is the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which identifiable cash flows exist separately. The Company has not recognized losses or reversals of impairment affecting profit and loss as of December 31, 2014 and December 31, 2013.

14.12 Property Plant and Equipment components:

The main items that compose each asset class are:

Plant and equipment: presented in this asset class are primarily properties used in the operation of retail business such as mixers, sausages portioning machines, system ready meals, frozen island, cold containers, and refrigerated display cases, forming bread ovens, blender, among others.

Equipment for information technology: correspond to items such as computers, printers, notebook, labeling, scanner, clock control, price inquiries and servers, among others.

Fixtures and fittings: presented in this asset class are expenditures to enable operations of stores, such, ceilings, floors, wall finishes, lighting the sky, smoke detectors, sprinklers, air ducts and heating, communications networks, escalators, elevators, hoists, electrical substation and central air conditioning among others.

Leasehold improvements: presented in this asset class are disbursements associated with enabling or leased store improvements such as remodeling of facades, finishes, floors, ceilings and walls among others. Other property, plant and equipment: mainly corresponds to fixed assets in transit and assets acquired under finance lease.

15 Investment properties

The investment properties are assets held to generate rental income and include lands, buildings, malls in Chile, Argentina, Peru and Colombia and other real estate projects in progress that are held either to obtain rental income or for capital appreciation. The factors considered in the valuation methodology of the investment properties are described in note 4.5 "Estimates, judgment or criteria applied by management".

15.1 The roll-forward of investment properties at December 31, 2014 and 2013 is the following:

Roll-forward of investment properties, net, fair value method	As of December 31,	
	2014	2013
	ThCh\$	ThCh\$
Investment properties, net, initial value	1,568,432,058	1,471,343,789
Revaluation, adjustment to fair value gains (losses) (*)	100,772,615	95,110,013
Additions, Investment Properties, Fair Value Method	25,060,310	37,900,602
Transfer to (from) owner-occupied property, investment property, cost model	(15,535,083)	11,596,180
Retirement, investment properties, Fair Value Method	—	(4,749)
Increase (decrease) in foreign exchange rate, Investment Properties, Fair Value Method	(15,137,504)	(47,513,777)
Changes in Investment Properties, Fair Value Method, Total	95,160,338	97,088,269
Investment Properties, Fair Value Method, Final Balance	1,663,592,396	1,568,432,058

The value of land measure through a market approach amounts to ThCh\$ 312,213,496 and ThCh\$ 268,286,953 as of December 31, 2014 and 2013, respectively

(*) Revaluation, adjustment to fair value gains (losses) has been included in the line item "other income by function" of the statement of comprehensive income and note 25.5

Table of Contents

15.2 *Income and expense from investment properties*

<u>Income and expense from investment properties</u>	As of December 31,		
	2014	2013	2012
	ThCh\$	ThCh\$	ThCh\$
Revenue from Investment Property Leases	214,849,681	205,331,757	166,280,480
Direct Expense of Operation of Investment Properties which generate lease revenue	62,505,656	62,117,428	54,075,826
Direct Expense of Operation of Investment Properties which do not generate lease revenue	—	—	—

15.3 *As of December 31, 2014, investment properties are not encumbered.*

15.4 *As of December 31, 2014, there are commitments to acquire investment properties by ThCh\$ 18,415,052. (ThCh\$ 35,247,915 as of December 31, 2013).*

15.5 *There are no restrictions on ownership of assets.*

15.6 *Investment Properties*

At December 31, 2014 and 2013, these assets are valued using the fair value model. The methodology used in the valuation of these assets and significant assumptions used are described in note 4.5. The Costanera Center project corresponds to assets that have been classified as investment property. The Shopping Mall is in operation since June, 2012 and the offices and hotel at the end of the year are under construction.

16 **Deferred income taxes and current tax**

The source of the deferred income taxes recorded as of December 31, 2014 and 2013 is the following:

16.1 *Deferred income tax assets*

<u>Deferred income tax assets</u>	As of December 31,	
	2014	2013
	ThCh\$	ThCh\$
Fixed assets	5,171,186	24,577,902
Accumulations or accruals	5,877,466	2,898,063
Inventory	31,323,149	19,071,557
Bad-debt reserve	21,325,530	26,738,963
Accruals and provisions	64,519,198	58,954,431
Vacation / annual leave	5,159,766	4,683,348
Tax carry forward losses	350,964,754	174,936,932
Total	484,341,049	311,861,196

The recovery of the deferred tax asset balances requires that the business achieves a sufficient level of taxable income in the future. The Company estimates that the estimated projected future income will cover the recovery of the assets.

Table of Contents

16.2 Deferred income tax liabilities

<u>Deferred income tax liabilities</u>	As of December 31,	
	2014	2013
	ThCh\$	ThCh\$
Fixed assets	365,513,998	335,327,877
Intangibles	272,912,702	110,695,030
Accumulations or accruals	13,874,061	7,987,656
Foreign currency translation	15,523,984	17,472,121
Total	667,824,745	471,482,684

The analysis of deferred tax assets and deferred tax liabilities is as follows:

<u>Deferred income tax assets</u>	As of December 31,	
	2014	2013
	ThCh\$	ThCh\$
Deferred tax assets to be recovered after more than 12 months	479,181,283	294,229,397
Deferred tax assets to be recovered within 12 months	5,159,766	17,637,799
Deferred tax assets	484,341,049	311,861,196

<u>Deferred income tax liabilities</u>	As of December 31,	
	2014	2013
	ThCh\$	ThCh\$
Deferred tax liabilities to be recovered after more than 12 months	(659,005,332)	(463,844,751)
Deferred tax liabilities to be recovered within 12 months	(8,819,413)	(7,637,933)
Deferred tax liabilities	(667,824,745)	(471,482,684)
Deferred tax liability (net)	(183,483,696)	(159,621,488)

The gross movement on the deferred income tax account is as follows:

	As of December 31,	
	2014	2013
	ThCh\$	ThCh\$
As of 1 January	(159,621,487)	(178,277,276)
Debit to the statement of income(*)	(17,548,140)	(25,367,188)
Business combinations and exchange differences	5,098,624	43,802,529
Tax debited (credited) directly to equity	614,276	220,447
Discontinued operations	(12,026,969)	—
At 31 December	(183,483,696)	(159,621,488)

(*) The (decrease) increase in Assets and liabilities for deferred income tax includes effects of the Recently enacted tax law en Peru, Chile and Colombia

Table of Contents

16.3 The deferred income tax roll-forward is as follows:

<u>Movements in deferred income tax asset</u>	<u>As of December 31,</u>	
	<u>2014</u>	<u>2013</u>
	<u>ThCh\$</u>	<u>ThCh\$</u>
Deferred income tax assets Initial balance	311,861,196	268,680,396
Increase (decrease) in deferred income tax assets	162,085,124	46,775,285
Increase (decrease) for change in income tax rate	15,362,754	—
Increase (decrease) in foreign exchange rate	(4,968,025)	(3,594,485)
Deferred income tax assets, final balance	484,341,049	311,861,196

<u>Movements in deferred income tax liability</u>	<u>As of December 31,</u>	
	<u>2014</u>	<u>2013</u>
	<u>ThCh\$</u>	<u>ThCh\$</u>
Deferred income tax liabilities, Initial balance	(471,482,684)	(446,957,672)
Increase (decrease) in deferred income tax liabilities	(171,925,670)	(72,839,845)
Increase (decrease) in income tax rate	(34,483,041)	—
Increase (decrease) in foreign exchange rate	10,066,650	48,314,833
Deferred income tax liabilities, final balance	(667,824,745)	(471,482,684)

The changes in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

<u>Deferred tax liabilities</u>	<u>Fixed assets</u>	<u>Intangibles</u>	<u>Capitalized expenses</u>	<u>Other</u>	<u>Total</u>
	<u>ThCh\$</u>	<u>ThCh\$</u>	<u>ThCh\$</u>	<u>ThCh\$</u>	<u>ThCh\$</u>
As of 1 January 2013	(333,469,052)	(89,151,556)	(14,266,291)	(10,070,773)	(446,957,672)
Charged (credit to the Statement of income)	(1,858,825)	(21,543,474)	6,278,635	(7,401,348)	(24,525,012)
Charged directly to equity	—	—	—	—	—
At December 31, 2012	(335,327,877)	(110,695,030)	(7,987,656)	(17,472,121)	(471,482,684)
Charged (credit) to the statement of income	(30,186,121)	(162,217,672)	(5,886,405)	1,948,137	(196,342,061)
At December 31, 2014	(365,513,998)	(272,912,702)	(13,874,061)	(15,523,984)	(667,824,745)

<u>Deferred tax assets</u>	<u>Tax losses carry forward</u>	<u>Bad debt provision</u>	<u>Provisions</u>	<u>Other</u>	<u>Total</u>
	<u>ThCh\$</u>	<u>ThCh\$</u>	<u>ThCh\$</u>	<u>ThCh\$</u>	<u>ThCh\$</u>
As of 1 January 2013	120,720,440	25,227,789	60,657,224	62,074,943	268,680,396
Charged (credit) to the Statement of Income	54,216,492	1,511,174	(1,702,793)	(10,146,702)	43,878,171
Charged directly to equity	—	—	—	(697,371)	(697,371)
At December 31, 2013	174,936,932	26,738,963	58,954,431	51,230,870	311,861,196
Charged (credit) to the Statement of Income	176,027,822	(5,413,433)	5,564,767	(4,313,579)	171,865,577
Charged directly to equity	—	—	—	614,276	614,276
At December 31, 2014	350,964,754	21,325,530	64,519,198	47,531,567	484,341,049

Table of Contents

16.4 Compensation of deferred income tax assets and liabilities

The deferred tax assets and liabilities are offset when there is a legal right to compensate the current tax assets against the current tax liabilities and when the deferred income tax assets and liabilities are related to the income tax levied on the same tax authority and the same entity.

The compensated amounts are detailed below:

<u>Concept</u>	<u>Gross assets/ liabilities</u>	<u>Compensated values</u>	<u>Compensated values</u>
Deferred income tax assets	311,861,196	(1,677)	311,859,519
Deferred income tax liabilities	(471,482,684)	1,677	(471,481,007)
	(159,621,488)	—	(159,621,488)
Final balance at December 31, 2013	484,341,049	7,057,132	491,398,181
	(667,824,745)	(7,057,132)	(674,881,877)
Deferred income tax assets	(183,483,696)	—	(183,483,696)

16.5 Current income tax assets and current income tax liabilities

The composition of this item as of December 31, 2014 and 2013 is the following:

<u>Current tax assets</u>	<u>12/31/2014</u>	<u>12/31/2013</u>
	<u>ThCh\$</u>	<u>ThCh\$</u>
Current tax assets, total	<u>54,196,417</u>	<u>13,531,336</u>
Current tax assets	<u>54,196,417</u>	<u>13,531,336</u>
<u>Current income tax liabilities</u>	<u>12/31/2013</u>	<u>12/31/2012</u>
	<u>ThCh\$</u>	<u>ThCh\$</u>
Current income tax liabilities, total	<u>60,615,912</u>	<u>63,131,459</u>
Current income tax liabilities	<u>60,615,912</u>	<u>63,131,459</u>
<u>Non-current tax assets</u>	<u>12/31/2013</u>	<u>12/31/2012</u>
	<u>ThCh\$</u>	<u>ThCh\$</u>
Minimum presume tax asset	<u>856,902</u>	<u>10,763,386</u>
Tax receivable long term	<u>42,190,641</u>	<u>42,963,653</u>
Non-current tax assets	<u>43,047,543</u>	<u>53,727,039</u>

Table of Contents

17 Other financial liabilities, current and non-current

The composition of this item as of December 31, 2014 and 2013 is the following:

17.1 Types of interest bearing (accruing) loans

Loans	Balance as of 12/31/2014		Balance as of 12/31/2013	
	Current	Non-current	Current	Non-current
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Bank loans (1)	629,083,332	695,092,202	441,070,635	420,811,688
Bond debt (2)	50,539,046	1,656,384,016	74,815,992	1,676,045,068
Other loans—leases	2,671,208	31,558,878	4,808,673	27,779,079
Other financial liabilities (CCS)	—	—	—	—
Other financial liabilities (hedge activities)	—	—	—	—
Time deposits (3)	—	—	147,454,456	48,923,826
Term savings accounts	—	—	1,049,251	—
Letters of credit	—	—	—	9,511,591
Deposits and other demand deposits	—	—	3,414,407	—
Debt purchase Bretas (4)	—	12,697,096	46,273,935	—
Debt purchase Prezunic	21,539,582	4,891,649	2,400,861	32,938,814
Debt purchase Johnson (see 13)	4,003,417	—	5,052,315	—
Debt M. Rodriguez	—	2,092,404	—	1,980,934
Other Financial liabilities—other	5,939,949	—	12,450,378	—
Totals Loans	713,776,534	2,402,716,245	738,790,903	2,217,991,000

Financial liabilities at fair value through profit or loss	Balance as of 12/31/2014		Balance as of 12/31/2013	
	Current	Non-current	Current	Non-current
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Other financial liabilities (Non Hedging derivatives)	—	—	—	—
Other financial liabilities (Hedging derivatives)	382,754	—	314,911	44,025
Total Other Financial Liabilities	382,754	—	314,911	44,025
Total	714,159,288	2,402,716,245	739,105,814	2,218,035,025

- (1) Bank loans correspond to loans taken out with banks and financial institutions. (See Note 17.2)
- (2) Bond debt corresponds to bonds placed in public securities markets or issued to the public in general.
- (3) Time deposits are the main funding source of the subsidiary, Banco Paris in Chile. Deposits taken by Chilean clients of Banco Paris are mainly money market deposits, which are 390 persons, 19 institutions, and 3 companies. The average maturity of these deposits is 196 days (2013: 233 days) and an average interest rate of 0,46% (2013: 0,54%) as of December 31, 2014
- (4) See Note 6.1.

Time deposits, term savings accounts, letters of credit and demand deposits were reclassified at December 31, 2014 as Liabilities included in groups of assets for disposal classified as held for sale. See note 34.

Description of transaction and accounting recognition

On March 13, 2012, the Company entered into a short-term facility for approximately U.S.\$200 million (ThCh\$ 96,942) with an affiliate of Banco Bilbao Vizcaya Argentaria, S.A., as lender, to finance our investing activities,

Table of Contents

including capital expenditures, and to refinance certain short-term liabilities, including repayment of overdraft lines (“BBVA Short-Term Loan”). The BBVA Short-Term Loan bears interest at an annual rate of the Tasa Cámara, an indexed interest rate established by ABIF, plus 1.86%, and has a maturity date of March 13, 2013. On July 27, 2012 the Company paid U.S.\$200 million (ThCh\$ 99,852) of this short term facility.

On April 27, 2012, the Company entered into a U.S.\$750 million (ThCh\$ 362,558) committed credit facility with J.P. Morgan Chase National Association, an affiliate of J.P. Morgan Securities LLC (“J.P. Morgan”), Morgan Stanley Bank, N.A., an affiliate of Morgan Stanley & Co. LLC (“Morgan Stanley”), The Bank of Tokyo—Mitsubishi UFJ, Ltd. and Mizuho Corporate Bank Ltd., as lenders, (the “J.P. Morgan Credit Facility”) in order to finance the Company’s short-term funding requirements, including capital expenditures, interest expense and tax obligations. As of May 7, 2012, amounts drawn under the J.P. Morgan Credit Facility totaled U.S.\$250 million (ThCh\$ 120,860). The J.P. Morgan Credit Facility bears an interest rate of LIBOR, as adjusted for statutory reserve requirements for euro currency liabilities, plus a margin of 1.25% for the first six months, 1.50% for the following three months, and 1.75% thereafter. The J.P. Morgan Credit Facility matures on March 13, 2013. On August 2, 2012 the company repaid US\$250 million (ThCh\$ 121,150).

On December 27, 2012 de Company repaid US\$ 150 million (ThCh\$ 71,994,000) corresponding to the loan agreement signed between Cencosud S.A. and BBVA Bancomer S.A., as Managing Agent, on February 11, 2008.

On October 17, 2012 Cencosud S.A. and JPMorgan Chase Bank, National Association as administrative agent, JPMorgan securities LLC, acting as global coordinator and J.P. Morgan Securities LLC as Book runner and Lead Arranger entered into a Credit Agreement, under the New York Law, USA by US\$2,500 million (ThCh\$1,199,900,000). On December 06, 2012 the Company repaid US\$1,000 million. (See 17.2)

On December 6, 2012 the Company signed a bond issuance pursuant to Rule 144A under the Securities Act by US\$1,200 million (ThCh\$575,952,000) (see 17.3.1).

On March 26, 2014, the company took long-term credit for U.S. \$50 million (ThCh\$ 27,788) with Rabobank Curacao N.V. to finance our investing activities, including capital expenditures, and to refinance certain short-term liabilities, including repayment of overdraft lines of short-term loan.

On March 27, 2014, the company took long-term credit for U.S. \$50 million (ThCh\$ 27,572) with Mizuho Bank Ltd. to finance our investing activities, including capital expenditures, and to refinance certain short-term liabilities, including repayment of overdraft lines of short-term loan.

On March 31, 2014, the company took long-term credit for ThCh \$50,000,000 with Bank Santander Chile S.A. to refinance certain short-term liabilities, including capital expenditures. On march 31, 2014 the Company pre-paid ThCh\$ 50.000.000 for credit Banco Itaú Chile.

On April 01, 2014, the company took long-term credit for U.S. \$50 million (ThCh\$ 27,559) with Sumitomo Mitsui Banking Corporation, to finance our investing activities, including capital expenditures, and to refinance certain short-term liabilities, including repayment of overdraft lines of short-term loan.

On November 13, 2014, the company took short-term credit for U.S. \$400 million (ThCh\$ 238,080) with HSBC Bank USA N.A. (U.S. \$200 million) and The Bank Of Nova Scotia (U.S. \$200 million). On November 18, 2014 the Company pre-paid US\$400 million for Series of Bonds A – C and D.

Table of Contents

17.2 Bank loans—breakdown of currency and maturity dates

At December 31, 2014

Segment	ID	Creditor name	Currency	Amortization type	Effective interest rate %	Nominal rate %	Current Expiration		Total Current at 12/31/2013 ThCh\$	Non-current Expiration			Total non-current at 12/31/2014 ThCh\$
							Up to 90 days ThCh\$	90 days to 1 year ThCh\$		1 to 3 year ThCh\$	3 to 5 years ThCh\$	5 or more years ThCh\$	
Chile	97.004.000-5	BANCO DE CHILE S.A.	USD	Monthly	0,74%	0,74%	6,345,594	—	6,345,594	—	—	—	—
	97.004.000-5	BANCO DE CHILE S.A.	Ch\$	At maturity	4,44%	4,19%	—	48,928,183	48,928,183	—	—	—	—
	97.015.000-5	BANCO SANTANDER CHILE S.A.	USD	Monthly	0,76%	0,76%	9,956,500	—	9,956,500	—	—	—	—
	97.015.000-5	BANCO SANTANDER CHILE S.A.	Ch\$	Monthly	0,37%	0,37%	—	—	—	—	—	—	—
	97.015.000-5	BANCO SANTANDER CHILE S.A.	USD	Monthly	0,71%	0,71%	80,328	—	80,328	—	—	—	—
	97.015.000-5	BANCO SANTANDER CHILE S.A.	Ch\$	At maturity	5,39%	4,91%	479,854	—	479,854	32,753,765	—	—	32,753,765
	97.015.000-5	BANCO SANTANDER CHILE S.A.	Ch\$	At maturity	6,59%	6,28%	802,444	—	802,444	—	49,790,285	—	49,790,285
	97.006.000-6	BANCO DE CREDITO E INVERSIONES S.A.	Ch\$	ANNUAL	4,44%	4,44%	121,792	12,470,629	12,592,421	—	—	—	—
	97.018.000-1	BANCO SCOTIABANK	Ch\$	Monthly	0,27%	0,27%	60,016,440	—	60,016,440	—	—	—	—
	97.080.000-K	BANCO BICE S.A	Ch\$	At maturity	4,55%	4,29%	244,530	—	244,530	18,940,445	—	—	18,940,445
	97.032.000-8	BANCO BILBAO VIZCAYA ARGENTARIA CHILE S.A.	Ch\$	Semiannual	4,28%	3,97%	4,403,175	3,500,000	7,903,175	62,678,017	—	—	62,678,017
	97.032.000-8	BANCO BILBAO VIZCAYA ARGENTARIA CHILE S.A.	Ch\$	Semiannual	4,22%	4,19%	686,432	—	686,432	1,740,985	12,186,894	20,665,082	34,592,961
	97.032.000-8	BANCO BILBAO VIZCAYA ARGENTARIA CHILE S.A.	Ch\$	ANNUAL	0,72%	0,72%	2,623,112	—	2,623,112	—	—	—	—
	97.032.000-8	BANCO BILBAO VIZCAYA ARGENTARIA CHILE S.A.	Ch\$	Monthly	0,36%	0,36%	4,024,656	—	4,024,656	—	—	—	—

Table of Contents

At December 31, 2014

Segment	ID	Creditor name	Currency	Amortization type	Effective interest rate %	Nominal rate %	Current Expiration		Total Current at 12/31/2013 ThCh\$	Non-current Expiration			Total non-current at 12/31/2014 ThCh\$
							Up to 90 days ThCh\$	90 days to 1 year ThCh\$		1 to 3 year ThCh\$	3 to 5 years ThCh\$	5 or more years ThCh\$	
	97.030.000-6	BANCO DEL ESTADO DE CHILE S.A.	Ch\$	At maturity	4,31%	4,31%	19,041	—	19,041	39,155,857	39,754,050	—	78,909,907
	O-E	BANCO SCOTIABANK	USD	Semiannual	2,11%	1,82%	—	20,041,910	20,041,910	40,351,158	—	—	40,351,158
	O-E	BANCO RABOBANK CURACAO N.V.	USD	Annual	4,16%	3,86%	—	3,285,735	3,285,735	12,135,000	12,074,130	—	24,209,130
	O-E	BANCO RABOBANK CURACAO N.V.	USD	At maturity	2,12%	1,93%	156,169	—	156,169	—	20,225,000	9,901,043	30,126,043
	O-E	BANCO MIZUHO	USD	Semiannual	2,10%	1,73%	135,634	—	135,634	15,168,750	14,874,819	—	30,043,569
	O-E	BANCO SUMITOMO	USD	Semiannual	2,06%	1,72%	132,717	—	132,717	12,135,000	17,911,506	—	30,046,506
	O-E	BANCO HSBC	USD	At maturity	0,36%	0,36%	242,188,773	—	242,188,773	—	—	—	—
Argentina	O-E	BANCO GALICIA	ARS	Monthly	31,75%	31,75%	1,794,597	—	1,794,597	—	—	—	—
	O-E	BAPRO	ARS	MONTHLY	28,00%	28,00%	883,494	—	883,494	—	—	—	—
	O-E	BANCO GALICIA	ARS	TRIMESTRAL	15,01%	15,01%	262,283	702,603	964,886	—	—	—	—
	O-E	BANCO FRANCES	ARS	MONTHLY	35,00%	35,00%	113,552	—	113,552	—	—	—	—
	O-E	BANCO GALICIA	ARS	MONTHLY	28,00%	28,00%	10,083	—	10,083	—	—	—	—
	O-E	BANCO IFC	USD	MONTHLY	1,88%	1,88%	2,390,249	2,302,207	4,692,456	4,633,786	—	—	4,633,786
	O-E	BANCO GALICIA	ARS	MONTHLY	15,01%	15,01%	157,711	496,559	654,270	47	—	—	47
	O-E	BANCO ITAU	ARS	MONTHLY	29,50%	29,50%	14,088,930	—	14,088,930	—	—	—	—
	O-E	BANCO CIUDAD	ARS	TRIMESTRAL	28,00%	28,00%	3,619,470	—	3,619,470	—	—	—	—
Colombia	O-E	HELM BANK	COP	SEMIANNUAL	6,69%	6,69%	—	2,271,349	2,271,349	—	—	—	—
	O-E	BANCO COLPATRIA	COP	At maturity	7,37%	7,13%	552,825	—	552,825	—	—	—	—
	O-E	BANCO DE BOGOTÁ	COP	At maturity	5,00%	4,89%	42,642	953,492	996,134	—	—	—	—
	O-E	BANCO DE BOGOTÁ	COP	At maturity	6,48%	6,38%	41,550	—	41,550	1,750,000	—	—	1,750,000
	O-E	BANCO DE BOGOTÁ	COP	At maturity	6,87%	6,76%	308,688	—	308,688	—	12,750,000	—	12,750,000
	O-E	BANCO DE BOGOTÁ	COP	At maturity	6,87%	6,76%	469,946	—	469,946	—	19,410,586	—	19,410,586
	O-E	BANCO DE BOGOTÁ	COP	At maturity	6,85%	6,74%	78,581	—	78,581	—	3,500,000	—	3,500,000
	O-E	BANCO BBVA	COP	At maturity	8,31%	8,15%	475,809	—	475,809	—	16,690,669	—	16,690,669

Table of Contents

At December 31, 2014

Segment	ID	Creditor name	Currency	Amortization type	Effective interest rate %	Nominal rate %	Current Expiration		Total Current at 12/31/2013 ThCh\$	Non-current Expiration			Total non-current at 12/31/2014 ThCh\$
							Up to 90 days ThCh\$	90 days to 1 year ThCh\$		1 to 3 year ThCh\$	3 to 5 years ThCh\$	5 or more years ThCh\$	
	O-E	BANCO POPULAR	COP	At maturity	6,52%	6,42%	235,421	—	235,421	11,000,000	—	—	11,000,000
	O-E	BANCO DE BOGOTÁ	COP	At maturity	6,85%	6,74%	578,130	—	578,130	—	25,750,000	—	25,750,000
	O-E	BANCO DADIVENDA	COP	At maturity	6,15%	5,98%	1,044,954	—	1,044,954	—	—	—	—
	O-E	BANCO CORPBANCA	COP	At maturity	6,29%	6,12%	4,374,370	—	4,374,370	—	—	—	—
Brazil	O-E	BRADESCO	Real	AT MATURITY	12,15%	12,15%	10,733	32,200	42,933	7,418,775	—	—	7,418,775
	O-E	BRADESCO	Real	AT MATURITY	12,76%	12,76%	45,697,811	—	45,697,811	—	—	—	—
	O-E	BRADESCO	Real	AT MATURITY	13,28%	13,28%	412,036	1,236,109	1,648,145	37,984,128	—	—	37,984,128
	O-E	HSBC	Real	AT MATURITY	13,24%	13,24%	2,747,171	8,241,514	10,988,685	51,510,497	—	—	51,510,497
	O-E	SANTANDER	Real	AT MATURITY	12,32%	12,32%	38,883,671	—	38,883,671	—	—	—	—
	O-E	SAFRA	Real	AT MATURITY	12,34%	12,34%	27,510,299	—	27,510,299	—	—	—	—
	O-E	BANCO DO BRASIL	Real	AT MATURITY	13,07%	13,07%	2,703,136	8,109,413	10,812,549	—	—	—	—
	O-E	BANCO DO NORDESTE	Real	MONTHLY	8,50%	8,50%	86,045	258,047	344,092	813,859	271,287	—	1,085,146
Peru	O-E	BANCO DE CREDITO	Soles	TRIMESTRAL	7,34%	7,34%	321,985	973,674	1,295,659	3,265,561	—	—	3,265,561
	O-E	BANK OF TOKIO	USD	TRIMESTRAL	2,83%	2,83%	5,465	8,451,777	8,457,242	12,714,604	—	—	12,714,604
	O-E	BANCO DE CREDITO	Soles	TRIMESTRAL	7,71%	7,71%	189,281	—	189,281	10,604,773	3,548,775	—	14,153,548
	O-E	BANCO CONTINENTAL	USD	SEMIANNUAL	5,15%	5,15%	352,994	4,870,164	5,223,158	15,793,469	—	—	15,793,469
	O-E	BANCO BILBAO VIZCAYA	USD	TRIMESTRAL	2,24%	2,24%	2,416,496	7,169,495	9,585,991	—	—	—	—
	O-E	BANCO SCOTIABANK	Soles	SEMIANNUAL	7,50%	7,50%	5,346	2,828,231	2,833,577	5,671,012	—	—	5,671,012
	O-E	BANCO CONTINENTAL	Soles	AT MATURITY	6,67%	6,67%	289,967	—	289,967	17,568,588	—	—	17,568,588
	O-E	CMAC TRUJILLO	Soles	AT MATURITY	5,35%	5,35%	624,682	—	624,682	—	—	—	—
	O-E	CMAC TRUJILLO	Soles	AT MATURITY	5,26%	5,26%	416,219	—	416,219	—	—	—	—
	O-E	CMAC TRUJILLO	Soles	AT MATURITY	5,30%	5,30%	208,119	—	208,119	—	—	—	—
	O-E	BANCO RIPLEY	Soles	AT MATURITY	3,90%	3,90%	2,638,651	—	2,638,651	—	—	—	—
	O-E	BCP	Soles	AT MATURITY	6,34%	6,34%	1,253,228	—	1,253,228	—	—	—	—
	O-E	BCP	Soles	AT MATURITY	6,34%	6,34%	1,246,230	—	1,246,230	—	—	—	—
		TOTAL					491,960,041	137,123,291	629,083,332	415,788,076	248,738,001	30,566,125	695,092,202

Table of Contents

At December 31, 2013

Segment	ID	Creditor name	Currency	Amortization type	Effective interest rate %	Nominal rate %	Current Expiration		Total Current at 12/31/2013 ThCh\$	Non-current Expiration			Total non-current at 12/31/2013 ThCh\$
							Up to 90 days ThCh\$	90 days to 1 year ThCh\$		1 to 3 year ThCh\$	3 to 5 years ThCh\$	5 or more years ThCh\$	
Chile	97.004.000-5	BANCO DE CHILE S.A.	USD	Monthly	1.25%	1.25%	5,208,647	—	5,208,647	—	—	—	—
	97.004.000-5	BANCO DE CHILE S.A.	Ch\$	At maturity	7.40%	7.03%	637,290	—	637,290	48,311,138	—	—	48,311,138
	97.015.000-5	BANCO SANTANDER CHILE S.A.	USD	Monthly	1.80%	1.80%	7,093	—	7,093	—	—	—	—
	97.015.000-5	BANCO SANTANDER CHILE S.A.	USD	Monthly	0.75%	0.75%	3,594,199	—	3,594,199	—	—	—	—
	97.015.000-5	BANCO SANTANDER CHILE S.A.	Ch\$	Monthly	0.40%	0.40%	31,341,511	—	31,341,511	—	—	—	—
	97.015.000-5	BANCO SANTANDER CHILE S.A.	USD	Monthly	0.71%	0.49%	297,431	—	297,431	—	—	—	—
	97.015.000-5	BANCO SANTANDER CHILE S.A.	Ch\$	At maturity	7.29%	6.85%	637,199	—	637,199	32,684,335	—	—	32,684,335
	97.006.000-6	BANCO DE CREDITO E INVERSIONES S.A.	Ch\$	Annual	6.47%	6.09%	329,875	12,500,000	12,829,875	12,445,145	—	—	12,445,145
	76.645.030-K	BANCO ITAU CHILE S.A.	Ch\$	At maturity	0.00%	6.31%	—	25,360,125	25,360,125	—	—	—	—
	76.645.030-K	BANCO ITAU CHILE S.A.	Ch\$	At maturity	6.52%	6.03%	314,608	25,000,000	25,314,608	—	—	—	—
	97.080.000-K	BANCO BICE S.A.	Ch\$	At maturity	7.00%	6.63%	326,610	—	326,610	18,915,908	—	—	18,915,908
	97.032.000-8	BANCO BILBAO VIZCAYA ARGENTARIA CHILE S.A.	Ch\$	Semiannual	6.87%	6.45%	1,285,667	—	1,285,667	34,775,521	34,775,521	—	69,551,042
	97.032.000-8	BANCO BILBAO VIZCAYA ARGENTARIA CHILE S.A.	Ch\$	At maturity	0.00%	6.05%	883,598	8,704,924	9,588,522	25,970,631	—	—	25,970,631

Table of Contents

At December 31, 2013

Segment	ID	Creditor name	Currency	Amortization type	Effective interest rate %	Nominal rate %	Current Expiration		Total Current at 12/31/2013 ThCh\$	Non-current Expiration			Total non-current at 12/31/2013 ThCh\$
							Up to 90 days ThCh\$	90 days to 1 year ThCh\$		1 to 3 year ThCh\$	3 to 5 years ThCh\$	5 or more years ThCh\$	
	97.032.000-8	BANCO BILBAO VIZCAYA ARGENTARIA CHILE S.A.	Ch\$	Annual	0.65%	0.65%	1,314,274	—	1,314,274	—	—	—	—
	97.032.000-8	BANCO BILBAO VIZCAYA ARGENTARIA CHILE S.A.	Ch\$	Monthly	0.40%	0.40%	5,171,090	—	5,171,090	—	—	—	—
	97.030.000-6	BANCO DEL ESTADO DE CHILE S.A.	Ch\$	Annual	5.99%	5.49%	26,193	39,754,050	39,780,243	39,513,970	—	—	39,513,970
	97.030.000-6	BANCO DEL ESTADO DE CHILE S.A.	Ch\$	Monthly	0.40%	0.40%	23,490,221	—	23,490,221	—	—	—	—
	97.053.000-2	BANCO SECURITY S.A.	Ch\$	Monthly	1.02%	0.81%	1,851,487	—	1,851,487	—	—	—	—
	97.053.000-2	BANCO SECURITY S.A.	USD	Monthly	1.21%	1.21%	12,443	—	12,443	—	—	—	—
	O-E	BANCO SCOTIABANK	USD	Semiannual	2.35%	2.06%	192,382	—	192,382	34,759,364	17,377,074	—	52,136,438
	O-E	BANCO RABOBANK CURACAO N.V.	USD	Annual	4.16%	3.86%	—	2,855,924	2,855,924	8,049,815	15,912,033	—	23,961,848
Argentina	O-E	BANCO FRANCES	ARS	Monthly	30.00%	30.00%	4,330,362	—	4,330,362	—	—	—	—
	O-E	BANCO GALICIA	ARS	Quarterly	15.01%	15.01%	—	537,420	537,420	543,308	—	—	543,308
	O-E	STANDARD BANK	ARS	Quarterly	15.01%	15.01%	—	537,420	537,420	543,308	—	—	543,308
	O-E	BANCO MACRO	ARS	Monthly	26.25%	26.25%	4,024,500	—	4,024,500	—	—	—	—
	O-E	BANCO FRANCES	ARS	Monthly	21.50%	21.50%	5,231,850	—	5,231,850	—	—	—	—
	O-E	BANCO GALICIA	ARS	Monthly	33.00%	33.00%	1,781,860	—	1,781,860	—	—	—	—
	O-E	BANCO GALICIA	ARS	Monthly	12.50%	12.50%	229,988	—	229,988	—	—	—	—
	O-E	BANCO IFC	USD	Monthly	1.95%	1.95%	—	4,091,006	4,091,006	8,009,547	—	—	8,009,547
	O-E	BANCO FRANCES	ARS	Monthly	33.00%	33.00%	458,793	—	458,793	—	—	—	—
	O-E	BANCO GALICIA	ARS	Monthly	30.00%	30.00%	1,297,713	—	1,297,713	—	—	—	—
	O-E	BANCO FRANCES	ARS	Monthly	30.00%	30.00%	13,742,811	—	13,742,811	715,467	—	—	715,467
	O-E	BANCO GALICIA	ARS	Quarterly	15.01%	15.01%	—	768,584	768,584	—	—	—	—
	O-E	BANCO FRANCES	ARS	Monthly	26.00%	26.00%	8,049,000	—	8,049,000	—	—	—	—
	O-E	BANCO MACRO	ARS	Monthly	18.50%	18.50%	4,024,500	—	4,024,500	—	—	—	—
Colombia	O-E	BANCO DAVIVIENDA	COP	Monthly	5.98%	5.98%	949,691	—	949,691	—	—	—	—
	O-E	BANCO DAVIVIENDA	COP	Monthly	5.88%	5.88%	948,221	—	948,221	—	—	—	—
	O-E	BANCO AVVILLAS	COP	Monthly	5.89%	5.89%	—	958,934	958,934	—	—	—	—
	O-E	BANCO AVVILLAS	COP	Monthly	5.56%	5.56%	—	273,343	273,343	—	—	—	—

Table of Contents

At December 31, 2013

Segment	ID	Creditor name	Currency	Amortization type	Effective interest rate %	Nominal rate %	Current Expiration		Total Current at 12/31/2013 ThCh\$	Non-current Expiration			Total non-current at 12/31/2013 ThCh\$
							Up to 90 days ThCh\$	90 days to 1 year ThCh\$		1 to 3 year ThCh\$	3 to 5 years ThCh\$	5 or more years ThCh\$	
	O-E	BANCO AVVILLAS	COP	Monthly	5.56%	5.56%	—	819,969	819,969	—	—	—	—
	O-E	BANCO AVVILLAS	COP	Monthly	5.61%	5.61%	—	948,981	948,981	—	—	—	—
	O-E	BANCO DAVIVIENDA	COP	Monthly	6.69%	6.69%	—	949,415	949,415	—	—	—	—
	O-E	BANCO CITIBANK	COP	Monthly	6.64%	6.64%	—	948,968	948,968	—	—	—	—
	O-E	BANCO CITIBANK	COP	Monthly	6.64%	6.64%	—	947,728	947,728	—	—	—	—
	O-E	BANCO HELM BANK	COP	Monthly	6.69%	6.69%	—	947,749	947,749	—	—	—	—
	O-E	BANCO HELM BANK	COP	Semiannual	6.69%	6.69%	1,461,558	—	1,461,558	—	—	—	—
	O-E	BANCO COLPATRIA	COP	At maturity	6.40%	6.22%	888,249	—	888,249	—	—	—	—
	O-E	BANCO DE BOGOTÁ	COP	At maturity	5.58%	5.44%	—	15,828,105	15,828,105	—	—	—	—
	O-E	BANCO DE BOGOTÁ	COP	At maturity	5.58%	5.44%	—	3,771,445	3,771,445	—	—	—	—
	O-E	BANCO DE BOGOTÁ	COP	At maturity	5.58%	5.44%	—	1,960,646	1,960,646	—	—	—	—
	O-E	BANCO DE BOGOTÁ	COP	At maturity	6.01	5.85	—	635,788	635,788	—	—	—	—
	O-E	BANCO CORPBANCA	COP	At maturity	5.54	5.40	—	28,587,503	28,587,503	—	—	—	—
	O-E	BANCO BBVA	COP	At maturity	5.69	5.55	—	18,560,403	18,560,403	—	—	—	—
	O-E	BANCO POPULAR	COP	At maturity	5.15	5.03	—	5,272,805	5,272,805	—	—	—	—
	O-E	BANCO DE BOGOTÁ	COP	At maturity	5.15	5.03	—	6,920,228	6,920,228	—	—	—	—
Brazil	O-E	BANCO BNDES	Real	Monthly	7.15	7.15	314,168	942,761	1,256,929	—	—	—	—
	O-E	BANCO BNDES	Real	Monthly	7.94	7.94	344,399	1,033,198	1,377,597	—	—	—	—
	O-E	BANCO BNDES	Real	Monthly	7.41	7.41	96,290	288,870	385,160	—	—	—	—
	O-E	BANCO BRADESCO	Real	At maturity	12.88	12.88	8,628	25,884	34,512	7,238,075	—	—	7,238,075
	O-E	BANCO HSBC	Real	At maturity	11.30	11.30	13,909,523	41,728,570	55,638,093	—	—	—	—
	O-E	BANCO TOKYO - MITSUBHISHI	Real	At maturity	11.45	11.45	4,812,436	14,437,307	19,249,743	—	—	—	—
	O-E	BANCO DO BRASIL	Real	At maturity	11.04	11.04	—	—	—	9,394,201	—	—	9,394,201
	O-E	BANCO DO NORDESTE	Real	Monthly	8.50	8.50	82,169	246,506	328,675	1,041,737	347,246	—	1,388,983
Peru	O-E	BANCO DE CREDITO	Soles	Quarterly	7.34	7.34	8,231	832,540	840,771	2,468,025	1,737,667	—	4,205,692
	O-E	BANK OF TOKIO	USD	Quarterly	2.85	2.85	3,251	—	3,251	14,579,758	3,666,917	—	18,246,675
	O-E	BANCO DE CREDITO	Soles	Quarterly	7.71	7.71	221,248	—	221,248	3,234,862	8,733,936	1,093,302	13,062,100
	O-E	BANCO CONTINENTAL	USD	Semiannual	5.15	5.15	1,938,199	1,582,976	3,521,175	9,464,597	8,394,101	—	17,858,698
	O-E	BANCO BILBAO VIZCAYA	USD	Quarterly	2.26	2.26	1,713,884	5,011,198	6,725,082	8,270,117	—	—	8,270,117
	O-E	BANCO SCOTIABANK	Soles	Semiannual	7.50	7.50	8,224	—	8,224	5,223,387	2,621,675	—	7,845,062

Table of Contents

At December 31, 2013

Segment	ID	Creditor name	Currency	Amortization type	Effective interest rate %	Nominal rate %	Current Expiration		Total Current at 12/31/2013 ThCh\$	Non-current Expiration			Total non-current at 12/31/2013 ThCh\$
							Up to 90 days ThCh\$	90 days to 1 year ThCh\$		1 to 3 year ThCh\$	3 to 5 years ThCh\$	5 or more years ThCh\$	
O-E		BANCO SCOTIABANK	Soles	At maturity	4.90	4.90	96,637	6,877,883	6,974,520	—	—	—	—
O-E		BANCO CONTINENTAL	Soles	At maturity	4.85	4.85	160,826	11,562,452	11,723,278	—	—	—	—
		TOTAL					148,059,027	293,011,608	441,070,635	326,152,216	93,566,170	1,093,302	420,811,688

Table of Contents

17.3 Bond debt

Long Terms Bonds—Short term portion

Inscription number or ID	Note	Series	Current nominal amount placed	Restatement unit of the bond	Interest rate %	Effective interest rate %	Maturity	Periodicity		Accounting value		Placement in Chile or abroad
								Principal installment	Amortization type	12/31/2014	12/31/2013	
										ThCh\$	ThCh\$	
268		BJUMB - B1	339,916	UF	6,5%	6,90%	01/09/2026	Semiannual	Semiannual	390,674	510,723	NACIONAL
268		BJUMB - B2	1,699,580	UF	6,5%	6,90%	01/09/2026	Semiannual	Semiannual	3,058,775	2,585,830	NACIONAL
443		BCENC - A	—	UF	4,3%	4,75%	15/03/2027	Semiannual	Semiannual	—	1,229,562	NACIONAL
530		BCENC - E	2,000,000	UF	3,5%	4,14%	07/05/2018	Semiannual	At Maturity	292,254	275,137	NACIONAL
530		BCENC - F	4,500,000	UF	4,0%	4,31%	07/05/2028	Semiannual	At Maturity	677,615	640,258	NACIONAL
551		BCENC - J	3,000,000	UF	5,7%	5,70%	15/10/2029	Semiannual	Semiannual	876,024	829,160	NACIONAL
551		BCENC - K	—	Ch\$	7,0%	7,15%	01/03/2014	Semiannual	At Maturity	—	30,685,910	NACIONAL
551		BCENC - L	250,000	UF	4,1%	3,86%	28/05/2015	Semiannual	Semiannual	6,186,097	11,715,387	NACIONAL
551		BCENC - N	4,500,000	UF	4,7%	4,95%	28/05/2030	Semiannual	Semiannual S	478,782	452,575	NACIONAL
551		BCENC - O	54,000,000	Ch\$	7,0%	7,68%	01/06/2031	Semiannual	At Maturity	313,908	313,303	NACIONAL
N/A		ÚNICA - A	280,000,000	S	7,2%	7,49%	05/05/2018	Semiannual	At Maturity	637,828	588,574	EXTRANJERO
N/A		ÚNICA - A	130,000,000	S	7,6%	7,76%	12/08/2017	Semiannual	At Maturity	776,099	717,113	EXTRANJERO
N/A		ÚNICA - A	750,000,000	USD	5,5%	5,80%	20/01/2021	Semiannual	At Maturity	11,598,896	9,948,508	EXTRANJERO
N/A		ÚNICA - A	1,200,000,000	USD	4,9%	5,17%	20/01/2023	Semiannual	At Maturity	16,575,885	14,323,952	EXTRANJERO
N/A		MÁS CUOTAS SERIE 1	140,896,923	Arg\$	25.23%	25.23%	01/07/2015	Monthly	Monthly	6,875,763	—	EXTRANJERO
N/A		MÁS CUOTAS SERIE 1	12,198,868	Arg\$	29.50%	29.50%	01/10/2015	Monthly	Monthly	865,754	—	EXTRANJERO
N/A		MÁS CUOTAS SERIE 1	6,099,434	Arg\$	28.00%	28.00%	01/02/2016	Monthly	Monthly	432,877	—	EXTRANJERO
N/A		MÁS CUOTAS SERIE 1	7,070,798	Arg\$	28,0%	28,00%	01/10/2016	Monthly	Monthly	501,815	—	EXTRANJERO
Total short—term portion										50,539,046	74,815,992	

Table of Contents

17.3.1 Bond long term

Inscription number or ID	Series	Current nominal amount placed	Restatement unit of the bond	Interest rate %	Effective interest rate %	Maturity	Periodicity		Accounting value		Placement in Chile or abroad
							Principal installment	Amortization type	12/31/2014 ThCh\$	12/31/2013 ThCh\$	
268	BJUMB - B1	339,916	UF	6,5%	6,90%	01/09/2026	Semiannual	Semiannual	7,980,472	7,923,293	NACIONAL
268	BJUMB - B2	1,699,580	UF	6,5%	6,90%	01/09/2026	Semiannual	Semiannual	38,823,243	38,488,858	NACIONAL
443	BCENC - A	—	UF	4,3%	4,75%	15/03/2027	Semiannual	Semiannual	—	90,232,986	NACIONAL
443	BCENC - C	—	UF	4,1%	4,61%	01/07/2027	Semiannual	Semiannual	—	100,563,384	NACIONAL
443	BCENC - D	—	UF	4,0%	4,38%	01/07/2028	Semiannual	Semiannual	—	33,794,100	NACIONAL
530	BCENC - E	2,000,000	UF	3,5%	4,14%	07/05/2018	Semiannual	At Maturity	48,264,287	45,437,538	NACIONAL
530	BCENC - F	4,500,000	UF	4,0%	4,31%	07/05/2028	Semiannual	At Maturity	107,321,315	101,404,739	NACIONAL
551	BCENC - J	3,000,000	UF	5,7%	5,70%	15/10/2029	Semiannual	Semiannual	73,849,017	69,898,124	NACIONAL
551	BCENC - L	250,000	UF	4,1%	3,86%	28/05/2015	Semiannual	Semiannual	—	5,868,694	NACIONAL
551	BCENC - N	4,500,000	UF	4,7%	4,95%	28/05/2030	Semiannual	Semiannual	108,213,757	102,290,315	NACIONAL
551	BCENC - O	54,000,000	Ch\$	7,0%	7,68%	01/06/2031	Semiannual	At Maturity	50,644,541	50,546,943	NACIONAL
N/A	ÚNICA - A	280,000,000	S	7,2%	7,49%	05/05/2018	Semiannual	At Maturity	56,512,826	52,148,859	EXTRANJERO
N/A	ÚNICA - A	130,000,000	S	7,6%	7,76%	12/08/2017	Semiannual	At Maturity	26,371,646	24,367,325	EXTRANJERO
N/A	ÚNICA - A	750,000,000	USD	5,5%	5,80%	20/01/2021	Semiannual	At Maturity	455,654,686	390,512,983	EXTRANJERO
N/A	ÚNICA - A	1,200,000,000	USD	4,9%	5,17%	20/01/2023	Semiannual	At Maturity	682,748,226	562,566,927	EXTRANJERO
Total Long—Term portion									1,656,384,016	1,676,045,068	

Table of Contents

17.4 Other Financial Liabilities—Derivatives—Options

The detail as of December 31, 2014 and December 31, 2013 is as follows:

<u>ID</u>	<u>Institution Name</u>	<u>Asset Position (In Thousands)</u>	<u>currency</u>	<u>Assets Interest rate</u>	<u>Liability Position (In Thousands)</u>	<u>Currency</u>	<u>Liability Interest Rate</u>	<u>Periodicity</u>		<u>Principal Installment</u>	<u>Total Current and Non-Current</u>		<u>Placement in Chile or abroad</u>
								<u>Due date</u>	<u>Interest payment</u>		<u>December 31, 2014 (ThCh\$)</u>	<u>December 31, 2013 (ThCh\$)</u>	
O-E	Banco BBVA	1,014	USD	1.95%	1,676	USD	3.49%	15/08/2016	Semiannual	—	219,295	147,176	Foreign
O-E	Banco Santander	1,014	USD	1.95%	1,646	USD	3.41%	15/08/2016	Semiannual	—	163,459	100,304	Foreign
O-E	Banco BBVA	29,362	USD	2.24%	86,389	Soles	6.30%	16/11/2015	Quarterly	Quarterly	—	111,456	Foreign
TOTAL											382,754	358,936	

Table of Contents

17.5 Other loans—leases

The detail of the leasing agreement as of December 31, 2014 and 2013 is as follows;

ID	Creditor Name	Currency	Amortization type	Current Expiration			Non-Current Expiration			Total non-current as of December 31, 2014
				Up to 90 days	Between 90 days and one year	TOTAL Current as of December 31, 2014	1 to 3 years	3 to 5 years	5 or more years	
				ThCh\$	year ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
Cencosud Shopping Centers S.A.	CIA. DE SEG.DE VIDA CONS. NAC. DE SEG. S.A.	Ch\$	Mensual	53,132	171,148	224,280	933,415	933,413	2,564,627	4,431,455
Cencosud Shopping Centers S.A.	CIA. DE SEG.DE VIDA CONS. NAC. DE SEG. S.A.	Ch\$	Mensual	29,785	89,037	118,822	523,249	523,249	1,438,941	2,485,439
Cencosud Shopping Centers S.A.	CIA. DE SEG.DE VIDA CONS. NAC. DE SEG. S.A.	Ch\$	Mensual	5,838	17,452	23,290	102,562	102,562	282,046	487,170
Cencosud Shopping Centers S.A.	CIA. DE SEG.DE VIDA CONS. NAC. DE SEG. S.A.	Ch\$	Mensual	12,933	38,662	51,595	227,206	227,206	624,820	1,079,232
Cencosud Shopping Centers S.A.	CIA. DE SEG.DE VIDA CONS. NAC. DE SEG. S.A.	Ch\$	Mensual	15,241	45,560	60,801	267,747	267,747	736,307	1,271,801
Cencosud Retail S.A.	INMOBILIARIA EDIFICIO PANORÁMICO LIMITADA	PESOS	MENSUAL	25,173	316,841	342,014	302,081	201,388	173,849	677,318
Cencosud Retail S.A.	CENTRO ESPAÑOL DE TEMUCO	UF	MENSUAL	13,133	38,041	51,174	149,432	99,621	149,507	398,560
Cencosud Retail S.A.	SOCIEDAD DE RENTA HISPANO CHILENA SA	UF	MENSUAL	12,295	36,886	49,181	147,542	98,362	73,463	319,367
Cencosud Retail S.A.	BANCO CHILE - LEASING	UF	SEMESTRAL	40,515	779,277	819,792	3,575,878	—	—	3,575,878
Cencosud Retail S.A.	BANCO BICE - LEASING	UF	SEMESTRAL	14,485	43,456	57,941	173,825	—	—	173,825
Cencosud Retail S.A.	INVERSIONES OLYMPUS LTDA.	UF	Mensual	—	2,819	2,819	5,637	5,637	335,465	346,739
Cencosud Retail S.A.	INMOBILIARIA RECOLETA LTDA.	UF	Mensual	—	2,766	2,766	5,532	5,532	541,449	552,513
Cencosud Retail S.A.	INVERSIONES PUNTA BLANCA LTDA.	UF	Mensual	—	553	553	1,106	1,106	375,413	377,625
Cencosud Retail S.A.	EMPRESAS PROULX CHILE II S.A.	UF	Mensual	—	1,858	1,858	3,716	3,716	585,405	592,837
Cencosud Retail S.A.	INERSA S.A.	UF	Mensual	—	3,332	3,332	6,665	6,665	469,658	482,988
Cencosud Retail S.A.	RVC RENTAS S.A.	UF	Mensual	—	1,961	1,961	3,922	3,922	353,958	361,802
Cencosud Retail S.A.	SEGUROS DE VIDA CRUZ DEL SUR S.A.	UF	Mensual	—	2,698	2,698	5,395	5,395	380,188	390,978
Cencosud Retail S.A.	INMOBILIARIA MALL VIÑA DEL MAR S.A.	UF	Mensual	—	2,354	2,354	4,709	4,709	331,813	341,231
Cencosud Retail S.A.	EMPRESAS PROULX CHILE II S.A.	UF	Mensual	—	1,808	1,808	3,616	3,616	526,772	534,004
Cencosud Retail S.A.	INMOBILIARIA TIERRA SANTA	UF	Mensual	—	1,960	1,960	3,921	3,921	253,998	261,840
Cencosud Retail S.A.	SEGUROS DE VIDA CRUZ DEL SUR S.A.	UF	Mensual	—	3,768	3,768	7,536	7,536	679,018	694,090
Cencosud Retail S.A.	INVERSIONES URBANAS LTDA.	UF	Mensual	—	6,280	6,280	12,560	12,560	1,131,566	1,156,686
Cencosud Retail S.A.	INMOBILIARIA GR CHAMISERO I S.A.	UF	Mensual	—	6,155	6,155	12,310	12,310	1,109,064	1,133,684
Grandes Superficies de Colombia S.A.	BANCO DE BOGOTÁ	COL	MENSUAL	74,391	83,370	157,761	—	—	—	—
Grandes Superficies de Colombia S.A.	CENTRO COMERCIAL BULEVAR NIZA	COL	MENSUAL	19,606	60,586	80,192	175,227	197,219	1,409,972	1,782,418
Grandes Superficies de Colombia S.A.	FCP INVERLINK	COL	MENSUAL	34,701	107,234	141,935	310,143	349,068	1,868,223	2,527,434

Table of Contents

ID	Creditor Name	Currency	Amortization type	Current Expiration			Non-Current Expiration			Total non-Current as of December 31, 2014 ThCh\$	
				Up to 90 days	Between 90 days and one year	TOTAL Current as of December 31, 2014	1 to 3 years	3 to 5 years	5 or more years		
				ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$		
Grandes Superficies de Colombia S.A.	830025638	COMERCIALIZADORA DE COLECCIONES S.A.	COL	MENSUAL	11,918	36,830	48,748	106,521	119,890	4,866,113	5,092,524
Grandes Superficies de Colombia S.A.	830025638	SOISAN S.A.	COL	MENSUAL	229	727	956	2,262	2,825	24,353	29,440
Cencosud Retail Perú	20109072177	BIF LEASING	Soles	MENSUAL	76,409	—	76,409	—	—	—	—
Cencosud Retail Perú	20109072177	BIF LEASING	Soles	MENSUAL	88,101	88,532	176,633	—	—	—	—
Cencosud Retail Perú	20109072177	BIF LEASING	Soles	MENSUAL	37,602	113,770	151,372	—	—	—	—
				Total	<u>565,487</u>	<u>2,105,721</u>	<u>2,671,208</u>	<u>7,073,715</u>	<u>3,199,175</u>	<u>21,285,988</u>	<u>31,558,878</u>
ID	Creditor Name	Currency	Amortization type	Current Expiration			Non-Current Expiration			Total non-Current as of December 31, 2013 ThCh\$	
				Up to 90 days	Between 90 days and one year	TOTAL Current as of December 31, 2013	1 to 3 years	3 to 5 years	5 or more years		
				ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$		
Cencosud Shopping Centers S.A.	94226000-8	CIA. DE SEG.DE VIDA CONS. NAC. DE SEG. S.A.	Ch\$	Monthly	51,480	154,440	205,920	880,407	2,201,018	1,430,668	4,512,093
Cencosud Shopping Centers S.A.	94226000-8	CIA. DE SEG.DE VIDA CONS. NAC. DE SEG. S.A.	Ch\$	Monthly	28,859	86,575	115,434	493,535	1,233,837	801,998	2,529,370
Cencosud Shopping Centers S.A.	94226000-8	CIA. DE SEG.DE VIDA CONS. NAC. DE SEG. S.A.	Ch\$	Monthly	5,657	16,970	22,627	96,737	241,843	157,199	495,779
Cencosud Shopping Centers S.A.	94226000-8	CIA. DE SEG.DE VIDA CONS. NAC. DE SEG. S.A.	Ch\$	Monthly	12,531	37,593	50,124	214,304	535,759	348,245	1,098,308
Cencosud Shopping Centers S.A.	94226000-8	CIA. DE SEG.DE VIDA CONS. NAC. DE SEG. S.A.	Ch\$	Monthly	14,767	44,300	59,067	252,542	631,355	410,382	1,294,279
Cencosud Retail S.A.	81201000-K	INMOBILIARIA EDIFICIO PANORÁMICO LIMITADA	Ch\$	Monthly	22,250	66,752	89,002	121,300	121,300	550,906	793,506
Cencosud Retail S.A.	81201000-K	CENTRO ESPAÑOL DE TEMUCO	UF	Monthly	11,801	35,402	47,203	62,199	62,199	217,698	342,096
Cencosud Retail S.A.	81201000-K	SOCIEDAD DE RENTA HISPANO CHILENA SA	UF	Monthly	12,500	37,500	50,000	68,642	68,642	134,424	271,708
Cencosud Retail S.A.	81201000-K	BANCO CHILE – LEASING	UF	Semiannual	208,034	624,109	832,143	1,103,798	—	—	1,103,798
Cencosud Retail S.A.	81201000-K	BANCO BICE – LEASING	UF	Semiannual	17,200	51,600	68,800	92,445	92,445	—	184,890
Cencosud Retail S.A.	81201000-K	INVERSIONES OLYMPUS LTDA.	UF	Monthly	—	—	—	—	—	340,320	340,320
Cencosud Retail S.A.	81201000-K	INMOBILIARIA RECOLETA LTDA.	UF	Monthly	—	—	—	—	—	532,623	532,623
Cencosud Retail S.A.	81201000-K	INVERSIONES PUNTA BLANCA LTDA.	UF	Monthly	—	—	—	—	—	358,734	358,734
Cencosud Retail S.A.	81201000-K	EMPRESAS PROULX CHILE II S.A.	UF	Monthly	—	—	—	—	—	565,956	565,956
Cencosud Retail S.A.	81201000-K	INERSA S.A.	UF	Monthly	—	—	—	—	—	466,191	466,191
Cencosud Retail S.A.	81201000-K	RVC RENTAS S.A.	UF	Monthly	—	—	—	—	—	350,809	350,809
Cencosud Retail S.A.	81201000-K	SEGUROS DE VIDA CRUZ DEL SUR S.A.	UF	Monthly	—	—	—	—	—	377,382	377,382
Cencosud Retail S.A.	81201000-K	INMOBILIARIA MALL VIÑA DEL MAR S.A.	UF	Monthly	—	—	—	—	—	329,364	329,364
Cencosud Retail S.A.	81201000-K	EMPRESAS PROULX CHILE II S.A.	UF	Monthly	—	—	—	—	—	511,645	511,645
Cencosud Retail S.A.	81201000-K	INMOBILIARIA TIERRA SANTA	UF	Monthly	—	—	—	—	—	254,773	254,773
Grandes Superficies de Colombia S.A.	830025638	BANCO DE BOGOTÁ	COL	Monthly	83,581	250,743	334,324	150,550	—	—	150,550
Grandes Superficies de Colombia S.A.	830025638	IBM	COL	Monthly	72,478	92,481	164,959	—	—	—	—
Grandes Superficies de Colombia S.A.	830025638	CENTRO COMERCIAL BULEVAR NIZA	COL	Monthly	15,835	48,935	64,770	174,772	196,708	1,680,814	2,052,294
Grandes Superficies de Colombia S.A.	830025638	FCP INVERLINK	COL	Monthly	28,028	86,612	114,640	309,338	348,163	2,311,121	2,968,622

Table of Contents

	ID	Creditor Name	Currency	Amortization type	Current Expiration			Non-Current Expiration			Total non-Current as of December 31, 2013 ThCh\$
					Up to 90 days	Between 90 days and one year	TOTAL Current as of December 31,	1 to 3 years	3 to 5 years	5 or more years	
					ThCh\$	ThCh\$	2013 ThCh\$	ThCh\$	ThCh\$	ThCh\$	
Grandes Superficies de Colombia S.A.	830025638	COMERCIALIZADORA DE COLECCIONES S.A.	COL	Monthly	9,626	29,747	39,373	106,244	119,579	5,263,878	5,489,701
Grandes Superficies de Colombia S.A.	830025638	SOISAN S.A.	COL	Monthly	223	669	892	1,480	4,486	26,469	32,435
E. Wong	20100106915	CONTINENTAL LEASING	Soles	Semiannual	210,296	—	210,296	—	—	—	—
E. Wong	20100106915	CONTINENTAL LEASING	Soles	Semiannual	224,220	—	224,220	—	—	—	—
Hipermercados Metro	20109072177	CONTINENTAL LEASING	Soles	Semiannual	597	175,803	176,400	—	—	—	—
Hipermercados Metro	20109072177	CONTINENTAL LEASING	Soles	Semiannual	561	165,205	165,766	—	—	—	—
Hipermercados Metro	20109072177	CONTINENTAL LEASING	Soles	Semiannual	11	97,340	97,351	—	—	—	—
Hipermercados Metro	20109072177	CONTINENTAL LEASING	Soles	Semiannual	68,818	67,776	136,594	—	—	—	—
Hipermercados Metro	20109072177	CONTINENTAL LEASING	Soles	Semiannual	1,897	227,517	229,414	—	—	—	—
Hipermercados Metro	20109072177	BIF LEASING	Soles	Monthly	47,701	112,701	160,402	—	—	—	—
Hipermercados Metro	20109072177	BIF LEASING	Soles	Monthly	80,148	242,618	322,766	—	—	—	—
Hipermercados Metro	20109072177	BIF LEASING	Soles	Monthly	67,953	204,853	272,806	70,266	—	—	70,266
Hipermercados Metro	20109072177	BIF LEASING	Soles	Monthly	78,374	235,075	313,449	162,427	—	—	162,427
Hipermercados Metro	20109072177	BIF LEASING	Soles	Monthly	140,673	99,258	239,931	139,160	—	—	139,160
				Total	1,516,099	3,292,574	4,808,673	4,500,146	5,857,334	17,421,599	27,779,079

Table of Contents

17.6 Restrictions.

1. As established in the agreement to issue bonds of Cencosud S.A. dated July 5, 2001 and by virtue of which two series (Series A and Series B) were issued, of which only Series B (tranche B1 and B2) remains in effect, the Company, hereinafter the Issuer, has the following indebtedness limits or management restrictions, among others:
 - a) Comply with the laws, regulations and other legal provisions applicable to it;
 - b) Establish and maintain adequate accounting systems based on generally accepted accounting principles in Chile, as well as hire and maintain an independent external auditing firm of recognized local or international prestige to examine and analyze the Financial Statements and issue an opinion on the statements as of December 31 of each year. Likewise, in accordance with current standards and as long as they are in effect, the Issuer shall hire and maintain, continuously and without interruption, two risk rating agencies registered with the SVS for the life of the bond issuance. These risk rating agencies may be replaced to the extent that the Issuer complies with the obligation of maintaining two of them, continuously and without interruption, for the life of the bond issuance. Nevertheless, it is expressly agreed that: (i) in the event that by SVS provision the currently valid accounting standards were modified, replacing IFRS, and that change were to affect one or more of the restrictions contained in the Ninth clause and/or the definitions in the First clause related to the aforementioned Ninth clause of the Agreement, or (ii) if the valuation criteria established for the accounting entries in the current Financial Statements were modified by the competent entity authorized to issue accounting standards, the Issuer shall, within fifteen Working Days of the new provisions having been reflected for the first time in its Financial Statements, present these changes to the Bondholders' Representative. The Issuer, within twenty Working Days of the new provisions having been reflected for the first time in its Financial Statements, shall request that its external auditors proceed to adapt the obligations indicated in the Ninth clause and/or the definitions contained in the First clause that are related to the aforementioned Ninth clause of the Agreement based on the new accounting situation within twenty Working Days after the date of request. The Issuer and the Bondholders' Representative shall modify the Agreement in order to adjust it as determined by the auditors within ten Working Days of the auditors having issued their report, and the Issuer shall file with the SVS the request for this modification of the Agreement, together with the respective documentation. The aforementioned procedure shall be considered prior to the date on which the Financial Statements must be filed with the SVS by the Issuer, for the reporting period following that in which the new provisions have been reflected for the first time in its Financial Statements. For this, prior consent from the bondholders' association shall not be necessary. Notwithstanding, the Bondholders' Representative shall inform the Bondholders of the modifications to the Agreement by publishing a notice in the newspaper *La Nacion* (print or digital version) and in the event this publication is suspended or no longer exists, in the Official Gazette, which shall take place within twenty Working Days following the date the respective deed modifying the Agreement is granted. In the cases mentioned above, and until the Agreement has been modified in accordance with the aforementioned procedure, the Issuer shall not be considered to have breached the Agreement when as a result exclusively of these modifications, the Issuer fails to comply with one or more restrictions contained in the Ninth clause of the Agreement and/or the definitions contained in the First clause that are related to the aforementioned Ninth clause. Once the Agreement has been modified as stated above, the Issuer shall comply with the agreed-upon modifications to reflect its new accounting situation. Record is left that the procedure contained in this provision is intended to protect the changes produced exclusively by provisions on accounting matters and in no case those produced by variations in market conditions that affect the Issuer. All expenses resulting from the above shall be borne by the Issuer. Likewise, the Issuer shall hire and maintain, continuously and without interruption, two risk rating agencies registered with the SVS for the life of the bonds;
 - c) Send a copy of its quarterly and annual Financial Statements to the Bondholders' Representative within the same period of time in which it must be filed with the SVS;

Table of Contents

- d) Notify the Bondholders' Representative of notices for ordinary and extraordinary shareholders' meetings no later than the day of publication of the last notice for shareholders;
 - e) Notify the Bondholders' Representative of all material events that are not considered reserved or any infraction of the Issuer's obligations under the agreement as soon as the event or infraction occurs or comes to its knowledge, within the same period of time in which it must notify the SVS. The document that fulfills this obligation must be signed by the Issuer's Chief Executive Officer or by his replacement and must be sent with a return receipt or by certified mail;
 - f) Maintain, during the life of this Agreement, its assets free of Restricted Encumbrances that are equivalent, at least, to one point two times the unpaid balance of the principal owed on the Bonds. This obligation shall be verified and measured as of the reporting dates of the Financial Statements. The Issuer shall send information to verify the ratio referred to in this clause to the Bondholders' Representative upon request. In the event that the Issuer fails to comply with this obligation, it may equally and within a maximum of sixty days from the date of violation, establish guarantees in favor of the Bondholders that are proportionally equal to those granted to third parties other than the Bondholders. For these purposes, assets and debt will be valued at book value. The following shall not be considered for these purposes: encumbrances established for any authority for taxes that are still not owed by the Issuer and are being duly challenged by it; those established in the ordinary course of business of the Issuer that are being duly challenged by it; preferences established by law such as, for example, those mentioned in article two thousand four hundred seventy-two of the Civil Code and articles one hundred five and one hundred six of the Securities Market Law; and all encumbrances to which the Issuer has not consented and that are being duly challenged by it;
 - g) Not sell or transfer essential assets that represent more than 30% of its total assets and that place in danger the continuity of its business, unless that sale, cession or transfer is to a subsidiary and to the extent that it jointly and severally undertakes to pay the Bonds;
 - h) Maintain an indebtedness ratio no greater than one point three;
 - i) Maintain minimum equity of eleven million, five hundred thousand UF at all times during the life of the bonds;
 - j) Not make investments in debt instruments issued by related persons or engage in transactions with related persons under conditions that are less favorable than market conditions for the Issuer;
 - k) Contract and maintain insurance that reasonably protects its operating assets;
 - l) Send information on any reduction in its interest in Subsidiaries that results in losing control and stems from a sale, exchange or merger of its interest in them to the Bondholders' Representative within 30 working days of the event having occurred;
 - m) Record in its accounting books the provisions that arise from adverse contingencies that, in management's opinion, should be reflected in the Financial Statements of the Issuer in accordance with IFRS or the standards that replace them and those established by the SVS, as appropriate.
2. As established in the agreement to issue bonds of Cencosud S.A., dated March 13, 2008, and by virtue of which two series (Series E and Series F) were issued, the Company, hereinafter the Issuer, has the following obligations and management restrictions, among others:
- a) Comply with applicable laws, regulations and other legal provisions, particularly those related to the timely and correct payment of taxes, duties and charges;
 - b) Establish and maintain adequate accounting systems based on IFRS or those standards that replace IFRS; an independent external auditing firm of recognized prestige to issue an opinion on the financial statements as of December 31 of each year; two risk rating agencies registered with the SVS for the life of the Bonds;
 - c) Send to the Bondholders' Representative (i) a copy of all information that the Issuer must send the SVS, as long as it is not considered reserved information, including a copy of its quarterly and annual Financial

Table of Contents

Statements, within the period of time in which it should file such information with the SVS; (ii) information on compliance with the obligations undertaken by virtue of the Agreement within the period of time in which it should file its Financial Statements with the SVS; (iii) copies of the risk rating reports on the issuance no later than five Working Days after receipt of these reports from its private risk rating agencies; (iv) all information regarding any violation of its obligations undertaken by virtue of the Issuance Agreement and any other relevant information requested by the SVS, as soon as the event occurs or comes to its knowledge.

- d) Notify the Bondholders' Representative of notices for ordinary and extraordinary shareholders' meetings no later than the day of publication of the last notice for shareholders;
 - e) Send the Bondholders' Representative information on any reduction of its interest in the capital of its Relevant Subsidiaries that are greater than 10% of the capital, as well as any reduction that means losing control of the company once the transaction has taken place;
 - f) Not engage in, with related persons, transactions under conditions that are less favorable for the Issuer than prevailing market conditions;
 - g) Maintain the following financial ratios based on the Quarterly Financial Statements: (i) An indebtedness level based on the Financial Statements of a ratio of other current financial liabilities and other non-current financial liabilities, less cash and cash equivalents, less other current financial assets, over total equity attributable to the owners of the parent company, no greater than one point two. Liabilities shall include the obligations that the Issuer undertakes as endorser, simple and/or joint guarantor and those in which it responds directly or indirectly for obligations of third parties; and ii) Maintain Total Assets free of all pledges, mortgages or other encumbrances for an amount at least equal to one point two times the Issuer's Liabilities in conformity with the Financial Statements;
 - h) Except by express statement of the Bondholders' Representative, authorized at an extraordinary meeting of the Bondholders, with votes that represent at least fifty-one percent of the Bonds in circulation, that releases the Issuer from the obligation indicated below, it shall maintain ownership of the brands (i) "Jumbo" and (ii) "París" directly or through its subsidiaries;
 - i) Record in its accounting books the provisions that arise from adverse contingencies that, in the Issuer's opinion, should be reflected in the Issuer's financial statements;
 - j) Maintain insurance that reasonably protects its operating assets and ensure that its subsidiaries meet this condition;
 - k) Not grant endorsements or guarantees or establish itself as joint and several co-signer in favor of third parties, except subsidiaries of the Issuer.
 - l) Maintain direct or indirect ownership of at least fifty-one percent of Cencosud Supermercados S.A. and forty-nine percent of Cencosud Administradora de Tarjetas S.A., as well as the Companies that eventually control the business areas currently developed by these Companies;
 - m) Maintain income from retail sales, mall management, real estate investment and credit assessments, granting and management equivalent to at least sixty-seven percent of the Issuer's ordinary revenue, based on the Quarterly Financial Statements; and
 - n) Inform the Bondholders' Representative of the effective use of the funds stemming from the Bond placement corresponding to the Line.
3. As established in the Master Issuance Agreement for the Private Offering Program for Corporate Bonds of Cencosud S.A., dated April 24, 2008, hereinafter "the Program", entered into in Lima, Peru, and by virtue of which two issuances of the same series (Series A) were carried out, the Company, hereinafter the Issuer, has the following obligations and management restrictions, among others:
- a) Preserve its corporate existence and duly maintain and develop its corporate objective;

Table of Contents

- b) Be in full compliance with all tax obligations, whether formalities or payment obligations, except those that have been challenged using procedures set forth by the laws of the applicable jurisdiction;
- c) Maintain on at least a pari passu basis with Bonds issued with respect to payment obligations of other debts or obligations without specific guarantees;
- d) Not make substantial changes in the line of business or its corporate objective that produce a material adverse effect on the Issuer's financial condition, understanding as such any change that reduces the Program's risk rating by two (2) or more risk categories below the rating in effect at that time;
- e) A change in control that reduces the Program's risk rating by two (2) or more risk categories below the rating in effect at that time may not occur;
- f) Not transfer fully or partially, its obligations under the Program Documents;
- g) Maintain indebtedness, based on the consolidated Financial Statements, or the individual financial statements if the Issuer does not consolidate, of a ratio of consolidated financial liabilities, or individual if the Issuer does not consolidate, less Cash, less Time Deposits, less Marketable Securities, less repo agreements and forward contracts classified as other current assets in the Issuer's consolidated Financial Statements, or the individual financial statements if the Issuer does not consolidate, to Total Equity that does not exceed 1.20. Consolidated financial liabilities, or individual if the Issuer does not consolidate, shall include the obligations that the Issuer undertakes as endorser, simple and/or joint guarantor and those in which it responds directly or indirectly for obligations of third parties. Nevertheless, the liabilities of Banco París shall not be considered for the purpose of calculating this indebtedness; and

Table of Contents

- h) The Issuer shall issue each quarter: (i) a report that is a sworn statement indicating that no violation of the obligations established in this clause has occurred; (ii) a report containing the calculation of the ratios referred to in the preceding letter.
- 4. As established in the agreement to issue bonds of Cencosud S.A., dated September 5, 2008 and modified on October 2, 2008, and by virtue of which the Series J, L, N and O were issued, the Company, hereinafter the Issuer, has the following obligations or management restrictions:
 - a) Comply with applicable laws, regulations and other legal provisions, particularly those related to the timely and correct payment of taxes, duties and charges;
 - b) Establish and maintain adequate accounting systems based on IFRS or those standards that replace IFRS; an independent external auditing firm of recognized prestige to issue an opinion on the financial statements as of December 31 of each year; two risk rating agencies registered with the SVS for the life of the Bonds;
 - c) Send to the Bondholders' Representative (i) a copy of all information that the Issuer must send the SVS, as long as it is not considered reserved information, including a copy of its quarterly and annual Financial Statements, within the period of time in which it should file such information with the SVS; (ii) information regarding compliance with the obligations undertaken by virtue of the Agreement within the period of time in which it should file its Financial Statements with the SVS; (iii) copies of the risk rating reports on the issuance no later than five Working Days after receipt of these reports from its private risk rating agencies; (iv) all information regarding any violation of its obligations undertaken by virtue of the Agreement and any other relevant information requested by the SVS, as soon as the event occurs or comes to its knowledge;
 - d) Notify the Bondholders' Representative of notices for ordinary and extraordinary shareholders' meetings no later than the day of publication of the last notice for shareholders;
 - e) Send the Bondholders' Representative information on any reduction of its interest in the capital of its Relevant Subsidiaries that are greater than 10% of the capital, as well as any reduction that means losing control of the company once the transaction has taken place;
 - f) Not engage in, with related persons, transactions under conditions that are less favorable for the Issuer than prevailing market conditions;
 - g) Maintain the following financial ratios based on the Quarterly Financial Statements: (i) An indebtedness level based on the Financial Statements of a ratio of other current financial liabilities and other non-current financial liabilities, less cash and cash equivalents, less other current financial assets, over total equity attributable to the owners of the parent company, no greater than one point two. Liabilities shall include the obligations that the Issuer undertakes as endorser, simple and/or joint guarantor and those in which it responds directly or indirectly for obligations of third parties; and ii) Maintain Total Assets free of all pledges, mortgages or other encumbrances for an amount at least equal to one point two times the Issuer's Liabilities in conformity with the Financial Statements;
 - h) Except by express statement of the Bondholders' Representative, authorized at an extraordinary meeting of the Bondholders, with votes that represent at least fifty-one percent of the Bonds in circulation, that releases the Issuer from the obligation indicated below, it shall maintain ownership of the brands (i) "Jumbo" and (ii) "París" directly or through its subsidiaries;
 - i) Record in its accounting books the provisions that arise from adverse contingencies that, in the Issuer's opinion, should be reflected in the Issuer's financial statements;
 - j) Maintain insurance that reasonably protects its operating assets and ensure that its subsidiaries meet this condition;
 - k) Not grant endorsements or guarantees or establish itself as joint and several co-signer in favor of third parties, except subsidiaries of the Issuer.

Table of Contents

- l) Maintain direct or indirect ownership of at least fifty-one percent of Cencosud Supermercados S.A. and forty-nine percent of Cencosud Administradora de Tarjetas S.A., as well as the Companies that eventually control the business areas currently developed by these Companies;
 - m) Maintain income from retail sales, mall management, real estate investment and credit assessments, granting and management equivalent to at least sixty-seven percent of the Issuer's ordinary revenue, based on the Quarterly Financial Statements; and
 - n) Inform the Bondholders' Representative of the effective use of the funds stemming from the Bond placement corresponding to the Line.
5. As a result of the loan granted by the International Finance Corporation to the subsidiary Cencosud S.A. (Argentina), an agreement was signed between these entities on September 24, 2008. The Minutes of the Board of Directors of the subsidiary Cencosud S.A. (Argentina) dated September 5, 2008, makes mention of having entered into a Share Retention Agreement, which was signed by the subsidiary Cencosud S.A. (Argentina) and its controller, Cencosud S.A. (Chile), in favor of the "International Finance Corporation" by virtue of which Cencosud S.A. (Chile) undertakes to:
- a) Maintain its shareholdings in the subsidiaries Cencosud S.A., Cencosud Shopping Centers S.A. (Chile) and Cencosud Retail S.A. (Chile);
 - b) Maintain its shareholding in Blaisten S.A. and Unicenter S.A.
6. As established in the debt consolidation agreement signed June 30, 2010 between Cencosud Retail S.A. as Debtor and Banco del Estado de Chile as Creditor, Cencosud S.A., shall comply with the following obligations and financial and management restrictions:
- a) Maintain income from retail sales, mall management, real estate investment and credit assessments, granting and management equivalent to at least sixty-seven percent of the Consolidated Operating Income, based on the Consolidated Quarterly Financial Statements;
 - b) Not merge with any company, except those cases in which the merger meets all of the following requirements: (i) that the Company resulting from the merger is a Corporation established and governed by the laws of the Republic of Chile, and (ii) that the Company resulting from the merger maintains Cencosud's current line of business;
 - c) Maintain at all times a ratio of Net Financial Debt to Own Funds of no more than one point two;
 - d) Maintain minimum equity equivalent to 28,000,000 UF.
 - e) Maintain assets free of all pledges, mortgages and other encumbrances for an amount at least equivalent to one point two times its unguaranteed consolidated liabilities. The obligations established in this letter and in letters (a),(c) and (d) above shall be measured every quarter based on the Financial Statements of Cencosud S.A.
 - f) Do not establish personal guarantees in favor of other creditors to secure obligations of third parties that do not belong to Cencosud S.A. and its subsidiaries without prior authorization from the Bank;
 - g) Send to the Bank, signed by duly authorized persons, its annual report and annual Financial Statements, duly audited, and the quarterly Financial Statements, in the same format in which they were filed with the SVS, within 5 days following the date on which the information must be filed with the SVS. This obligation shall only be demandable in the event, for any reason, that the information is not available on the SVS's website; and
 - h) Each quarter, submit to the Bank a certificate of compliance of the affirmative and negative obligations established in the agreement, including a detail of the calculation of the financial covenants entered into by the Finance Manager.

Table of Contents

7. As established in the line of credit agreement signed October 12, 2010 between Cencosud S.A. as Debtor and Banco de Chile as Creditor, Cencosud S.A., shall comply with the following obligations and financial and management restrictions:
 - a) Submit to the Bank a copy of the Debtor's individual and consolidated Financial Statements for each quarter as soon as possible and in any event within thirty days of filing them with the SVS, to the extent that this information is not available on the SVS's website or another publicly accessible website. If the Debtor were not obligated to file this information with the SVS, it must still submit it to the Bank as soon as it is available. These Financial Statements shall be prepared in accordance with IFRS;
 - b) Submit to the Bank a copy of the Debtor's individual and consolidated Financial Statements for each year end as soon as possible and in any event within thirty days of filing them with the SVS, to the extent that this information is not available on the SVS's website or another publicly accessible website. If the Debtor were not obligated to file this information with the SVS, it must still submit it to the Bank as soon as it is available. These Financial Statements shall be certified by an independent auditor of recognized international prestige that is registered with the SVS;
 - c) Along with the Financial Statements referred to in the preceding letters, submit to the Bank a certificate issued by the Debtor's Chief Executive Officer and/or Chief Financial Officer, or their replacement, that certifies that, to the best of their knowledge and understanding, no Grounds for Non-Compliance has occurred or detailing the nature and extent of such events if they have occurred;
 - d) Notify the Bank as soon as possible but no later than five banking days after the date on which any executive of the Debtor has knowledge of: (i) the occurrence of any Grounds for Non-Compliance; (ii) any action, lawsuit or judicial or administrative proceedings regarding this instrument; (iii) any circumstance or event that affects or could result in an Adverse Important Effect on the businesses, activities, operations or financial situation of the Debtor and that results in the inability to pay of the Debtor; (iv) any relevant event referring to the Debtor's operations that, in conformity with articles nine and ten of Law eighteen thousand forty-five on Securities Markets and the instructions provided by the SVS in General Character Ruling number thirty, may be interpreted as a material event, to the extent that that information is not available on the SVS's website or another publicly accessible site;
 - e) Submit to the Bank, when requested in writing or for justified reasons, additional information on the financial, tax, accounting, economic and/or legal situation of the Debtor, in which case it shall be provided within thirty banking days of the date on which the request is made in writing. Notwithstanding, and at the Bank's request, the Debtor shall inform the Bank of the modifications made to the Company within thirty banking days of the event, submitting all pertinent information, and shall also inform the Bank of all new powers of attorney or the revocation of current powers of attorney, providing a copy of the corresponding public deeds;
 - f) Submit to the Bank, at its request, information necessary to correctly apply the provisions on individual credit limits;
 - g) Maintain and ensure that each Subsidiary maintains its books, records and accounting notes in which it makes complete, timely and reliable notes in conformity with current standards and IFRS;
 - h) Maintain all relevant rights, licenses, permits, brands, franchises, concessions or patents fully valid, with the understanding. However, the Debtor or any of its Subsidiaries may surrender these rights, licenses, permits, brands, franchises, concessions or patents to the extent that they do not involve an Important Adverse Effect. In particular, it shall maintain ownership of the following brands directly: (i) "Jumbo" and (ii) "París";
 - i) Comply with and ensure that each Subsidiary complies with each and every one of its obligations by virtue of any act, contract or convention, whose failure to comply produces or could produce, individually or collectively, an Important Adverse Effect;
 - j) Comply with and ensure that each Relevant Subsidiary complies with current laws and standards applicable to the development of its business and ownership of its assets;

Table of Contents

- k) Pay and ensure that each Subsidiary pays, fully and opportunely, all important obligations, which are understood for the purposes of this instrument as those obligations that are important for the Debtor's business, operations, financial or other conditions, projections, including but not limited to all taxes, charges or property taxes it must pay, as well as all obligations that, for taxes, charges, property taxes, labor matters or obligations with its suppliers or others, may result in an Encumbrance, except when compliance of these obligations is challenged by the Debtor or a Relevant Subsidiary, through proper legal proceedings initiated in good faith and adequate accounting provisions have been established in accordance with IFRS;
 - l) Maintain and ensure that each Relevant Subsidiary maintains all assets necessary to keep its businesses and operations in proper working order and maintenance, except for wear resulting from legitimate use. The Debtor shall also maintain and ensure that each Relevant Subsidiary maintains proper insurance coverage for these assets in conformity with industry practice;
 - m) Ensure that all operations with related persons, as defined in law number eighteen thousand forty-five, either directly or through related persons, are carried out under prevailing market conditions;
 - n) Ensure that at any time the obligation listed in the first clause shall have the same payment preference (pari passu) as its other debts with third party creditors. These restrictions shall not be applied to any case considered Permitted Encumbrances by the agreement;
 - o) Maintain direct or indirect ownership of at least fifty-one percent of Cencosud Retail S.A. and Cencosud Shopping Centers S.A., as well as its successor companies and transferees and the Companies that eventually control the business areas currently developed by these Companies.
 - p) Maintain a ratio of net financial liabilities to equity of less than one point two. For these purposes, net financial liabilities shall be defined as all consolidated current financial debt of Cencosud S.A. less the sum of the items Cash, Time Deposits, Marketable Securities and repo agreements and forward contracts accounted for in Other Assets. Net Financial Debt shall also include the obligations that the company undertakes as endorser or simple or joint guarantor and all obligations where it responds directly or indirectly for obligations of unrelated third parties. In no case shall net Financial Debt include the liabilities owed by Banco París;
 - q) Maintain minimum equity of twenty-eight million UF.
 - r) Maintain assets free of pledges or Encumbrances or at least one hundred twenty percent of the value of current, unguaranteed liabilities;
 - s) Not dispose of or transfer, and ensure that the Relevant Subsidiaries do not dispose of or transfer, either directly or indirectly, their Essential Assets, as defined hereinafter. For the purposes of this agreement, "Essential Assets" shall be defined as the brands "Jumbo" and "París" and the shares that represent at least fifty-one percent of the capital of the companies Cencosud Retail S.A. and Cencosud Shopping Centers S.A. and;
 - t) Not enter into or execute, and not allow Relevant Subsidiaries to enter into or execute any act or agreement to liquidate or dissolve its operations or businesses, nor to agree on, enter into or execute any act to split or merge, when it causes or may cause the Debtor, directly or indirectly, to lose control or ownership of its current businesses, as well as the assets necessary for execution and that it produces or may produce an Important Adverse Effect, except when such acts are for an amount less than or equal to two percent of the consolidated assets of Cencosud S.A.
8. As established in the line of credit agreement signed October 12, 2010 between Cencosud Retail S.A. as Debtor and Banco de Crédito e Inversiones as Creditor, Cencosud S.A., shall comply with the following obligations and financial and management restrictions:
- a) Submit to the Bank a copy of its individual and consolidated Financial Statements for each quarter as soon as possible and in any event within thirty days of filing them with the SVS, to the extent that this information is not available on the SVS's website or another publicly accessible website. If it were not obligated to file this information with the SVS, it must still submit it to the Bank as soon as it is available. These Financial Statements shall be prepared in accordance with IFRS;

Table of Contents

- b) Submit to the Bank a copy of its individual and consolidated Financial Statements for each year end as soon as possible and in any event within thirty days of filing them with the SVS, to the extent that this information is not available on the SVS's website or another publicly accessible website. If it were not obligated to file this information with the SVS, it must still submit it to the Bank as soon as it is available. These Financial Statements shall be certified by an independent auditor of recognized international prestige that is registered with the SVS;
- c) Along with the Financial Statements referred to in the preceding letters, submit to the Bank a certificate issued by the Chief Executive Officer and/or Chief Financial Officer, or their replacement, that certifies that, to the best of their knowledge and understanding, no grounds for non-compliance or violation, as defined hereinafter, have occurred or detailing the nature and extent of such events if they have occurred;
- d) Notify the Bank as soon as possible but no later than five banking days after the date on which any executive has knowledge of: (i) the occurrence of any Grounds for Non-Compliance, as defined hereinafter, or any Non-Compliance; (ii) any action, lawsuit or judicial or administrative proceedings regarding this instrument; (iii) any circumstance or event that affects or could result in an Adverse Important Effect on the businesses, activities, operations or financial situation of the Debtor and/or Cencosud and that results in the inability to pay of the Debtor and/or Cencosud; (iv) any relevant event referring to Cencosud's and/or the Guarantor's operations that, in conformity with articles nine and ten of Law eighteen thousand forty-five on Securities Markets and the instructions provided by the SVS in General Character Ruling number thirty, may be interpreted as a material event, to the extent that that information is not available on the SVS's website or another publicly accessible site;
- e) Submit to the Bank, when requested in writing or for justified reasons, additional information on its financial, tax, accounting, economic and/or legal situation, in which case it shall be provided within thirty banking days of the date on which the request is made in writing. Notwithstanding, and at the Bank's request, it shall inform the Bank of the modifications made to the Company within thirty banking days of the event, submitting all pertinent information, and shall also inform the Bank of all new powers of attorney or the revocation of current powers of attorney, providing a copy of the corresponding public deeds;
- f) Submit to the Bank, at its request, information necessary to correctly apply the provisions on individual credit limits;
- g) Maintain and ensure that each Subsidiary maintains its books, records and accounting notes in which it makes complete, timely and reliable notes in conformity with current standards and IFRS;
- h) Maintain all relevant rights, licenses, permits, brands, franchises, concessions or patents fully valid, with the understanding, however, that these rights, licenses, permits, brands, franchises, concessions or patents may be surrendered to the extent that they do not involve an Important Adverse Effect. In particular, it shall maintain ownership of the following brands directly or through its subsidiaries: (i) "Jumbo" and (ii) "París";
- i) Comply with and ensure that each Subsidiary complies with each and every one of its obligations by virtue of any act, contract or convention, whose failure to comply produces or could produce, individually or collectively, an Important Adverse Effect;
- j) Comply with and ensure that each Relevant Subsidiary complies with current law and standards applicable to the development of its business and ownership of its assets;
- k) Pay and ensure that each Subsidiary pays, fully and opportunely, all important obligations, which are understood for the purposes of this instrument as those obligations that are important for the business, operations, financial or other conditions, projections, including but not limited to all taxes, charges or property taxes it must pay, as well as all obligations that, for taxes, charges, property taxes, labor matters or obligations with its suppliers or others, may result in an Encumbrance, except when compliance of these obligations is challenged through proper legal proceedings initiated in good faith and adequate accounting provisions have been established in accordance with IFRS;

Table of Contents

- l) Maintain and ensure that each Relevant Subsidiary maintains all assets necessary to keep its businesses and operations in proper working order and maintenance, except for wear resulting from legitimate use. It shall also maintain and ensure that each Relevant Subsidiary maintains proper insurance coverage for these assets in conformity with industry practice;
 - m) Ensure that all operations with related persons, as defined in law number eighteen thousand forty-five, either directly or through related persons, are carried out under prevailing market conditions;
 - n) Ensure that at any time its obligations under this agreement shall have the same payment preference (pari passu) as its other debts with third party creditors. These restrictions shall not be applied to any case where the agreement considers them Permitted Encumbrances;
 - o) Maintain direct or indirect ownership of at least fifty-one percent of Cencosud Retail S.A. y Cencosud Shopping Centers S.A., as well as its successor companies and transferees and the Companies that eventually control the business areas currently developed by these Companies;
 - p) Maintain a ratio of net financial liabilities to equity of less than one point two. For these purposes, net financial liabilities shall be defined as all consolidated current financial debt of Cencosud S.A. less the sum of the items Cash, Time Deposits, Marketable Securities and repo agreements and forward contracts accounted for in Other Assets. Net Financial Debt shall also include the obligations that the company undertakes as endorser or simple or joint guarantor and all obligations where it responds directly or indirectly for obligations of unrelated third parties. In no case shall net Financial Debt include the liabilities owed by Banco París;
 - q) Maintain a ratio of total liabilities to equity of less than one point five;
 - r) Maintain minimum equity of twenty-eight million UF.
 - s) Not dispose of or transfer, and ensure that the Relevant Subsidiaries do not dispose of or transfer, either directly or indirectly, their Essential Assets, as defined hereinafter. For the purposes of this agreement, "Essential Assets" shall be defined as the brands "Jumbo" and "París" and the shares that represent at least fifty-one percent of the capital of the companies Cencosud Retail S.A. and Cencosud Shopping Centers S.A. and;
 - t) Not enter into or execute, and not allow Relevant Subsidiaries to enter into or execute any act or agreement to liquidate or dissolve its operations or businesses, nor to agree on, enter into or execute any act to split or merge, when it involves or may involve, directly or indirectly, losing control or ownership of its current businesses, as well as the assets necessary for execution and that it produces or may produce an Important Adverse Effect, except when such acts are for an amount less than or equal to two percent of the consolidated assets of Cencosud S.A.
9. As established in the Indenture dated January 20, 2011, entered into under the laws of the state of New York, United States, and by virtue of which Rule 144/A bonds were placed in the U.S. market, the Company, hereinafter the Issuer, has the following obligations and management restrictions, among others:
- a) Prohibition from granting encumbrances;
 - b) Prohibition from entering into leaseback agreements;
 - c) Prohibition from merging or selling all or a substantial part of its assets;
 - d) Reporting obligations established in Rule 144/A and;
 - e) Obligation to submit annual and quarterly financial statements to the trustee and bondholders.

Table of Contents

10. As established in the loan agreement signed September 7, 2011 between Cencosud S.A. as Debtor and Banco Bilbao Vizcaya Argentaria Chile as Creditor, Cencosud S.A., shall comply with the following obligations and financial and management restrictions:
 - a) Submit to the Bank a copy of the Debtor's consolidated Financial Statements for each quarter as soon as possible and in any event within 30 days of filing them with the SVS, to the extent that this information is not available on the SVS's website or another publicly accessible website. These Financial Statements shall be prepared in accordance with IFRS or applicable standards in Chile;
 - b) Submit to the Bank a copy of the Debtor's individual and consolidated Financial Statements for each year end as soon as possible and in any event within 30 days of filing them with the SVS, to the extent that this information is not available on the SVS's website or another publicly accessible website. These Financial Statements shall be certified by an independent auditor of recognized international prestige that is registered with the SVS;
 - c) Along with the Financial Statements referred to in the preceding letters, submit to the Bank a certificate issued by the Debtor's Chief Executive Officer and/or Chief Financial Officer, or their replacement, that certifies that, to the best of their knowledge and understanding, no Grounds for Non-Compliance has occurred or detailing the nature and extent of such events if they have occurred;
 - d) Notify the Bank as soon as possible but no later than 5 banking days after the date on which any one of the indicated executives of the Debtor has knowledge of: (i) the occurrence of any Grounds for Non-Compliance or any Non-Compliance; (ii) any action, lawsuit or judicial or administrative proceedings regarding the agreement; (iii) any circumstance or event that affects or could result in an Adverse Important Effect on the businesses, activities, operations or financial situation of the Debtor and that results in the inability to pay of the Debtor; (iv) any relevant event referring to the Debtor's operations that, in conformity with articles nine and ten of Law eighteen thousand forty-five on Securities Markets and the instructions provided by the SVS in General Character Ruling number thirty, may be interpreted as a material event, to the extent that that information is not available on the SVS's website or another publicly accessible site and provided that that information is not considered "reserved" in conformity with the law; (v) submit to the Bank, when requested in writing and for justified reasons, additional information on the financial, tax, accounting, economic and/or legal situation of the Debtor, in which case it shall be provided within 30 banking days of the date on which the request is made in writing; (vi) submit to the Bank, at its request, information necessary to correctly apply the provisions on individual credit limits;
 - e) Maintain and ensure that each Subsidiary maintains its books, records and accounting notes in which it makes complete, timely and reliable notes in conformity with current standards and/or IFRS;
 - f) Maintain all relevant rights, licenses, permits, brands, franchises, concessions or patents fully valid, with the understanding, however, that the Debtor or any of its Subsidiaries may surrender these rights, licenses, permits, brands, franchises, concessions or patents to the extent that they do not involve an Important Adverse Effect. In particular, the Debtor shall maintain ownership of the following brands directly or through its subsidiaries: (i) "Jumbo" and (ii) "París";
 - g) Comply with and ensure that each Subsidiary complies with each and every one of its obligations by virtue of any act, contract or convention, whose failure to comply produces or could produce, individually or collectively, an Important Adverse Effect;
 - h) Comply with and ensure that each Relevant Subsidiary complies with current laws and standards applicable to the development of its business and ownership of its assets;
 - i) Pay and ensure that each Subsidiary pays, fully and opportunely, all important obligations, which are understood for the purposes of this instrument as those obligations that are important for the Debtor's business, operations, financial or other conditions, including but not limited to all taxes, charges or property taxes it must pay, as well as all obligations that, for taxes, charges, property taxes, labor matters or obligations with its suppliers or others, may result in an Encumbrance, except when compliance of these obligations is challenged by the Debtor or a Relevant Subsidiary, through proper legal proceedings initiated in good faith and adequate accounting provisions have been established in accordance with IFRS or the current standards in Chile;
 - j) Maintain and ensure that each Relevant Subsidiary maintains all assets necessary to keep its businesses and operations in proper working order and maintenance, except for wear resulting from legitimate use. The Debtor shall also maintain and ensure that each Relevant Subsidiary maintains proper insurance coverage for these assets in conformity with industry practice;

Table of Contents

- k) Ensure that all operations with related persons, as defined in law number 18,045, either directly or through related persons, are carried out under prevailing market conditions;
- l) Ensure that at any time the Debtor's obligations under this agreement shall have the same payment preference (pari passu) as its other debts with third party creditors, a restriction which is not applicable in cases the agreement defines as Permitted Encumbrances.
- m) Possess, directly or indirectly, shares that represent at least 51% of the capital of the following companies: Cencosud Retail S.A. and Cencosud Shopping Centers S.A., and their respective successor companies and transferees, as well as the companies that may eventually control the business areas currently developed by these companies.
- n) Maintain a ratio of net financial liabilities to equity of less than one point two.
- o) Maintain assets free of pledges or Encumbrances or at least one hundred twenty percent of the value of liabilities;
- p) Not dispose of or transfer, and ensure that the Relevant Subsidiaries do not dispose of or transfer, either directly or indirectly, their Essential Assets, as defined in the agreement.
- q) Not enter into or execute, and not allow Relevant Subsidiaries to enter into or execute any act or agreement to liquidate or dissolve its operations or businesses, nor to agree on, enter into or execute any act to split or merge, when it causes or may cause the Debtor, directly or indirectly, to lose control or ownership of its current businesses, as well as the assets necessary for execution and that it produces or may produce an Important Adverse Effect, except when such acts are for an amount less than or equal to two percent of the consolidated assets of Cencosud S.A.
- 11. As established in the loan agreement signed September 14, 2011 between Cencosud S.A. as Debtor and Banco Bice, Chile as Creditor, Cencosud S.A., shall comply with the following obligations and financial and management restrictions:
 - a) Submit to the Bank a copy of the Debtor's consolidated Financial Statements for each quarter as soon as possible and in any event within 30 days of filing them with the SVS, to the extent that this information is not available on the SVS's website or another publicly accessible website. These Financial Statements shall be prepared in accordance with IFRS or applicable standards in Chile;
 - b) Submit to the Bank a copy of the Debtor's individual and consolidated Financial Statements for each year end as soon as possible and in any event within 30 days of filing them with the SVS, to the extent that this information is not available on the SVS's website or another publicly accessible website. These Financial Statements shall be certified by an independent auditor of recognized international prestige that is registered with the SVS;
 - c) Along with the Financial Statements referred to in the preceding letters, submit to the Bank a certificate issued by the Debtor's Chief Executive Officer and/or Chief Financial Officer, or their replacement, that certifies that, to the best of their knowledge and understanding, no Grounds for Non-Compliance has occurred or detailing the nature and extent of such events if they have occurred;

Table of Contents

- d) Notify the Bank as soon as possible but no later than 5 banking days after the date on which any one of the indicated executives of the Debtor has knowledge of: (i) the occurrence of any Grounds for Non-Compliance or any Non-Compliance; (ii) any action, lawsuit or judicial or administrative proceedings regarding the agreement; (iii) any circumstance or event that affects or could result in an Adverse Important Effect on the businesses, activities, operations or financial situation of the Debtor and that results in the inability to pay of the Debtor; (iv) any relevant event referring to the Debtor's operations that, in conformity with articles nine and ten of Law eighteen thousand forty-five on Securities Markets and the instructions provided by the SVS in General Character Ruling number thirty, may be interpreted as a material event, to the extent that that information is not available on the SVS's website or another publicly accessible site and provided that that information is not considered "reserved" in conformity with the law; (v) submit to the Bank, when requested in writing and for justified reasons, additional information on the financial, tax, accounting, economic and/or legal situation of the Debtor, in which case it shall be provided within 30 banking days of the date on which the request is made in writing; (vi) submit to the Bank, at its request, information necessary to correctly apply the provisions on individual credit limits;
- e) Maintain and ensure that each Subsidiary maintains its books, records and accounting notes in which it makes complete, timely and reliable notes in conformity with current standards and/or IFRS;
- f) Maintain all relevant rights, licenses, permits, brands, franchises, concessions or patents fully valid, with the understanding, however, that the Debtor or any of its Subsidiaries may surrender these rights, licenses, permits, brands, franchises, concessions or patents to the extent that they do not involve an Important Adverse Effect. In particular, the Debtor shall maintain ownership of the following brands directly or through its subsidiaries: (i) "Jumbo" and (ii) "París";
- g) Comply with and ensure that each Subsidiary complies with each and every one of its obligations by virtue of any act, contract or convention, whose failure to comply produces or could produce, individually or collectively, an Important Adverse Effect;
- h) Comply with and ensure that each Relevant Subsidiary complies with current laws and standards applicable to the development of its business and ownership of its assets;
- i) Pay and ensure that each Subsidiary pays, fully and opportunely, all important obligations, which are understood for the purposes of this instrument as those obligations that are important for the Debtor's business, operations, financial or other conditions, including but not limited to all taxes, charges or property taxes it must pay, as well as all obligations that, for taxes, charges, property taxes, labor matters or obligations with its suppliers or others, may result in an Encumbrance, except when compliance of these obligations is challenged by the Debtor or a Relevant Subsidiary, through proper legal proceedings initiated in good faith and adequate accounting provisions have been established in accordance with IFRS or the current standards in Chile;
- j) Maintain and ensure that each Relevant Subsidiary maintains all assets necessary to keep its businesses and operations in proper working order and maintenance, except for wear resulting from legitimate use. The Debtor shall also maintain and ensure that each Relevant Subsidiary maintains proper insurance coverage for these assets in conformity with industry practice;
- k) Ensure that all operations with related persons, as defined in law number 18,045, either directly or through related persons, are carried out under prevailing market conditions;
- l) Ensure that at any time the Debtor's obligations under this agreement shall have the same payment preference (pari passu) as its other debts with third party creditors, a restriction which is not applicable in cases the agreement defines as Permitted Encumbrances.
- m) Possess, directly or indirectly, shares that represent at least 51% of the capital of the following companies: Cencosud Retail S.A. and Cencosud Shopping Centers S.A., and their respective successor companies and transferees, as well as the companies that may eventually control the business areas currently developed by these companies.

Table of Contents

- n) Maintain a ratio of net financial liabilities to equity of less than one point two.
 - o) Maintain assets free of pledges or Encumbrances or at least one hundred twenty percent of the value of its liabilities;
 - p) Not dispose of or transfer, and ensure that the Relevant Subsidiaries do not dispose of or transfer, either directly or indirectly, their Essential Assets, as defined in the agreement.
 - q) Not enter into or execute, and not allow Relevant Subsidiaries to enter into or execute any act or agreement to liquidate or dissolve its operations or businesses, nor to agree on, enter into or execute any act to split or merge, when it causes or may cause the Debtor, directly or indirectly, to lose control or ownership of its current businesses, as well as the assets necessary for execution and that it produces or may produce an Important Adverse Effect, except when such acts are for an amount less than or equal to two percent of the consolidated assets of Cencosud S.A.
12. As established in the line of credit agreement signed September 20, 2011 between Cencosud S.A. as Debtor and Banco Santander-Chile as Creditor, Cencosud S.A., shall comply with the following obligations and financial and management restrictions:
- a) Submit to the Bank its quarterly and annual individual Financial Statements, together with the quarterly consolidated Financial Statements of Cencosud to the extent that these documents have not been published on a publicly accessible website. These Financial Statements shall be submitted to the Bank within sixty days of the corresponding quarter end. The year-end Financial Statements shall be submitted to the Bank within one hundred twenty days of the respective year end. The year-end individual Financial Statements of Cencosud shall be audited and submitted with their notes and the opinion of the Independent Auditors;
 - b) Supply opportunistically, accurately and sufficiently, and to the extent available all financial and accounting information and all other information that the Bank reasonably requests and that is necessary for evaluating and controlling faithful and exact compliance with the Agreement;
 - c) Comply fully and opportunistically with the payment of all relevant obligations considered first-class loans, especially labor, social security, tax and other obligations with such preference. For these purposes, relevant obligations “Relevant Obligations” are those whose cumulative amount exceeds one million United States dollars or their equivalent in domestic currency. A delay of less than thirty days in the payment of the aforementioned obligations shall not be considered non-compliance for the purposes of this clause;
 - d) Maintain an “Indebtedness Level” based on the Financial Statements of Cencosud of a ratio of Other Current Financial Liabilities and Other Non-Current Financial Liabilities, less Cash and Cash Equivalents, less Other Current Financial Assets, over Cencosud’s Total Equity no greater than one point two. Liabilities shall include the obligations that Cencosud undertakes as endorser, simple and/or joint guarantor and those in which it responds directly or indirectly for obligations of third parties, all in conformity with accounting principles generally accepted in Chile GAAP or IFRS, as appropriate; and
 - e) Maintain a ratio of Assets Free of Pledges and/or Encumbrances and Liabilities equal to or greater than one point two. For these purposes, “Assets” is defined as all real estate or chattel property and assets, tangible or intangible and securities; and “Liabilities” is defined as all obligations of the debtor, financial or not, contingent or not, less the Equity of Cencosud;
 - f) Submit to the Bank a copy of its audited annual report within thirty days of its approval at the General Shareholders’ Meeting as set forth in its by-laws—or in the absence of by-laws, by the law—to the extent that these documents have not been published on a publicly accessible website.

Table of Contents

13. As established in the line of credit agreement signed October 04, 2011 between Cencosud S.A. as Debtor and Rabobank Curacao N.V as Creditor, Cencosud S.A., shall comply with the following obligations and financial and management restrictions:
 - a) Maintain with the rest of the lenders at least the same conditions, guarantees or preferences under this agreement, according to the Chilean law, except for the preferences in favor of the fiscal authority, employees, labor obligations and any other obligation imposed by applicable laws.
 - b) Not encumber or give guarantee over Assets of Cencosud, except for the mentioned in this agreement.
 - c) Send the Audited Financial Statements under IFRS and its corresponding notes, as soon as they are available, even if they are not in the S.V.S web site.
 - d) Send, amongst with the Financial Information, a letter signed off by the attorneys properly authorized by the debtor, a letter informing comply or not any of the obligations included in this contract.
 - e) The debtor will inform any relevant or essential event that could be adversely affect within ten bank business days after the event occurs, except for legal exceptions.
 - f) As soon as take knowledge, and within thirty business bank days, the company should inform the following: i) any potential force major that could affect this contract; ii) any fails to comply to the terms of this agreement, litigation or relevant claims against the debtor or any event that could adversely affect the obligations included in this contract, iii) inform to the bank any deviation in the budget under this contract iv) Any event that could adversely affect and could reasonably occurs, mentioned before.
 - g) Give to the bank any copy of the documents or notice relevant that could result in any material adversely effect to the bank.
 - h) Inform any modifications to the by-laws within fifteen business bank days.
 - i) Inform to the bank, within ten bank business days, any claim, action or demand initiated against the company by any court or other public or private entity that could cause any material adverse effect.
 - j) Keep updated the contingencies plans to keep the business on going and make the best effort to accomplish with the main obligations related to licenses, permits, software.
 - k) Inform to the bank, within ten bank business days the acquisition over or equal to fifty millions of US dollars, of any ownership in companies that give to the debtor the control over that company.
 - l) To pay on time taxes, labor or other obligations.
 - m) To keep accurate accounting records according to the generally accounting principles accepted in Chile
 - n) Keep the main asset to the business in good shape, giving proper maintenance, keeping insurance over the asset. Specially the debtor will keep the property of the following bands a) Jumbo and b) Paris
 - o) Keep its actual business operations and activities.
 - p) To keep the actual number of shares in its main subsidiaries
 - q) Comply with the laws, regulations and other legal provisions applicable to its subsidiaries.
 - r) Maintain the following financial ratios: (i) Leverage Ratio of no more than 1.2; (ii) Consolidated Equity greater than UF 28,000,000; (iii) assets pledges or encumbrances over consolidated liabilities under 1.2

Table of Contents

- s) Not sell or transfer any essential consolidated asset. Essential asset under this contract are the brands a) Jumbo and Paris, b) the shares that represent at least fifty percent of the companies “Cencosud Retail S.A.” and Cencosud Shopping Centers S.A.
- t) Not enter into or execute, and not allow Relevant Subsidiaries to enter into or execute any act or agreement to liquidate or dissolve its operations or businesses, nor to agree on, enter into or execute any act to split or merge, when it involves or may involve, directly or indirectly, losing control or ownership of its current businesses, as well as the assets necessary for execution and that it produces or may produce an Important Adverse Effect.
- 14. As established in the credit agreement signed October 19, 2011 between Cencosud S.A. as Debtor and Scotiabank & Trust (Cayman) LDT as Creditor, Cencosud S.A., shall comply with the following obligations and financial and management restrictions:
 - a) Send the Audited Financial Statements under IFRS and its corresponding notes , as soon as they are available, even if they are not in the S.V.S web site.
 - b) Send copy of the general information reported by the debtor to the S.V.S to accomplish with any rule.
 - c) Send the taxes or stamp tax payments to which this contract is affected and inform any action on this taxes.
 - d) Send, amongst with the Financial Information, a letter signed off by the attorneys properly authorized by the debtor, a letter informing comply or not any of the obligations included in this contract. Additionally to that the company should send a certificate signed off by the external auditors.
 - e) Give to the bank any change in relevant events that could result in any material adversely effect to the bank.
 - f) Ensure that at any time its obligations under this agreement shall have the same payment preference (pari passu) as its other debts with third party creditors.
 - g) Not sell, transfer or give guarantees over any essential consolidated asset of the company or any subsidiary.
 - h) The debtor and the guarantors cannot incur in other indebtedness, except for those consider as part of the normal business and that cannot adversely affect the Company.
 - i) Keep the main asset to the business in good shape, giving proper maintenance, keeping insurance over the asset.
 - j) Prohibition to the debtor or guarantor, merging or selling its assets, except for the exceptions consider in this agreement.
 - k) To keep accurate accounting records according to the generally accounting principles accepted in Chile.
 - l) To keep actual main business operations.
 - m) Maintain the following financial ratios: (i) Leverage Ratio of no more than 1.2; (ii) Consolidated Equity greater than UF 28,000,000; (iii) Maintain a financial expense ratio of at least 3.0 to 1.0 and assets pledges or encumbrances over consolidated liabilities under 1.2.
 - n) Not engage in, with related persons, transactions under conditions that are more that those transactions which could have agree with third parties.

Table of Contents

15. According to the stated in the “Indenture”, dated December 6, 2012 under the bond issuance pursuant to Rule 144^a under the Securities Act, the Company as “issuer” shall comply with the following:
- a) The Company shall not, nor shall it permit any Subsidiary to, issue, assume or suffer to exist any Indebtedness, if such Indebtedness is secured by a Lien upon any property or assets of the Company or any Subsidiary, unless, concurrently therewith, the Securities shall be secured equally and ratably with (or prior to) such Indebtedness; provided, except for the mentioned in the agreement.
 - b) The Company shall not, nor shall it permit any Subsidiary to, enter into any Sale and Leaseback Transaction with respect to any of their property or assets, unless (a) the Company or such Subsidiary would be entitled pursuant to Section 5.02 of the agreement to issue or assume Indebtedness (in an amount equal to the Attributable Value with respect to such Sale and Leaseback Transaction) secured by a Lien on such property or assets without equally and ratably securing the Securities, (b) the Company or such Subsidiary shall apply or cause to be applied, in the case of a sale or transfer for cash, the net proceeds thereof and, in the case of a sale or transfer otherwise than for cash, an amount equal to the fair market value (as determined in good faith by the Board of Directors) of the property or assets so leased, (i) to the retirement, within 360 days after the effective date of such Sale and Leaseback Transaction, of (A) Indebtedness of the Company ranking at least *pari passu* with the Securities or (B) Indebtedness of any Subsidiary, in each case owing to a Person other than the Company or any Affiliate of the Company, or (ii) to the acquisition, purchase, construction, development, extension or improvement of any property or assets of the Company or any Subsidiary used or to be used by or for the benefit of the Company or any Subsidiary in the ordinary course of business or (c) the Company or such Subsidiary equally and ratably secures the Securities. Except for transactions providing for a lease for a term, including any renewal, of not more than three years or to arrangements between the Company and a Subsidiary or between Subsidiaries.
 - c) Submit or make accessible electronically with notice to the trustee as soon as they are available, but in any event within 120 calendar days after the end of each fiscal year of the Company (currently ending December 31), copies of its audited financial statements on a consolidated basis) in respect of such fiscal year (including a profit and loss account, statements of financial position and cash flow statement), in English, prepared in accordance with IFRS and audited by a member firm of an internationally recognized firm of independent accountants. As soon as they are available, but in any event within 90 calendar days after the end of each of the first three fiscal quarters of each fiscal year of the Company, copies of its unaudited financial statements (on a consolidated basis) in respect of the relevant period (including a profit and loss account, statements of financial position and cash flow statement), in English, prepared on a basis consistent with the audited financial statements of the Company and in accordance with IFRS, together with a certificate signed by the person then authorized to sign financial statements on behalf of the Company to the effect that such financial statements are true in all material respects and present fairly the financial position of the Company as at the end of, and the results of its operations for, the relevant quarterly period in the event the Company is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, timely file with the Commission such annual and other reports as may be required by the rules and regulations of the Commission in effect at the relevant time and in the form required thereunder.
 - d) The Company shall take all action necessary to provide information to permit resale of the Securities pursuant to Rule 144A under the Securities Act, including furnishing to any Holder of a Security or beneficial interest in a Global Security, or to any prospective purchaser designated by such Holder, upon written request of such Holder, financial and other information required to be delivered under Rule 144A(d)(4) (as amended from time to time and including any successor provision) unless, at the time of such request, the Company is subject to the reporting requirements of Section 13 or Section 15(d) of the Exchange Act or is exempt from such requirements pursuant to Rule 12g3-2(b) under the Exchange Act (as amended from time to time and including any successor provision).

Table of Contents

- e) Protect its existence as a corporation, and, in the case of the Company, the corporate, partnership, limited liability company or other existence of each Subsidiary, in accordance with the respective organizational documents (as the same may be amended from time to time) of the Company, the Guarantor or any such Subsidiary;
- f) Neither the Company nor the Guarantor shall consolidate with or merge into any other Person or convey or transfer its properties and assets substantially as an entirety to any Person except for the mentioned in the agreement.
- 16. As established in the novation contract, recognition of debt and restructuring signed march 21, 2014 between Cencosud Administradora de Tarjetas S.A.; Cencosud S.A. as Debtor and Banco Bilbao Vizcaya Argentaria Chile as Creditor, Cencosud S.A., shall comply with the following obligations and financial and management restrictions:
 - a) Submit to the Bank a copy of its individual and consolidated Financial Statements for each quarter as soon as possible and in any event within thirty days of filing them with the SVS, to the extent that this information is not available on the SVS's website or another publicly accessible website. If it were not obligated to file this information with the SVS, it must still submit it to the Bank as soon as it is available. These Financial Statements shall be prepared in accordance with IFRS;
 - b) Submit to the Bank a copy of its individual and consolidated Financial Statements for each year end as soon as possible and in any event within thirty days of filing them with the SVS, to the extent that this information is not available on the SVS's website or another publicly accessible website. If it were not obligated to file this information with the SVS, it must still submit it to the Bank as soon as it is available. These Financial Statements shall be certified by an independent auditor of recognized international prestige that is registered with the SVS;
 - c) Along with the Financial Statements referred to in the preceding letters, submit to the Bank a certificate issued by the Chief Executive Officer and/or Chief Financial Officer, or their replacement, that certifies that, to the best of their knowledge and understanding, no Grounds for Non-compliance or Non-Compliance, as defined in the agreement, have occurred or detailing the nature and extent of such events if they have occurred;
 - d) Notify the Bank as soon as possible but no later than five banking days after the date on which any executive has knowledge of: (i) the occurrence of any Grounds for Non-Compliance, as defined in the agreement, or any Non-Compliance; (ii) any action, lawsuit or judicial or administrative proceedings regarding this instrument; (iii) any circumstance or event that affects or could result in an Important Adverse Effect on the businesses, activities, operations or financial situation of Cencosud and that results in the inability to pay of the Debtor and/or Cencosud; (iv) any relevant event referring to Cencosud's operations that, in conformity with articles nine and ten of Law eighteen thousand forty-five on Securities Markets and the instructions provided by the SVS in General Character Ruling number thirty, may be interpreted as a material event, to the extent that that information is not available on the SVS's website or another publicly accessible site and provided that that information is not considered "reserved" in conformity with the law;
 - e) Submit to the Bank, when requested in writing or for justified reasons, additional information on the financial, tax, accounting, economic and/or legal situation of Cencosud, in which case it shall be provided within thirty banking days of the date on which the request is made in writing. Notwithstanding, and at the Bank's request, Cencosud shall inform the Bank of the modifications made to the Company within thirty banking days of the event, submitting all pertinent information, and shall also inform the Bank of all new powers of attorney or the revocation of current powers of attorney, providing a copy of the corresponding public deeds;
 - f) Submit to the Bank, at its request, information necessary to correctly apply the provisions on individual credit limits;
 - g) Maintain and ensure that each Subsidiary maintains its books, records and accounting notes in which it makes complete, timely and reliable notes in conformity with current standards and IFRS;

Table of Contents

- h) Maintain all relevant rights, licenses, permits, brands, franchises, concessions or patents fully valid, with the understanding, however, that these rights, licenses, permits, brands, franchises, concessions or patents may be surrendered to the extent that they do not involve an Important Adverse Effect. In particular, it shall maintain ownership of the following brands directly or through its subsidiaries: (i) “Jumbo” and (ii) “París”;
- i) Comply with and ensure that each Subsidiary complies with each and every one of its obligations by virtue of any act, contract or convention, whose failure to comply produces or could produce, individually or collectively, an Important Adverse Effect;
- j) Comply with and ensure that each Relevant Subsidiary complies with current laws and standards applicable to the development of its business and ownership of its assets;
- k) Pay and ensure that each Subsidiary pays, fully and opportunely, all important obligations, which are understood for the purposes of this instrument as those obligations that are important for the business, operations, financial or other conditions, projections, including but not limited to all taxes, charges or property taxes it must pay, as well as all obligations that, for taxes, charges, property taxes, labor matters or obligations with its suppliers or others, may result in an Encumbrance, except when compliance of these obligations is challenged through proper legal proceedings initiated in good faith and adequate accounting provisions have been established in accordance with IFRS;
- l) Maintain and ensure that each Relevant Subsidiary maintains all assets necessary to keep its businesses and operations in proper working order and maintenance, except for wear resulting from legitimate use. It shall also maintain and ensure that each Relevant Subsidiary maintains proper insurance coverage for these assets in conformity with industry practice;
- m) Ensure that all operations with related persons, as defined in law number eighteen thousand forty-five, either directly or through related persons, are carried out under prevailing market conditions;
- n) Ensure that at any time its obligations under this agreement shall have the same payment preference (pari passu) as its other debts with third party creditors. These restrictions shall not be applied to any case where the agreement considers them Permitted Encumbrances;
- o) Possess, directly or indirectly, shares that represent at least fifty-one percent of the capital of the following Companies: Cencosud Retail S.A. and Cencosud Shopping Centers S.A., and their respective successor companies and transferees, as well as the Companies that eventually control the business areas currently developed by these Companies;
- p) Maintain a ratio of net financial liabilities to equity of less than one point two;
- q) Maintain assets free of pledges or Encumbrances or at least one hundred twenty percent of the value of liabilities;
- r) Not dispose of or transfer, and ensure that the Relevant Subsidiaries do not dispose of or transfer, either directly or indirectly, their Essential Assets, as defined hereinafter. For the purposes of this agreement, “Essential Assets” shall be defined as the brands “Jumbo” and “París” and the shares that represent at least fifty-one percent of the capital of the companies Cencosud Retail S.A. and Cencosud Shopping Centers S.A. and;
- s) Not enter into or execute, and not allow Relevant Subsidiaries to enter into or execute any act or agreement to liquidate or dissolve its operations or businesses, nor to agree on, enter into or execute any act to split or merge, when it involves or may involve, directly or indirectly, that the Debtor and/or the Guarantor lose control or ownership of its current businesses, as well as the assets necessary for execution and that it produces or may produce an Important Adverse Effect, except when such acts are for an amount less than or equal to two percent of the consolidated assets of Cencosud S.A.

Table of Contents

17. As established in the credit agreement signed March 25, 2014 between Cencosud S.A. as Debtor and Mizuho Bank Ltd as Creditor, Cencosud S.A., shall comply with the following obligations and financial and management restrictions:
- a) Annual Financial Statements. To the extent that they are not freely available at a public access web page of the SVS, the SEC web page or the Borrower's corporate web page, it will provide to the Lender, within five (5) Business Days after the date on which they are required to be furnished to the SVS or, if no longer required by the SVS, within 90 days after the end of each fiscal year of the Borrower, the Consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as at the end of such fiscal year and the related Consolidated statements of income and retained earnings and statement of changes in financial position of the Borrower and its Consolidated Subsidiaries for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, and the Consolidated statement of cash flows for such fiscal year, all reported on in conformity with Applicable Accounting Principles and with the unqualified opinion thereon of independent public accountants of recognized international standing.
 - b) Quarterly Financial Statements. To the extent that they are not freely available at a public access web page of the SVS, the SEC web page or the Borrower's corporate web page, it will provide to the Lender within five (5) Business Days after the date on which they are required to be furnished to the SVS or, if no longer required by the SVS, within 60 days after the end of the first three quarters of each fiscal year of the Borrower, the unaudited Consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as at the end of each such fiscal quarter and the related unaudited Consolidated statements of income and retained earnings of the Borrower and its Consolidated Subsidiaries for such quarter and for the portion of the fiscal year ended at the end of such quarter, setting forth in the case of such statements of income and retained earnings in comparative form the figures for the corresponding quarter and the corresponding portion of the previous fiscal year, and the unaudited Consolidated statement of cash flows for such fiscal quarter, all certified as to fairness of presentation and conformity with Applicable Accounting Principles by a senior financial officer of the Borrower.
 - c) Information to the Superintendencia de Valores y Seguros of the Republic of Chile. To the extent that they are not freely available at a public access web page of the SVS, the United States Securities and Exchange Commission ("SEC") or the Borrower's corporate web page, promptly after the making of any filing with the SVS of any circular, document or other material written information required to be filed with the SVS and distributed generally to the Borrower's shareholders, it will provide a copy thereof to the Lender with the exception of any private, confidential or restricted access communications with the SVS or the SEC as the Borrower may reasonably determine.
 - d) Stamp Tax. Promptly after the Borrower has paid any Stamp Tax required to be paid by it hereunder, the Borrower will deliver to the Lender one copy of any document or other information required to be filed in connection with such payment.
 - e) Litigation. It will promptly deliver to the Lender details of any litigation, arbitration or administrative proceeding which, had it been current, pending or threatened at the date of this Agreement, would have rendered the representation and warranty in Section 3.10 incorrect.
 - f) Events of Default. It will promptly notify the Lender of the occurrence of any Event of Default or Default, together with a description of any action taken or proposed to be taken to remedy it. Together with each financial statement delivered by it under Sections 5.1(a) and (b), and promptly after any request made by the Lender from time to time, it will deliver to the Lender a certificate signed on its behalf by the Gerente de Finanzas or such other Person as may be acceptable to the Lender for that purpose (i) for each fiscal quarter of the Borrower, setting forth reasonably detailed calculations demonstrating compliance with Section 5.9 and (ii) confirming that, so far as it is aware and (if applicable) except as previously notified to the Lender or waived in accordance with Section 7.1, no Event of Default or Default has occurred and is continuing or (as the case may be) setting out details of any which has occurred and is continuing and has not been so notified and of which it is aware and of any action taken or proposed to be taken to remedy it.
 - g) Notices. It will promptly give notice to the Lender of (i) any changes known to the Borrower in taxes, duties or other fees of Chile or any political subdivision or taxing authority thereof or any change known to the Borrower in any laws of Chile, that would reasonably be expected to adversely affect the ability of the Borrower to make any payment due under this Agreement or the Note and (ii) any development or event which has had or would reasonably be expected to have a Material Adverse Effect.
 - h) Other Information. It will promptly deliver to the Lender such other information relating to the financial condition or business of the Borrower or any of its Material Subsidiaries (including, without limitation, such information regarding the use of proceeds of the Loan) as the Lender may from time to time reasonably request.

Table of Contents

- i) Notices to Central Bank. On the Drawdown Date, it will give notice to the Central Bank of the terms and conditions of the Loan as contemplated by this Agreement.
- j) Ranking. The Borrower will take all actions necessary to ensure that its payment obligations hereunder and under the Note rank and will at all times rank at least pari passu with all other present and future unsecured and unsubordinated Indebtedness of the Borrower.
- k) Limitation on Liens and Asset Dispositions. (a) The Borrower will not, and will not permit any of its Material Subsidiaries to, sell, assign or otherwise transfer to any Person (other than to the Borrower) any of the Essential Assets, except that the Borrower or any Material Subsidiary may sell, assign or otherwise transfer Essential Assets (x) in the ordinary course its business provided that such sale, assignment or transfer of assets is for at least the fair market value of such assets and (y) outside of the ordinary course of its business for fair value in an aggregate amount not to exceed an amount equal to 10% of the Borrower's or such Material Subsidiary's total assets, as the case may be, in any fiscal year and provided that the proceeds of any such sale, assignment or transfer shall be reinvested in the business of the Borrower, or in the case of a sale, assignment or other transfer of Essential Assets by any other Subsidiary, in the business of the Borrower or any other Subsidiary, in each case, within 90 days of receipt thereof. The parties agree that a Material Subsidiary Change in Control shall not qualify as a sale, assignment or transfer of Essential Assets for purposes of this Agreement.

(b) The Borrower will not, and will not permit any of its Material Subsidiaries to create, incur or suffer to exist in favor of any Person any Lien (other than Permitted Liens and the Liens existing on the date hereof) on any Assets of the Borrower; provided that at all times the ratio of the total Assets of the Borrower and its Consolidated Subsidiaries (determined on a Consolidated basis) that are not subject to any Lien (including Permitted Liens) to the Borrower's Total Liabilities must be at least 1.20.
- l) Maintenance of Existence and Payment of Obligations. The Borrower will (a) subject to Section 5.8, preserve, renew and keep in full force and effect its corporate existence, (b) take all reasonable action to maintain all rights, privileges and franchises necessary or desirable in the normal conduct of its business, except to the extent that failure to do so would not reasonably be expected to have a Material Adverse Effect and (c) pay, discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all its taxes and other obligations of whatever nature, except to the extent that failure to do so would not reasonably be expected to have a Material Adverse Effect or where the amount or validity thereof is currently being contested in good faith by appropriate proceedings and reserves to the extent required by Applicable Accounting Principles have been provided on the books of the Borrower.
- m) Compliance With Laws; Authorizations. The Borrower will comply with any applicable Requirements of Law to which it is subject and obtain and comply with the terms of and maintain in full force and effect all authorizations, approvals, licenses and consents required by the laws and regulations of Chile to the extent necessary to enable the Borrower lawfully to enter into and perform its obligations under the Loan Documents or to ensure the legality, validity, enforceability or admissibility in evidence in Chile of the Loan Documents except to the extent that failure to do so would not reasonably be expected to have a Material Adverse Effect.
- n) Maintenance of Property; Insurance. The Borrower will, and will cause each of its Material Subsidiaries to, keep all Assets used or useful in its business in good working order and condition, ordinary wear and tear excepted, except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect, and maintain with financially sound insurance companies insurance on all its tangible Assets in at least such amounts and against at least such risks as are customary for its type of business.
- o) Books and Records. The Borrower will, and will cause each of its Subsidiaries to, keep proper books of records and account in which full, true and correct entries in conformity with Applicable Accounting Principles and all applicable Requirements of Law to which it is subject shall be made of all dealings and transactions in relation to its business and activities.
- p) Limitation on Fundamental Changes. The Borrower will not (a) enter into any transaction of merger, consolidation or amalgamation, unless (i) such transaction of merger, consolidation or amalgamation does not result in an Event of Default and (ii) in the case of any such transaction of merger, consolidation or

Table of Contents

amalgamation, the Borrower is the surviving corporation or (b) spin off any of its businesses, Subsidiaries or groups of Assets to any Person other than a Subsidiary except for any spin-offs which do not have a Material Adverse Effect.

- q) Net Financial Debt to Consolidated Net Worth plus Minority Interests Ratio. The Borrower will not permit the Net Financial Debt to Consolidated Net Worth plus Minority Interests Ratio at any time to exceed 1.2 to 1.0.
 - r) Transactions with Affiliates. The Borrower will not, nor will it permit any of its Subsidiaries to: (a) transfer, sell, lease, assign or otherwise dispose of any Assets to an Affiliate, (b) make any loan or extension of credit to an Affiliate, (c) merge into or consolidate with an Affiliate except as permitted by Section 5.9, or purchase or acquire Assets from an Affiliate or (d) enter into any other transaction, with or for the benefit of an Affiliate unless, in each case, such transaction that is entered into with an Affiliate is on an arm's-length basis on terms no more favorable to such Affiliate than would be available to an unrelated Person.
 - s) Purpose of the Loans. The Borrower will not use any of the proceeds of the Loan, directly or indirectly, for the purpose, whether immediate, incidental or ultimate, of buying or carrying any "margin stock" within the meaning of Regulation U of the Board of Governors of the Federal Reserve System, as in effect from time to time. The Lender shall not have any responsibility as to the use by the Borrower of any of such proceeds.
 - t) Central Bank Notice. Within 5 Business Days of the Drawdown Date, the Lender shall have received evidence satisfactory to it that the corresponding notice required by Chapter XIV of the Foreign Exchange Regulations issued by the Central Bank has been made.
18. As established in the credit agreement signed March 26, 2014 between Cencosud S.A. as Debtor and Rabobank as Creditor, Cencosud S.A., shall comply with the following obligations and financial and management restrictions:
- a) Submit to the Bank, so soon as possible and in any case in ninety days following the closing date of Financial Statements for each quarter and annuals, to the extent that this information is not available on the SVS's website or another publicly accessible website, copy of his Financial statements, individual and consolidated, for the period understood in every quarter and understood in the annual exercise, case the latter inside hundred twenty days of the closing and certified by an auditor independent from recognized prestige. These Financial statements will have to be prepared in conformity with IFRS
 - b) Submit to the Bank a certificate issued by the Chief Executive Officer and/or Chief Financial Officer, or their replacement, that certifies that, to the best of their knowledge and understanding, no grounds for non-compliance or violation, as defined hereinafter, have occurred or detailing the nature and extent of such events if they have occurred;
 - c) Notify the Bank as soon as possible but no later than five banking days after the date on which any executive has knowledge of: (i) the occurrence of any Grounds for Non-Compliance, as defined hereinafter, or any Non-Compliance; (ii) any action, lawsuit or judicial or administrative proceedings regarding this instrument; (iii) any circumstance or event that affects or could result in an Adverse Important Effect on the businesses, activities, operations or financial situation of the Debtor and/or Cencosud and that results in the inability to pay of the Debtor and/or Cencosud; (iv) any relevant event referring to Cencosud's and/or the Guarantor's operations that, in conformity with articles nine and ten of Law eighteen thousand forty-five on Securities Markets and the instructions provided by the SVS in General Character Ruling number thirty, may be interpreted as a material event, to the extent that that information is not available on the SVS's website or another publicly accessible site;
 - d) Submit to the Bank, when requested in writing or for justified reasons, additional information on its financial, tax, accounting, economic and/or legal situation, in which case it shall be provided within thirty banking days of the date on which the request is made in writing. Notwithstanding, and at the Bank's request, it shall inform the Bank of the modifications made to the Company within thirty banking days of the event, submitting all pertinent information, and shall also inform the Bank of all new powers of attorney or the revocation of current powers of attorney, providing a copy of the corresponding public deeds;

Table of Contents

- e) Submit to the Bank, at its request, information necessary to correctly apply the provisions on individual credit limits;
- f) Maintain and ensure that each Subsidiary maintains its books, records and accounting notes in which it makes complete, timely and reliable notes in conformity with current standards and IFRS;
- g) Maintain all relevant rights, licenses, permits, brands, franchises, concessions or patents fully valid, with the understanding, however, that these rights, licenses, permits, brands, franchises, concessions or patents may be surrendered to the extent that they do not involve an Important Adverse Effect. In particular, it shall maintain ownership of the following brands directly or through its subsidiaries: (i) "Jumbo" and (ii) "Paris";
- h) Comply with and ensure that each Subsidiary complies with each and every one of its obligations by virtue of any act, contract or convention, whose failure to comply produces or could produce, individually or collectively, an Important Adverse Effect;
- i) Comply with and ensure that each Relevant Subsidiary complies with current laws and standards applicable to the development of its business and ownership of its assets;
- j) Pay and ensure that each Subsidiary pays, fully and opportunely, all important obligations, which are understood for the purposes of this instrument as those obligations that are important for the business, operations, financial or other conditions, projections, including but not limited to all taxes, charges or property taxes it must pay, as well as all obligations that, for taxes, charges, property taxes, labor matters or obligations with its suppliers or others, may result in an Encumbrance, except when compliance of these obligations is challenged through proper legal proceedings initiated in good faith and adequate accounting provisions have been established in accordance with IFRS;
- k) Maintain and ensure that each Relevant Subsidiary maintains all assets necessary to keep its businesses and operations in proper working order and maintenance, except for wear resulting from legitimate use. It shall also maintain and ensure that each Relevant Subsidiary maintains proper insurance coverage for these assets in conformity with industry practice;
- l) Ensure that all operations with related persons, as defined in law number eighteen thousand forty-five, either directly or through related persons, are carried out under prevailing market conditions;
- m) Ensure that at any time its obligations under this agreement shall have the same payment preference (pari passu) as its other debts with third party creditors. These restrictions shall not be applied to any case where the agreement considers them Permitted Encumbrances;
- n) Maintain direct or indirect ownership of at least fifty-one percent of Cencosud Retail S.A. and Cencosud Shopping Centers S.A., as well as its successor companies and transferees and the Companies that eventually control the business areas currently developed by these Companies;
- o) Maintain in the consolidated Financial Statements income from the business areas of sales to the detail, administration of commercial centers, real-estate investment and evaluation, grant and credit administration, to an equivalent level, at least, of 67 % of the income of exploitation consolidated.
- p) Maintain a ratio of net financial liabilities to equity of less than one point two.
- q) Maintain assets free of pledges or Encumbrances or at least one hundred twenty percent of the value of current;
- r) Maintain minimum equity of twenty-eight million UF.
- s) Not dispose of or transfer, and ensure that the Relevant Subsidiaries do not dispose of or transfer, either directly or indirectly, their Essential Assets, as defined hereinafter. For the purposes of this agreement, "Essential Assets" shall be defined as the brands "Jumbo" and "Paris" and the shares that represent at least fifty-one percent of the capital of the companies Cencosud Retail S.A. and Cencosud Shopping Centers S.A. and;

Table of Contents

- t) Not enter into or execute, and not allow Relevant Subsidiaries to enter into or execute any act or agreement to liquidate or dissolve its operations or businesses, nor to agree on, enter into or execute any act to split or merge, when it involves or may involve, directly or indirectly, losing control or ownership of its current businesses, as well as the assets necessary for execution and that it produces or may produce an Important Adverse Effect, except when such acts are for an amount less than or equal to two percent of the consolidated assets of Cencosud S.A.
- u) Do not constitute liens on assets other than those defined as permitted liens.
- 19. As established in the credit agreement signed March 28, 2014 between Cencosud S.A. as Debtor and Banco Santander-Chile as Creditor, Cencosud S.A., shall comply with the following obligations and financial and management restrictions:
 - a) Submit to the Bank, so soon as possible and in any case in ninety days following the closing date of Financial Statements for each quarter and annuals, to the extent that this information is not available on the SVS's website or another publicly accessible website, copy of his Financial statements, individual and consolidated, for the period understood in every quarter and understood in the annual exercise, case the latter inside hundred twenty days of the closing and certified by an auditor independent from recognized prestige. These Financial statements will have to be prepared in conformity with IFRS
 - b) Submit to the Bank a certificate issued by the Chief Executive Officer and/or Chief Financial Officer, or their replacement, that certifies that, to the best of their knowledge and understanding, no grounds for non-compliance or violation, as defined hereinafter, have occurred or detailing the nature and extent of such events if they have occurred;
 - c) Notify the Bank as soon as possible but no later than five banking days after the date on which any executive has knowledge of: (i) the occurrence of any Grounds for Non-Compliance, as defined hereinafter, or any Non-Compliance; (ii) any action, lawsuit or judicial or administrative proceedings regarding this instrument; (iii) any circumstance or event that affects or could result in an Adverse Important Effect on the businesses, activities, operations or financial situation of the Debtor and/or Cencosud and that results in the inability to pay of the Debtor and/or Cencosud; (iv) any relevant event referring to Cencosud's and/or the Guarantor's operations that, in conformity with articles nine and ten of Law eighteen thousand forty-five on Securities Markets and the instructions provided by the SVS in General Character Ruling number thirty, may be interpreted as a material event, to the extent that that information is not available on the SVS's website or another publicly accessible site;
 - d) Submit to the Bank, when requested in writing or for justified reasons, additional information on its financial, tax, accounting, economic and/or legal situation, in which case it shall be provided within thirty banking days of the date on which the request is made in writing. Notwithstanding, and at the Bank's request, it shall inform the Bank of the modifications made to the Company within thirty banking days of the event, submitting all pertinent information, and shall also inform the Bank of all new powers of attorney or the revocation of current powers of attorney, providing a copy of the corresponding public deeds;
 - e) Submit to the Bank, at its request, information necessary to correctly apply the provisions on individual credit limits;
 - f) Maintain and ensure that each Subsidiary maintains its books, records and accounting notes in which it makes complete, timely and reliable notes in conformity with current standards and IFRS;
 - g) Maintain all relevant rights, licenses, permits, brands, franchises, concessions or patents fully valid, with the understanding, however, that these rights, licenses, permits, brands, franchises, concessions or patents may be surrendered to the extent that they do not involve an Important Adverse Effect. In particular, it shall maintain ownership of the following brands directly or through its subsidiaries: (i) "Jumbo" and (ii) "París";
 - h) Comply with and ensure that each Subsidiary complies with each and every one of its obligations by virtue of any act, contract or convention, whose failure to comply produces or could produce, individually or collectively, an Important Adverse Effect;
 - i) Comply with and ensure that each Relevant Subsidiary complies with current laws and standards applicable to the development of its business and ownership of its assets;

Table of Contents

- j) Pay and ensure that each Subsidiary pays, fully and opportunely, all important obligations, which are understood for the purposes of this instrument as those obligations that are important for the business, operations, financial or other conditions, projections, including but not limited to all taxes, charges or property taxes it must pay, as well as all obligations that, for taxes, charges, property taxes, labor matters or obligations with its suppliers or others, may result in an Encumbrance, except when compliance of these obligations is challenged through proper legal proceedings initiated in good faith and adequate accounting provisions have been established in accordance with IFRS;
 - k) Maintain and ensure that each Relevant Subsidiary maintains all assets necessary to keep its businesses and operations in proper working order and maintenance, except for wear resulting from legitimate use. It shall also maintain and ensure that each Relevant Subsidiary maintains proper insurance coverage for these assets in conformity with industry practice;
 - l) Ensure that all operations with related persons, as defined in law number eighteen thousand forty-five, either directly or through related persons, are carried out under prevailing market conditions;
 - m) Ensure that at any time its obligations under this agreement shall have the same payment preference (pari passu) as its other debts with third party creditors. These restrictions shall not be applied to any case where the agreement considers them Permitted Encumbrances;
 - n) Maintain direct or indirect ownership of at least fifty-one percent of Cencosud Retail S.A. and Cencosud Shopping Centers S.A., as well as its successor companies and transferees and the Companies that eventually control the business areas currently developed by these Companies;
 - o) Maintain a ratio of net financial liabilities to equity of less than one point two.
 - p) Maintain assets free of pledges or Encumbrances or at least one hundred twenty percent of the value of current;
 - q) To quote with the Bank the contracting of derivative products and financial services.
 - r) Not dispose of or transfer, and ensure that the Relevant Subsidiaries do not dispose of or transfer, either directly or indirectly, their Essential Assets, as defined hereinafter. For the purposes of this agreement, "Essential Assets" shall be defined as the brands "Jumbo" and "París" and the shares that represent at least fifty-one percent of the capital of the companies Cencosud Retail S.A. and Cencosud Shopping Centers S.A. and;
 - s) Not enter into or execute, and not allow Relevant Subsidiaries to enter into or execute any act or agreement to liquidate or dissolve its operations or businesses, nor to agree on, enter into or execute any act to split or merge, when it involves or may involve, directly or indirectly, losing control or ownership of its current businesses, as well as the assets necessary for execution and that it produces or may produce an Important Adverse Effect, except when such acts are for an amount less than or equal to two percent of the consolidated assets of Cencosud S.A.
20. As established in the credit agreement signed March 28, 2014 between Cencosud S.A. as Debtor and Sumitomo Mitsui Banking Corporation as Creditor, Cencosud S.A., shall comply with the following obligations and financial and management restrictions:
- a) Annual Financial Statements. To the extent that they are not freely available at a public access web page of the SVS, the SEC web page or the Borrower's corporate web page, it will provide to the Lender, within five (5) Business Days after the date on which they are required to be furnished to the SVS or, if no longer required by the SVS, within 90 days after the end of each fiscal year of the Borrower, the Consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as at the end of such fiscal year and the related Consolidated statements of income and retained earnings and statement of changes in financial position of the Borrower and its Consolidated Subsidiaries for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, and the Consolidated statement of cash flows for such fiscal year, all reported on in conformity with Applicable Accounting Principles and with the unqualified opinion thereon of independent public accountants of recognized international standing.

Table of Contents

- b) Quarterly Financial Statements. To the extent that they are not freely available at a public access web page of the SVS, the SEC web page or the Borrower's corporate web page, it will provide to the Lender within five (5) Business Days after the date on which they are required to be furnished to the SVS or, if no longer required by the SVS, within 75 days after the end of the first three quarters of each fiscal year of the Borrower, the unaudited Consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as at the end of each such fiscal quarter and the related unaudited Consolidated statements of income and retained earnings of the Borrower and its Consolidated Subsidiaries for such quarter and for the portion of the fiscal year ended at the end of such quarter, setting forth in the case of such statements of income and retained earnings in comparative form the figures for the corresponding quarter and the corresponding portion of the previous fiscal year, and the unaudited Consolidated statement of cash flows for such fiscal quarter, all certified as to fairness of presentation and conformity with Applicable Accounting Principles by a senior financial officer of the Borrower.
- c) Information to the Superintendencia de Valores y Seguros of the Republic of Chile. To the extent that they are not freely available at a public access web page of the SVS, the United States Securities and Exchange Commission ("SEC") or the Borrower's corporate web page, promptly after the making of any filing with the SVS of any circular, document or other material written information required to be filed with the SVS and distributed generally to the Borrower's shareholders, it will provide notice of such filing and a copy thereof to the Lender with the exception of any private, confidential or restricted access communications with the SVS or the SEC as the Borrower may reasonably determine.
- d) Stamp Tax. Promptly after the Borrower has paid any Stamp Tax required to be paid by it hereunder, the Borrower will deliver to the Lender one copy of any document or other information required to be filed in connection with such payment.
- e) Litigation. It will promptly deliver to the Lender details of any litigation, arbitration or administrative proceeding which, had it been current, pending or threatened at the date of this Agreement, would have rendered the representation and warranty in Section 3.10 incorrect.
- f) Events of Default. It will promptly notify the Lender of the occurrence of any Event of Default or Default, together with a description of any action taken or proposed to be taken to remedy it. Together with each financial statement delivered by it under Sections 5.1(a) and (b), it will deliver to the Lender a certificate signed on its behalf by the Gerente de Finanzas or such other Person as may be acceptable to the Lender for that purpose (i) for each fiscal quarter of the Borrower, setting forth reasonably detailed calculations demonstrating compliance with Section 5.9 and (ii) confirming that so far as it is aware and (if applicable) except as previously notified to the Lender or waived in accordance with Section 7.1, no Event of Default or Default has occurred and is continuing or (as the case may be) setting out details of any which has occurred and is continuing and has not been so notified and of which it is aware and of any action taken or proposed to be taken to remedy it.
- g) Notices. It will promptly give notice to the Lender of (i) any changes known to the Borrower in Taxes of Chile or any political subdivision or taxing authority thereof or any change known to the Borrower in any laws of Chile, that would reasonably be expected to adversely affect the ability of the Borrower to make any payment due under this Agreement or the Note, (ii) any Material Subsidiary Change in Control, (iii) any sale of Assets outside of the ordinary course of business and (iv) any development or event which has had or would reasonably be expected to have a Material Adverse Effect, provided that in the case of clauses (ii) and (iii), notice need not be provided to the extent the information relates to confidential (hecho reservado) communications with the SVS or the SEC as the Borrower may reasonably determine.
- h) Other Information. It will promptly deliver to the Lender such other information relating to the financial condition or business of the Borrower or any of its Material Subsidiaries as the Lender may from time to time reasonably request.
- i) Notices to Central Bank. On the Drawdown Date, it will give notice to the Central Bank of the terms and conditions of the Loan as contemplated by this Agreement.

Table of Contents

- j) Ranking. The Borrower will take all actions necessary to ensure that its payment obligations hereunder and under the Note rank and will at all times rank at least pari passu with all other present and future unsecured and unsubordinated Indebtedness of the Borrower.
- k) Limitation on Liens and Asset Dispositions. (a) The Borrower will not, and will not permit any of its Material Subsidiaries to, sell, assign or otherwise transfer to any Person (other than to the Borrower) any of its material Assets, except that the Borrower or any Material Subsidiary may sell, assign or otherwise transfer material Assets (x) in the ordinary course its business provided that such sale, assignment or transfer of assets is for at least the fair market value of such assets and (y) outside of the ordinary course of its business for fair value in an aggregate amount not to exceed an amount equal to 10% of the Borrower's or such Material Subsidiary's total assets, as the case may be, in any fiscal year, and provided that, the proceeds of any such sale, assignment or transfer shall be reinvested in the business of the Borrower, or in the case of a sale, assignment or other transfer of Essential Assets by any other Subsidiary, in the business of the Borrower or any other Subsidiary, in each case, within 90 days of receipt thereof. If such proceeds are not reinvested within such 90 day period, the Borrower shall prepay the outstanding principal amount of the Loan in whole or ratably in part, together with accrued interest to the date of such prepayment on the principal amount prepaid, in an amount equal to the net cash proceeds received by the Borrower or any of its Material Subsidiaries in connection with any such sale, lease or transfer.
- (b) The Borrower will not, and will not permit any of its Material Subsidiaries to create, incur or suffer to exist in favor of any Person any Lien (other than Permitted Liens and the Liens existing on the date hereof) on any Assets of the Borrower if such Lien (if foreclosed upon) would have a Material Adverse Effect; provided that at all times the ratio of the total Assets of the Borrower and its Consolidated Subsidiaries (determined on a Consolidated basis) that are not subject to any Lien (including Permitted Liens) to the Borrower's Total Liabilities must be at least 1.20:1.00.
- l) Maintenance of Existence and Payment of Obligations. The Borrower will, and will cause each of its Material Subsidiaries to, (a) subject to Section 5.8, preserve, renew and keep in full force and effect its corporate existence, (b) take all reasonable action to maintain all rights, privileges and franchises necessary or desirable in the normal conduct of its business, except to the extent that failure to do so would not reasonably be expected to have a Material Adverse Effect and (c) pay, discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all its Taxes and other obligations of whatever nature, except to the extent that failure to do so would not reasonably be expected to have a Material Adverse Effect or where the amount or validity thereof is currently being contested in good faith by appropriate proceedings and reserves to the extent required by Applicable Accounting Principles have been provided on the books of the Borrower.
- m) Compliance With Laws; Authorizations. The Borrower will (a) comply with any applicable Requirements of Law to which it is subject, except to the extent that failure to do so would not reasonably be expected to have a Material Adverse Effect and (b) obtain and comply with the terms of and maintain in full force and effect all authorizations, approvals, licenses and consents, including those relating to Jumbo and Paris, required by the laws and regulations of Chile to the extent necessary to enable the Borrower lawfully to enter into and perform its obligations under the Loan Documents or to ensure the legality, validity, enforceability or admissibility in evidence in Chile of the Loan Documents.
- n) Maintenance of Property; Insurance. The Borrower will, and will cause each of its Material Subsidiaries to, keep all Assets used or useful in its business in good working order and condition, ordinary wear and tear excepted, except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect, and maintain with financially sound insurance companies insurance on all its tangible Assets in at least such amounts and against at least such risks as are customary for its type of business.
- o) Books and Records. The Borrower will, and will cause each of its Subsidiaries to, keep proper books of records and account in which full, true and correct entries in conformity with Applicable Accounting Principles and all applicable Requirements of Law to which it is subject shall be made of all dealings and transactions in relation to its business and activities.
- p) Limitation on Fundamental Changes. The Borrower will not (a) enter into any transaction of merger, consolidation or amalgamation, unless (i) such transaction of merger, consolidation or amalgamation does not result in a Default or an Event of Default and (ii) in the case of any such transaction of merger, consolidation or amalgamation, the Borrower is the surviving corporation or (b) spin off any of its

Table of Contents

businesses, Subsidiaries or groups of Assets to any Person other than a Subsidiary except for any spin-offs which do not have a Material Adverse Effect, provided, the Borrower will not enter any such transaction if, after giving effect to such transaction, less than 67% of the Borrower's consolidated net income would be attributable to income from businesses other than its retail, investment, lending and management businesses.

- q) Net Financial Debt to Consolidated Net Worth plus Minority Interests Ratio. The Borrower will not permit the Net Financial Debt to Consolidated Net Worth plus Minority Interests Ratio at any time to exceed 1.2 to 1.0.
 - r) Stamp Tax. The Borrower will, on the Drawdown Date, pay any Stamp Tax required to be paid by it hereunder.
 - s) Transactions with Affiliates. The Borrower will not, nor will it permit any of its Subsidiaries to: (a) transfer, sell, lease, assign or otherwise dispose of any Assets to an Affiliate, (b) make any loan or extension of credit to an Affiliate, (c) merge into or consolidate with an Affiliate except as permitted by Section 5.9, or purchase or acquire Assets from an Affiliate or (d) enter into any other transaction, with or for the benefit of an Affiliate unless, in each case, such transaction that is entered into with an Affiliate is on an arm's-length basis on terms no more favorable to such Affiliate than would be available to an unrelated Person.
 - t) Purpose of the Loans. The Borrower will not use any of the proceeds of the Loan, directly or indirectly, for the purpose, whether immediate, incidental or ultimate, of buying or carrying any "margin stock" within the meaning of Regulation U of the Board of Governors of the Federal Reserve System, as in effect from time to time. The Lender shall not have any responsibility as to the use by the Borrower of any of such proceeds.
 - u) Anti-Terrorism. The Borrower shall not, and shall not permit any of its Subsidiaries or any of their respective directors or officers to become subject to any Sanctions. The Borrower shall, and shall cause each of its Subsidiaries and their respective directors and officers to remain in compliance, in all material respects, with (i) all applicable Sanctions Laws, (ii) to the extent applicable, all Anti-Corruption Laws and (iii) the PATRIOT Act, to the extent applicable, and any other terrorism and money laundering laws, rules, regulations and orders applicable to the Borrower and its Subsidiaries. The Borrower shall not, and shall cause each of its Subsidiaries not to, use any part of the proceeds of the Loan, directly or indirectly, (A) for the purpose of financing any activities or business of or with any Person or in any country or territory that at such time is the subject of any Sanctions or (B) for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of any Anti-Corruption Law.
 - v) Central Bank Notice. Within 5 Business Days of the Drawdown Date, the Lender shall have received evidence satisfactory to it that the corresponding notice required by Chapter XIV of the Foreign Exchange Regulations issued by the Central Bank has been made.
21. As established in the credit agreement signed November 13, 2014 between Cencosud S.A. as Debtor and HSBC Bank USA, N.A. as Creditor, Cencosud S.A., shall comply with the following obligations and financial and management restrictions:
- a) Annual Financial Statements. To the extent that they are not freely available at a public access web page of the SVS, the SEC web page or the Borrower's corporate web page, it will provide to the Administrative Agent and the Lenders, within five (5) Business Days after the date on which they are required to be furnished to the SVS or, if no longer required by the SVS, within 90 days after the end of each fiscal year of the Borrower, the Consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as at the end of such fiscal year and the related audited Consolidated statements of income and retained earnings and statement of changes in financial position of the Borrower and its Consolidated Subsidiaries for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, and the audited Consolidated statement of cash flows for such fiscal year, all reported on in conformity with Applicable Accounting Principles and with the unqualified opinion thereon of independent public accountants of recognized international standing. Such financial statements shall be provided with a schedule in form satisfactory to the Administrative Agent of the computations used by the Borrower in determining compliance with the covenant contained in Section 5.9.

Table of Contents

- b) Quarterly Financial Statements. To the extent that they are not freely available at a public access web page of the SVS, the SEC web page or the Borrower's corporate web page, it will provide to the Administrative Agent and the Lenders within five (5) Business Days after the date on which they are required to be furnished to the SVS or, if no longer required by the SVS, within 75 days after the end of the first three quarters of each fiscal year of the Borrower, the unaudited Consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as at the end of each such fiscal quarter and the related unaudited Consolidated statements of income and retained earnings of the Borrower and its Consolidated Subsidiaries for such quarter and for the portion of the fiscal year ended at the end of such quarter, setting forth in the case of such statements of income and retained earnings in comparative form the figures for the corresponding quarter and the corresponding portion of the previous fiscal year, and the unaudited Consolidated statement of cash flows for such fiscal quarter, all certified as to fairness of presentation and conformity with Applicable Accounting Principles by a senior financial officer of the Borrower, together with a schedule in form satisfactory to the Administrative Agent of the computations used by the Borrower in determining compliance with the covenant contained in Section 5.9.
- c) Information to the Superintendencia de Valores y Seguros of the Republic of Chile. To the extent that they are not freely available at a public access web page of the SVS, the United States Securities and Exchange Commission ("SEC") or the Borrower's corporate web page, promptly after the making of any filing with the SVS of any circular, document or other material written information required to be filed with the SVS and distributed generally to the Borrower's shareholders, it will provide a copy thereof to the Administrative Agent and the Lenders with the exception of any private, confidential or restricted access communications with the SVS or the SEC as the Borrower may reasonably determine.
- d) Central Bank Registration. Promptly after the Borrower has registered the terms and conditions of the Loans with the Central Bank, the Borrower will deliver to the Administrative Agent and the Lenders one copy of any document or other information in connection with such registration.
- e) Litigation. It will promptly deliver to the Administrative Agent and the Lenders details of any litigation, arbitration or administrative proceeding which, had it been current, pending or threatened at the date of this Agreement, would have rendered the representation and warranty in Section 3.10 incorrect.
- f) Events of Default. It will promptly notify the Administrative Agent and the Lenders of the occurrence of any Event of Default or Default, together with a description of any action taken or proposed to be taken to remedy it. Together with each financial statement delivered by it under Sections 5.1(a) and (b), and promptly after any request made by any Lender through the Administrative Agent from time to time, it will deliver to such Lender and the Administrative Agent a certificate signed on its behalf by the Gerente de Finanzas or such other Person as may be acceptable to such Lender for that purpose (i) for each fiscal quarter of the Borrower, setting forth reasonably detailed calculations demonstrating compliance with Section 5.9 and (ii) confirming that, so far as it is aware and (if applicable) except as previously notified to such Lender and the Administrative Agent or waived in accordance with Section 8.1, no Event of Default or Default has occurred and is continuing or (as the case may be) setting out details of any which has occurred and is continuing and has not been so notified and of which it is aware and of any action taken or proposed to be taken to remedy it.
- g) Notices. It will promptly give notice to the Administrative Agent and the Lenders of (i) any changes known to the Borrower in taxes, duties or other fees of Chile or any political subdivision or taxing authority thereof or any change known to the Borrower in any laws of Chile, that would reasonably be expected to adversely affect the ability of the Borrower to make any payment due under this Agreement or the Note, (ii) the occurrence of any Material Subsidiary Change in Control and (iii) any development or event which has had or would reasonably be expected to have a Material Adverse Effect.
- h) Other Information. It will promptly deliver to any Lender such other information relating to the financial condition or business of the Borrower or any of its Material Subsidiaries (including, without limitation, such information regarding the use of proceeds of the Loan) as such Lender may from time to time reasonably request.
- i) Ranking. The Borrower will take all reasonable actions necessary to ensure that its payment obligations hereunder and under the Note rank and will at all times rank at least pari passu with all other present and future unsecured and unsubordinated Indebtedness of the Borrower.

Table of Contents

- j) **Limitation on Liens and Asset Dispositions.** (a) The Borrower will not, and will not permit any of its Material Subsidiaries to, sell, assign or otherwise transfer to any Person (other than to the Borrower) any of the Essential Assets, except that the Borrower or any Material Subsidiary may sell, assign or otherwise transfer Essential Assets (x) in the ordinary course of its business provided that such sale, assignment or transfer of assets is for at least the fair market value of such assets and (y) outside of the ordinary course of its business for fair value in an aggregate amount not to exceed an amount equal to 10% of the Borrower's or such Material Subsidiary's total assets, as the case may be, in any fiscal year and provided that the proceeds of any such sale, assignment or transfer shall be reinvested in the business of the Borrower, or in the case of a sale, assignment or other transfer of Essential Assets by any other Subsidiary, in the business of the Borrower or any other Subsidiary, in each case, within 90 days of receipt thereof. If such proceeds are not reinvested within such 90 day period, the Borrower shall prepay the outstanding principal amount of the Loans in whole or ratably in part, together with accrued interest to the date of such prepayment on the principal amount prepaid, in an amount equal to the net cash proceeds received by the Borrower or any of its Material Subsidiaries in connection with any such sale, lease or transfer. The parties agree that a Material Subsidiary Change in Control shall not qualify as a sale, assignment or transfer of Essential Assets for purposes of this Agreement.
- (b) The Borrower will not, and will not permit any of its Material Subsidiaries to create, incur or suffer to exist in favor of any Person any Lien (other than Permitted Liens and the Liens existing on the date hereof) on any Assets of the Borrower as a result of which the ratio of the total Assets of the Borrower and its Consolidated Subsidiaries (determined on a Consolidated basis) that are not subject to any Lien (including Permitted Liens and Liens existing on the date hereof) to the Borrower's Total Liabilities is less than 1.20.
- k) **Maintenance of Existence and Payment of Obligations.** The Borrower will, and will cause each of its Material Subsidiaries to, (a) subject to Section 5.8, preserve, renew and keep in full force and effect its corporate existence, (b) take all reasonable action to maintain all rights, privileges and franchises necessary or desirable in the normal conduct of its business, except to the extent that failure to do so would not reasonably be expected to have a Material Adverse Effect and (c) pay, discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all its taxes and other obligations of whatever nature, except to the extent that failure to do so would not reasonably be expected to have a Material Adverse Effect or where the amount or validity thereof is currently being contested in good faith by appropriate proceedings and reserves to the extent required by Applicable Accounting Principles have been provided on the books of the Borrower.
- l) **Compliance With Laws; Authorizations.** The Borrower will (a) comply with any applicable Requirements of Law to which it is subject, except to the extent that failure to do so would not reasonably be expected to have a Material Adverse Effect, and (b) obtain and comply with the terms of and maintain in full force and effect all authorizations, approvals, licenses and consents required by the laws and regulations of Chile to the extent necessary to enable the Borrower lawfully to enter into and perform its obligations under the Loan Documents or to ensure the legality, validity, enforceability or admissibility in evidence in Chile of the Loan Documents.
- m) **Maintenance of Property; Insurance.** The Borrower will, and will cause each of its Material Subsidiaries to, keep all Assets used or useful in its business in good working order and condition, ordinary wear and tear excepted, except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect, and maintain with financially sound insurance companies insurance on all its tangible Assets in at least such amounts and against at least such risks as are customary for its type of business.
- n) **Books and Records.** The Borrower will, and will cause each of its Subsidiaries to, keep proper books of records and account in which full, true and correct entries in conformity with Applicable Accounting Principles and all applicable Requirements of Law to which it is subject shall be made of all dealings and transactions in relation to its business and activities.
- o) **Limitation on Fundamental Changes.** The Borrower will not (a) enter into any transaction of merger, consolidation or amalgamation, unless (i) such transaction of merger, consolidation or amalgamation does not result in a Default or an Event of Default and (ii) in the case of any such transaction of merger, consolidation or amalgamation, the Borrower is the surviving corporation or (b) spin off any of its businesses, Subsidiaries or groups of Assets to any Person other than a Subsidiary except for any spin-offs which do not have a Material Adverse Effect.

Table of Contents

- p) Net Financial Debt to Consolidated Net Worth plus Minority Interests Ratio. The Borrower will not permit the Net Financial Debt to Consolidated Net Worth plus Minority Interests Ratio at any time to exceed 1.2 to 1.0.
- q) Transactions with Affiliates. The Borrower will not, nor will it permit any of its Subsidiaries to: (a) transfer, sell, lease, assign or otherwise dispose of any Assets to an Affiliate, (b) make any loan or extension of credit to an Affiliate, or (c) merge into or consolidate with an Affiliate except as permitted by Section 5.8, or purchase or acquire Assets from an Affiliate or (d) enter into any other transaction, with or for the benefit of an Affiliate; unless, in each case, such transaction that is entered into with an Affiliate is on an arm's-length basis on terms no more favorable to such Affiliate than would be available to an unrelated Person.
- r) Purpose of the Loans. The Borrower will not use any of the proceeds of the Loan, directly or indirectly, for the purpose, whether immediate, incidental or ultimate, of buying or carrying any "margin stock" within the meaning of Regulation U of the Board of Governors of the Federal Reserve System, as in effect from time to time. No Lender shall not have any responsibility as to the use by the Borrower of any of such proceeds.
- s) Change in Nature of Business. The Borrower will not engage in any material line of business substantially different from those lines of business conducted by the Borrower on the date hereof or any business reasonably related, complementary, synergistic or ancillary thereto or reasonable extensions thereof.
- t) Anti-Terrorism. The Borrower shall not, and shall not permit any of its Subsidiaries or any of their respective directors or officers to become subject to any Sanctions. The Borrower shall, and shall cause each of its Subsidiaries and their respective directors and officers to remain in compliance, with (i) all applicable Sanctions Laws and Regulations, (ii) in all material respects and to the extent applicable, all Anti-Corruption Laws and (iii) the PATRIOT Act, to the extent applicable, and any other terrorism and money laundering laws, rules, regulations and orders applicable to the Borrower and its Subsidiaries. The Borrower shall not, and shall cause each of its Subsidiaries not to, use any part of the proceeds of the Loan, directly or indirectly, (A) for the purpose of financing any activities or business of or with any Person or in any country or territory that at such time is the subject of any Sanctions, (B) for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of any Anti-Corruption Law or (C) in any other manner that would result in a violation of Sanctions by any Person party to this Agreement.

Central Bank Notice. The Borrower will give notice to the Central Bank of the terms and conditions of the Loans as contemplated by this Agreement.

As of December 31, 2014 and 2013, the Company was in compliance with the aforementioned financial debt covenants.

18 Trade accounts payable and other payables

The composition of the area detail of this item as of December 31, 2014 and 2013 is as follows:

<u>Account</u>	<u>As of December 31,</u>			
	<u>Current</u>		<u>Non-current</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	<u>ThCh\$</u>	<u>ThCh\$</u>	<u>ThCh\$</u>	<u>ThCh\$</u>
Trade payable	1,768,572,529	1,737,920,899	29,125,971	4,956,289
Withholdings	214,513,580	220,072,319	5,323,949	3,998,528
Total	1,983,086,109	1,957,993,218	34,449,920	8,954,817

The main suppliers of Cencosud S.A. are as follows: Agrosuper Com.de Alimentos Ltda., Nestlé, Unilever Chile S.A., Unilever Argentina S.A., Samsung Electronics Chile, Mastellone Hnos. S.A., Comercial Santa Elena S.A., Empresas Carozzi S.A., Sancor Cooperativas Unidas Ltda., CMPC Tissue S.A., Organización Terpel S.A., Cervec y Malteria Quilmes SAI, Watts S.A., Molinos Rio de la Plata S.A., BRF Brasil Foods S.A., Danone Argentina S.A., Compañía de Bebidas Das Americas Ambev, LG Electronics Colombia Ltda., Cooperativa Agrícola y Lechera de la Unión Ltda, LG Electronics Chile.

Table of Contents**19 Provisions and other liabilities****19.1 Provisions**

19.1.1 *The composition of this item as of December 31, 2014 and 2013 is as follows:*

<u>Accruals and provision</u>	<u>As of December 31,</u>			
	<u>Current</u>		<u>Non-current</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	<u>ThCh\$</u>	<u>ThCh\$</u>	<u>ThCh\$</u>	<u>ThCh\$</u>
Legal claims provision(1)	10,911,238	41,702,611	88,428,946	67,478,191
Onerous contracts provision(2)	4,286,320	4,703,672	16,336,833	20,744,395
Total	15,197,558	46,406,283	104,765,779	88,222,586

Table of Contents

The following table shows the civil, labor and tax proceedings faced by the Company and its subsidiaries (by country). The proceedings comprising each category are those presenting a probable occurrence likelihood and the amount of loss can be quantified or estimated.

	Provision Legal Claims			Exposure		
	Civil ThCh\$	Labor ThCh\$	Tax ThCh\$	Total ThCh\$	Current ThCh\$	Non-current ThCh\$
Total as of December 31, 2014	34,417,405	26,372,660	38,550,119	99,340,184	10,911,238	88,428,946
Total as of December 31, 2013	<u>32,828,662</u>	<u>22,863,865</u>	<u>53,488,275</u>	<u>109,180,802</u>	<u>41,702,612</u>	<u>67,478,190</u>

Provision By Country	December 31, 2014	December 31, 2013
	ThCh\$	ThCh\$
Chile	8,245,262	8,803,142
Argentina	30,596,529	30,310,516
Brazil	52,510,627	61,400,392
Peru	227,747	1,218,767
Colombia	7,760,019	7,447,985
Total Provision	<u>99,340,184</u>	<u>109,180,802</u>

The nature of these obligations is as follows:

Civil provision: This primarily corresponds to civil and commercial trials that mainly deal with claims from customers, defects in products, accidents of customers in the stores and law suits related with customer service.

Labor provision: This primarily corresponds to staff severance indemnities and salary disputes from former employees.

Tax provision: This primarily corresponds to tax claims in the countries in which the Company operates.

(2) Provisions for onerous contracts

The provisions recorded under this concept correspond mainly to the excess over the fair value payable related to onerous lease contracts recorded in business combinations of the period.

19.2 Movement of provisions:

Provision type	Legal claims	Onerous contracts	Total
	ThCh\$	ThCh\$	ThCh\$
Initial Balance January 1, 2014	109,180,802	25,448,067	134,628,869
Movements in Provisions:			
Additional provisions	15,688,454	—	15,688,454
Increase (decrease) in existing provisions	(9,569,206)	(4,410,328)	(13,979,534)
Provision used during the year	(11,984,434)	—	(11,984,434)
Reversal of used provision	(1,836,299)	(414,586)	(2,250,885)
Increase (decrease) in foreign exchange rate	(2,139,133)	—	(2,139,133)
Changes in provisions, total	<u>(9,840,618)</u>	<u>(4,824,914)</u>	<u>(14,665,532)</u>
Total provision, closing balance as of December 31, 2014	99,340,184	20,623,153	119,963,337

Table of Contents

<u>Provision type</u>	<u>Legal claims</u>	<u>Onerous</u>	<u>Total</u>
	<u>ThCh\$</u>	<u>contracts</u>	<u>ThCh\$</u>
		<u>ThCh\$</u>	<u>ThCh\$</u>
Initial Balance January 1, 2013	134,475,084	38,132,983	172,608,067
Movements in Provisions:			
Additional provisions	21,877,548	—	21,877,548
Increase (decrease) in existing provisions	(24,671,256)	(12,684,916)	(37,356,172)
Acquisitions through business combinations (See note 13)	—	—	—
Provision used during the year	(11,624,382)	—	(11,624,382)
Reversal of used provision	(1,615,445)	—	(1,615,445)
Increase (decrease) in foreign exchange rate	(9,260,747)	—	(9,260,747)
Changes in provisions, total	<u>(25,294,282)</u>	<u>(12,684,916)</u>	<u>(37,979,198)</u>
Total provision, closing balance as of December 31, 2013	<u>109,180,802</u>	<u>25,448,067</u>	<u>134,628,869</u>

Table of Contents

20 Other non-financial liabilities

The composition of this item as of December 31, 2014 and 2013 is as follows:

	As of December 31,	
	2014	2013
	ThCh\$	ThCh\$
Customer loyalty program	14,842,693	10,697,957
Guarantees deposits	12,965,389	9,895,969
Minimum accrual dividend	13,603,115	24,042,737
Other	1,693,173	3,172,198
Total Other non-financial Liabilities, current	43,104,370	47,808,861
Guarantees deposits	13,817,670	12,996,253
Prepaid Commissions	45,472,067	46,853,181
Other	10,143,573	5,625,256
Total Other non-financial Liabilities, non-current	69,433,310	65,474,690

21 Current provisions for employee benefits

21.1 Vacations and bonuses

The composition of this item as of December 31, 2014 and 2013 is as follows:

	As of December 31,	
	2014	2013
	ThCh\$	ThCh\$
Employees' vacation	60,919,314	56,440,586
Income sharing and bonuses	41,594,298	40,256,284
Total current provisions for employee benefits	102,513,612	96,696,870

The amount of accumulated liabilities for vacations is calculated in accordance with current Chilean legislation on an accrual basis. The bonuses relate to the amount that is paid the following year with respect to compliance with annual targets, which can be estimated reliably.

Table of Contents

21.2 Other employee benefits

a) Description and conditions

The Group contributes to a post-employment and retirement benefit plans in Brazil, which are accounted for as defined benefit plan. These plans entitle the employees to receive certain benefits and pension payments after the respective vesting periods are fulfilled. The benefits on which the Group contributes are as follows:

Benefits	Conditions
Pension due to an early retirement	Retirement at age 55 and 5 years of service.
Pension due to disability	1 year of service
Death benefits	1 year of service
Other benefits	Retirement at age 55 and 5 years of service.
Death pension	1 year of enrollment in the benefit plan

The defined benefit plan expose the Group to actual risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

b) Funding

The Group has two types of benefit plans in Brazil; a) benefit plan in which employees contribute, and b) benefits in which employees don't make any contributions:

For plans in which the employees contribute: the contribution is conditioned to the formal adherence to the plan, the employees contribute with a 6% limit of their monthly salary, receiving in exchange an equal contribution from the employer (Cencosud Brazil). Furthermore, the employee receives a return from the plan asset.

Plan assets:

Suppliers	Level 1	December 31, 2014		Total	Level 1	December 31, 2013		Total
		Level 2	Level 3			Level 2	Level 3	
Investment funds – fixed income	2,049,308	—	—	2,049,308	1,999,393	—	—	1,999,393
Investments funds – Equity	615,246	—	—	615,246	600,260	—	—	600,260

Table of Contents

c) Movement in net defined benefit (asset) liability

Movements	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability (asset)	
	ChTh\$ 2014	ChTh\$ 2013	ChTh\$ 2014	ChTh\$ 2013	ChTh\$ 2014	ChTh\$ 2013
Balance at January 1	1,864,073	3,035,810	(1,930,605)	(2,692,991)	(66,532)	342,819
Service cost	492,764	1,251,097	—	—	492,764	1,251,097
Past service credit	—	—	—	—	—	—
Interest cost (Income)	198,513	263,487	(373,926)	(245,458)	(175,413)	18,029
Included in profit of loss	691,277	1,514,584	(373,926)	(245,458)	317,351	1,269,126
Re-measurement loss (gain):						
Actuarial loss (gain)						
Demographic assumptions	(225,165)	(44,223)	—	—	(225,165)	(44,223)
Financial assumptions	(519,392)	(779,221)	—	—	(519,392)	(779,221)
Experience adjustment	(2,882)	(1,844,366)	—	—	(2,882)	(1,844,366)
Return on plan assets	—	—	1,178,361	1,767,333	1,178,361	1,767,333
Exchange rates	(79,982)	(25,319)	80,251	—	269	(25,319)
Included in OCI	(827,421)	(2,693,129)	1,258,612	1,767,333	431,191	(925,796)
Contributions paid by employer	—	6,808	(778,053)	(759,489)	(778,053)	(752,681)
Benefits paid	—	—	—	—	—	—
Other	—	6,808	(778,053)	(759,489)	(778,053)	(752,681)
Balance at December 31	1,727,929	1,864,073	(1,823,972)	(1,930,605)	(96,043)	(66,532)

d) Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages)

Assumptions	31/12/2014	31/12/2013
Discount rate	11.69%	12.10%
Inflation	5.2%	5.2%
Salarial growth rate	6.4%	7.3%

e) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

December 31, 2014	Defined benefit obligation	
	Increase ThCh\$	Decrease ThCh\$
Discount rate (0.5% movement)	(113,867)	125,968

Table of Contents

22 Other current and non-current non-financial assets

The composition of the item as of December 31, 2014 and 2013 is as follows:

<u>Other non-financial assets, current</u>	As of December 31,	
	2014	2013
	ThCh\$	ThCh\$
Lease guarantees	3,937,821	4,142,481
Pre-paid rent	2,686,849	2,537,929
Pre-paid insurance	3,929,688	4,888,501
Other	92,134	36,582
Total	10,646,492	11,605,493

<u>Other non-financial assets, non-current</u>	As of December 31,	
	2014	2013
	ThCh\$	ThCh\$
Lease guarantees	8,072,150	7,504,543
Pre-paid rent	25,037,866	29,882,006
Other	763,401	876,788
Total	33,873,417	38,263,337

The fair value for the non-financial assets equals their carrying value as of December 31, 2014 and 2013. As of December 31, 2014 and 2013, no significant differences exists between the carrying value of non-financial assets and their fair value.

23 Net equity

The objectives of the Cencosud Group regarding capital management are to safeguard its capacity to continue as a going concern, ensuring appropriate returns for its shareholders and benefits for other stakeholders, and maintaining an optimum capital structure while reducing capital costs.

Capital management

The Group's objective regarding capital management is to safeguard the capacity to continue ensuring appropriate returns for the shareholders and benefits for other stakeholders, and maintaining an optimum capital structure while reducing capital costs.

Table of Contents

In line with the industry, the Cencosud Group monitors its capital using the leverage ratio. This ratio is calculated by dividing net financial debt by total capital, which must be minor to 1.2 times. Net financial debt corresponds to total indebtedness (including current and non-current debt) less cash and cash equivalents and other financial assets. Total capital corresponds to total equity as shown in the consolidated statement of financial position.

Other non-financial assets, non-current	As of December 31,	
	2014	2013
	ThCh\$	ThCh\$
Total borrowings (note 17 and note 34)	3,300,462,387	2,957,140,839
Less: Cash and cash equivalents (Note 5 and note 34)	(219,627,286)	(171,711,625)
Less: Other financial assets (note 6 and note 34)	(353,686,187)	(141,989,298)
Cash and cash equivalents- Banco Paris (Note 28.11)	16,005,243	15,352,349
Other financial assets – Banco París (Nota28.11)	9,990,759	8,785,942
Less: Other financial liabilities – Banco Paris (Note 28.11)	(173,596,140)	(201,667,118)
Net debt	2,579,548,776	2,465,911,089
Total equity	4,291,485,811	4,261,367,089
Leverage ratio	0.60	0.58

In accordance with the above, the Cencosud Group has combined different financing sources, such as: capital increases, operating cash flows, bank loans and bonds.

As part of the finance strategy, the Group will continue seeking to extend the payments terms and shift focus to the operations through the refinancing of liabilities in the forthcoming periods with the ultimately purpose of deleveraging the Group.

23.1 *Paid-in capital*

As of December 31, 2014, the authorized, subscribed and paid-in capital amounts to ThCh\$ 2,321,380,936 (ThCh\$ 2,321,380,936 as of December 31, 2013).

23.2 *Subscribed and paid shares*

As of June 22, 2012, the Company proceeded to increase the authorized Capital through the issuance of 270,000,000 of shares, without a par value and in a unique series, as agreed at the shareholders meeting held on April 29th, 2011 which complemented and modified preliminary agreements made at extraordinary shareholders meetings on March 1st and May 15th of 2012. 27,000,000 shares out of the capital increase were set aside to offer them in a stock option plan for the Company's upper management.

The referential share price reported to the SVS (Superintendencia de Valores y Seguros) was ThCh\$ 3,555.56. The final issue share price was ThCh\$2,600 per share.

In connection with share issuance, 59,493,000 shares were issued in the United States of America in the form of American Depositary Shares (ADSs) and 183,507,000 shares were issued in the local market in Chile.

At the extraordinary shareholders meeting held on November 20, 2012, the shareholders agreed to increase capital by ThCh\$835,000,000 through the issuance of 332,987,717 of shares in one series and without a par value. 10% out of the total issuance was set aside to offer them in a stock option plan for employees, the remaining of the shares was offered to the Company's shareholders

Table of Contents

The following tables show the movement of the authorized and the issued and fully paid shares described above between January 1, 2013 and December 31, 2014

Movement of authorized shares		No of shares
Authorized shares as of January 1, 2013		2,574,015,016
Capital increase as of February 28, 2013		5,661,074
Capital increase as of March 13, 2013		290,741,796
Capital increase as of March 25, 2013		3,286,076
Increase pursuant to stock option plan		33,298,771
Decrease due to unsubscribed Capital in 2013		(17,979,999)
Authorized shares as of December 31, 2013		2,889,022,734
Authorized shares as of December 31, 2014		2,889,022,734

Movement in issued and fully paid shares		No of shares	Total Ch\$
Paid shares as of January 1, 2013		2,507,103,215	1,551,811,762
Capital increase as of February 28, 2013		5,661,074	14,195,709
Capital increase as of March 13, 2013		290,741,796	729,064,129
Capital increase as of March 25, 2013		3,286,076	8,240,164
Exercise of stock option		21,931,802	18,069,172
Paid shares as of December 31, 2013		2,828,723,963	2,321,380,936
Paid shares as of December 31, 2014		2,828,723,963	2,321,380,936

As of December 31, 2014, 60,298,771 issued shares were pending of subscription and payment, of which 27,000,000 and 33,298,771 will expire on April 29th and November 20th of 2017 respectively.

23.3 Dividends

The dividend distribution policy adopted by Cencosud S.A. establishes the payment of dividends of 30% of the distributable net profits.

In relation to SVS Ruling No. 1945, on October 29, 2010, the Company's Board of Directors agreed that the net distributable profits for the year 2010 and following years will be the figure reflected in the financial statements as "profit for the year attributable controlling shareholders", excluding the unrealized result for fair value appraisal of investment properties, net of deferred taxes.

The shareholders' meeting held on April 26, 2013 approved to pay a minimum dividend amounting to ThCh\$ 58,269,234 (Ch\$20.59906). This dividend was paid in May 15, 2013. On September 15, 2013, the Board of Directors agreed on distributing a interim dividend of Ch\$8 per share in relation to the profits of 2013. This dividend was paid on December 10, 2013

The shareholders' meeting held on April 25, 2014 approved to pay a minimum dividend amounting to ThCh\$ 58,269,234 (Ch\$20.59906). This dividend was paid in May 14, 2014. The Informa Directory that the previous offer, considers a payment of a provisional dividend of Ch\$ 8 per share, this dividend was paid on December 10, 2013.

On -November 3th, 2014, the Board of Directors agreed on distributing an interim dividend of Ch\$8 per share in relation to the profits of 2014. This dividend was paid on December 3th, 2014.

Table of Contents

The company recorded a minimum dividend by ThCh\$ 13,597,056 at December 31, 2014 (ThCh\$ 24,042,737 at December 31, 2013) (see note 20). The total charge to equity as of December 31, 2014 was ThCh\$ 47,823,374 (ThCh\$ 53,192,713 as of December 31, 2013).

23.4 Reserves

The initial Balance is mainly due to the inflation adjustment reversal recorded under IFRS first adoption (transition date to IFRS on January 1st, 2009).

The movements of other Reserves and Changes in ownership interest were as follows:

Movements of reserves between January 1, 2014 and December 31, 2014 are as follows:

Reserve movement	Translation	Hedging reserves	Actuarial gain (loss) reserves	Shared based payments reserves	Other reserves	Total reserves
Initial balance current period January 1, 2014	(615,316,151)	20,525,986	402,512	10,636,164	(52,479,121)	(636,230,610)
Change in equity						
Other comprehensive income	(81,230,563)	(7,323,766)	(284,586)	—	—	(88,838,915)
Transfer to (from) retained earnings	—	—	—	2,822,081	—	2,822,081
Increase (decrease) from changes in ownership interest in subsidiaries that do not result in loss of control	—	—	—	—	2,187	2,187
Total changes in equity	(81,230,563)	(7,323,766)	(284,586)	2,822,081	2,187	(86,014,647)
Closing balance of current year, December 31, 2014	(696,546,714)	13,202,220	117,926	13,458,245	(52,476,934)	(722,245,257)

In 2013, the Group acquired the remaining interest of Cencosud Argentina S.A., for a consideration higher than the book value of the investment accounted for under the equity method. As a result, the Group presented this adjustment as a movement of other reserve in the statement of equity amounting to ThCh\$404,131.

Movements of reserves between January 1, 2013 and December 31, 2013 are as follows:

Reserve movement	Currency translation	Hedging reserves	Actuarial gain (loss) reserves	Shared based payments reserves	Other reserves	Total reserves
Initial balance current period January 1, 2013	(461,974,288)	23,315,468	(523,284)	6,892,685	(52,074,990)	(484,364,409)
Change in equity						
Other Comprehensive income	(153,341,863)	(2,789,482)	925,796	—	—	(155,205,549)
Increase (decrease) due to transfers and other changes in equity	—	—	—	3,743,479	—	3,743,479
Transfer to (from) retained earnings, Increase (decrease) from changes in ownership interest in subsidiaries that do not result in loss of control	—	—	—	—	(404,131)	(404,131)
Total changes in equity	(153,341,863)	(2,789,482)	925,796	3,743,479	(404,131)	(151,866,201)
Closing balance of current year, December 31, 2013	(615,316,151)	20,525,986	402,512	10,636,164	(52,479,121)	(636,230,610)

Movements of reserves between January 1, 2012 and December 31, 2012 are as follows:

Reserve movement	Currency translation	Hedging reserves	Actuarial gain (loss) reserves	Shared based payments reserves	Other reserves	Total reserves
Initial balance current period January 1, 2012	(233,050,928)	9,825,606	—	4,595,125	15,907,719	(202,722,478)
Change in equity						
Other Comprehensive income	(228,923,360)	13,489,862	(523,284)	—	—	(215,956,782)
Increase (decrease) due to transfers and other changes in equity	—	—	—	—	92,991,291	92,991,291
Transfer to (from) retained earnings, Increase (decrease) from changes in ownership interest in subsidiaries that do not result in loss of control	—	—	—	2,297,560	—	2,297,560
Total changes in equity	(228,923,360)	13,489,862	(523,284)	2,297,560	(67,982,709)	(281,641,931)
Closing balance of current year, December 31, 2012	(461,974,288)	23,315,468	(523,284)	6,892,685	(52,074,990)	(484,364,409)

Table of Contents

- a) Currency translation reserve: This item includes the exchange rate differences resulted from the conversion of the financial statement of all subsidiaries from their functional currency into the presentation currency of the Group.
- b) Hedging reserves: This reserve includes the effect of the changes in the fair value of certain financial instruments used as cash flow hedges and deemed as effective. These reserves are transferred to income of the period at the end of the life of the instruments' contracts when the hedged cash flow is realized.
- c) Other reserves: The initial balance shows the effect of the elimination of price-level restatement of book-basis capital under IFRS for the transition year. In 2014, no significant changes were observed.
- d) Actuarial gain (loss) reserve: This reserve is composed of the actuarial gains (losses) and the effect from the return on the pension plan asset that have been recognized over the past two year in relation to the Company's pension plan Brazil.
- e) Other reserves: This reserve has not shown any transactions during 2014 year.

On June 29, 2012, in connection with the purchase by the Company of the remaining 38.6062% interest in Jumbo Retail Argentina S.A. from UBS A.G. London Branch, the Company and UBS A.G. London Branch agreed to terminate the purchase option (call) and put option (put) and associated rights and obligations between the parties. As a result of the termination of these contracts and the exercise of the call option, the Company paid ThCh\$ 242,681,460 for the 38.6062% interest in Jumbo Retail Argentina. The accounting effects of this decision are recognized in equity under "other reserves", as follows:

	ThCh\$
Purchase price	242,681,460
Non-controlling interests acquired	(81,707,460)
Total due to non-controlling interest acquired	160,974,000
Call option asset	(147,470,592)
Put option liability	240,461,884
Total due to options	92,991,292

Table of Contents

23.5 Non-controlling interest

Details of the non-controlling shares as of December 31, 2013 and 2012 are as follows:

Company	Non-controlling Interest	Non-controlling Interest	As of December 31,	
	Dec 31, 2014	Dec 31, 2013	2014	2013
	%	%	ThCh\$	ThCh\$
Cencosud Shoppings Centers S.A.	0.00004	0.00040	370	355
Cencosud Internacional Ltda.	0.00000	0.00433	—	52,288
Costanera Center S.A.	0.00000	0.00004	22	5
Mercado Mayorista P y P Ltda.	10.00000	10.00000	93,871	93,871
Easy S.A.	0.42500	0.35200	356,997	421,966
Comercial Food and Fantasy Ltda.	10.00000	10.00000	(30,391)	(60,110)
Administradora del Centro Comercial Alto Las Condes Ltda.	55.00000	55.00000	(1,567,557)	(686,033)
Cencosud Retail S.A.	0.00039	0.00039	196,395	228,840
Jumbo Retail Argentina S.A.	0.07600	0.07600	118,509	48,904
Total			(831,784)	100,086

Company	Non-controlling Interest	Non-controlling interest	Non-controlling interest	Results		
	2014	2013	2012	2014	2013	2012
	%	%	%	ThCh\$	ThCh\$	ThCh\$
Cencosud Shoppings Centers S.A.	0.00040	0.00040	0.00040	24	51	35
Cencosud Internacional Ltda.	0.00000	0.00433	0.00433	1,027	2,346	3,372
Costanera Center S.A.	0.00004	0.00004	0.00004	8	(1)	(2)
Mercado Mayorista P y P Ltda.	10.00000	10.00000	10.00000	—	282	—
Easy S.A.	0.42500	0.42500	0.42500	95,558	71,558	43,190
Comercial Food and Fantasy Ltda.	10.00000	10.00000	10.00000	29,023	17,801	43,694
Alto Las Condes Ltda.	55.00000	55.00000	55.00000	(881,525)	(290,808)	(340,401)
Cencosud Retail S.A.	0.03906	0.00039	0.00039	26,331	33,845	39,914
Jumbo Retail Argentina S.A.	0.07600	0.07700	0.07700	(18,800)	(627)	3,002,758
Cencosud Argentina S.A. (*)	0.00000	0.00000	0.08302	—	—	57,955
Total				(748,354)	(165,553)	2,850,515

On June 29 2012, Cencosud S.A., acquired 38.6062% of Jumbo Retail S.A. shares from UBS, which resulted in a non-controlling interest of 0.077%. (*) During 2013, the Group acquired the non controlling interest of this subsidiary.

Table of Contents

24 Income

The breakdown of ordinary income is as follows:

<u>Income by nature</u>	<u>For the year ended December 31,</u>		
	<u>2014</u>	<u>2013</u>	<u>2012</u>
	<u>ThCh\$</u>	<u>ThCh\$</u>	<u>ThCh\$</u>
Sale of goods	10,376,295,411	9,829,313,975	8,682,771,449
Services rendered (**)	307,290,878	301,842,147	268,154,751
Commission(*)	31,099,176	32,325,103	26,647,499
Interests income	198,169,776	177,558,602	171,503,408
Income from discontinued operation	(201,825,995)	(206,881,617)	(223,726,231)
Total	10,711,029,246	10,134,158,210	8,925,350,876

(*) Includes revenues from insurance brokerage, travel agencies, family entertainment centers and customer loyalty program.

(**) Includes lease revenues from Shopping Centers

100% of the sales made in each country where the Group operates are received in local currency.

25 Breakdown of significant results

The items by function from the Statements of Income are described as follows in 25.1, 25.2 and 25.3.

<u>Expenses by nature of integral income by function</u>	<u>For the year ended December 31,</u>		
	<u>2014</u>	<u>2013</u>	<u>2012</u>
	<u>ThCh\$</u>	<u>ThCh\$</u>	<u>ThCh\$</u>
Cost of sales	7,814,773,235	7,324,251,612	6,464,234,047
Distribution cost	26,653,898	23,931,088	20,233,594
Administrative expenses	2,286,704,942	2,181,508,368	1,866,131,501
Other expenses (*)	182,076,769	152,142,053	162,024,745
Total	10,310,208,844	9,681,833,121	8,512,623,887

(*) Mainly includes marketing expenses.

Table of Contents

25.1 Expenses by nature

The following is a breakdown of the main operating and management costs and expenses of the Cencosud Group for the following periods:

Expenses by nature	For the year ended December 31								
	2014	2014	2014	2013	2013	2013	2012	2012	2012
	ThCh\$	Discontinued operation ThCh\$	Continued Operation ThCh\$	ThCh\$	Discontinued operation ThCh\$	Continued Operation ThCh\$	ThCh\$	Discontinued operation ThCh\$	Continued Operation ThCh\$
Cost of goods sold	7,377,823,134		7,377,823,134	7,160,676,127	(339)	7,160,675,788	6,318,469,948	(7,397)	6,318,462,551
Other cost of sales	492,749,104	(55,799,003)	436,950,101	223,392,156	(59,816,332)	163,575,824	229,361,825	(83,590,329)	145,771,496
Personnel expenses	1,443,743,124	(37,077,303)	1,406,665,821	1,340,881,800	(36,865,744)	1,304,016,056	1,157,677,464	(36,533,768)	1,121,143,696
Depreciation and amortization	202,342,813	(2,299,772)	200,043,041	189,037,674	(2,461,658)	186,576,016	141,450,398	(2,509,579)	138,940,819
Distribution cost	26,653,898		26,653,898	23,931,088	—	23,931,088	20,233,594	—	20,233,594
Other expenses	195,747,099	(13,670,330)	182,076,769	182,307,997	(30,165,944)	152,142,053	176,173,759	(14,149,014)	162,024,745
Utilities and other store related expenses				114,344,589	(222,353)	114,122,236	100,303,114	(318,917)	99,984,197
Cleaning	75,470,885	(70,415)	75,400,470	68,896,478	(82,157)	68,814,321	53,155,225	(78,592)	53,076,633
Safety and security	61,560,198	(69,828)	61,490,370	62,504,253	(69,719)	62,434,534	53,810,657	(65,736)	53,744,921
Maintenance	86,746,311	(934,684)	85,811,627	79,075,709	(1,504,859)	77,570,850	66,987,807	(797,014)	66,190,793
Professional fees	78,956,876	(2,811,581)	76,145,295	81,475,579	(3,865,736)	77,609,843	77,198,032	(2,398,781)	74,799,251
Bags for Customers	25,258,963		25,258,963	31,457,921		31,457,921	30,774,898	—	30,774,898
Credit card commission	89,437,729		89,437,729	81,305,782	—	81,305,782	77,472,181	(1,042,041)	76,430,140
lease	188,325,891	(2,011,677)	186,314,214	168,801,648	(1,361,988)	167,439,660	153,089,337	(2,343,848)	150,745,489
Other	90,322,026	(10,184,614)	80,137,412	23,900,745	(13,739,596)	10,161,149	13,494,998	(13,194,334)	300,664
Total	10,435,138,051	(124,929,207)	10,310,208,844	9,831,989,546	(150,156,425)	9,681,833,121	8,669,653,237	(157,029,350)	8,512,623,887

Table of Contents

25.2 Personnel expenses

The following is a breakdown of personnel expenses for the following periods:

Personal Expenses	For the year ended December 31								
	2014	2014	2014	2013	2013	2013	2012	2012	2012
	ThCh\$	Discontinued operation ThCh\$	Continued Operation ThCh\$	ThCh\$	Discontinued operation ThCh\$	Continued Operation ThCh\$	ThCh\$	Discontinued operation ThCh\$	Continued Operation ThCh\$
Salaries	1,152,243,822	(31,847,526)	1,120,396,296	1,047,414,483	(25,415,529)	1,021,998,954	916,346,146	(27,065,394)	889,280,752
Short-term employee benefits	260,677,494	(4,028,624)	256,648,870	254,831,463	(9,629,166)	245,202,297	218,779,750	(8,194,898)	210,584,852
Termination benefits	30,821,808	(1,201,153)	29,620,655	38,635,854	(1,821,049)	36,814,805	22,551,568	(1,273,476)	21,278,092
a	<u>1,443,743,124</u>	<u>(37,077,303)</u>	<u>1,406,665,821</u>	<u>1,340,881,800</u>	<u>(36,865,744)</u>	<u>1,304,016,056</u>	<u>1,157,677,464</u>	<u>(36,533,768)</u>	<u>1,121,143,696</u>

25.3 Depreciation and amortization

The following is a breakdown of depreciation and amortization for the following periods:

Depreciation and amortization	For the year ended December 31								
	2014	2014	2014	2013	2013	2013	2012	2012	2012
	ThCh\$	Discontinued operation ThCh\$	Continued Operation ThCh\$	ThCh\$	Discontinued operation ThCh\$	Continued Operation ThCh\$	ThCh\$	Discontinued operation ThCh\$	Continued Operation ThCh\$
Depreciation	183,863,858	(836,192)	183,027,666	173,650,390	(1,175,626)	172,474,764	131,470,020	(1,252,233)	130,217,787
Amortization	18,478,955	(1,463,580)	17,015,375	15,387,284	(1,286,032)	14,101,252	9,980,378	(1,257,346)	8,723,032
Total	<u>202,342,813</u>	<u>(2,299,772)</u>	<u>200,043,041</u>	<u>189,037,674</u>	<u>(2,461,658)</u>	<u>186,576,016</u>	<u>141,450,398</u>	<u>(2,509,579)</u>	<u>138,940,819</u>

Table of Contents

25.4 Other gains (losses)

Other gains (losses)	For the year ended December 31									
	2014	2014		2014	2013	2013		2012	2012	
	ThCh\$	Discontinued operation ThCh\$	Continued Operation ThCh\$	ThCh\$	Discontinued operation ThCh\$	Continued Operation ThCh\$	ThCh\$	Discontinued operation ThCh\$	Continued Operation ThCh\$	
Sales of Property, plant and equipment	(2,731,176)	—	(2,731,176)	—	—	—	7,184,649	—	7,184,649	
UBS Call Option	—	—	—	—	—	—	(16,258,777)	—	(16,258,777)	
Insurance claims (*)	1,411,112	—	1,411,112	2,203,829	—	2,203,829	—	—	—	
Fair value derivatives	41,139,461	(35,340)	41,104,121	29,531,125	(16,000)	29,515,125	4,308,000	(33,663)	4,274,337	
Commission under operational agreement	—	—	—	—	—	—	—	—	—	
Other Net Gains and Losses	(5,194,916)	—	(5,194,916)	(5,353,082)	—	(5,353,082)	(2,603,227)	—	(2,603,227)	
Total	34,624,481	(35,340)	34,589,141	26,381,872	(16,000)	26,365,872	(7,369,355)	(33,663)	(7,403,018)	

(*) These insurance recoveries relate to the earthquake affecting the operations in Talcahuano, Chile in 2010, and damages of certain stores in Santiago, Chile due to a fire in 2012.

25.5 Other operating income

Other operating income	For the year ended December 31									
	2014	2014		2014	2013	2013		2012	2012	
	ThCh\$	Discontinued operation ThCh\$	Continued Operation ThCh\$	ThCh\$	Discontinued operation ThCh\$	Continued Operation ThCh\$	ThCh\$	Discontinued operation ThCh\$	Continued Operation ThCh\$	
Sell Carton & Wraps	3,761,265	—	3,761,265	3,178,983	—	3,178,983	2,983,358	—	2,983,358	
Recovery of fees	2,446,055	—	2,446,055	1,271,807	—	1,271,807	956,947	—	956,947	
Increase on revaluation of investment properties	100,772,615	—	100,772,615	95,110,013	—	95,110,013	98,633,366	—	98,633,366	
Other Income	7,457,781	(190,554)	7,267,227	9,153,179	(422,737)	8,730,442	4,536,399	(99,278)	4,437,121	
Total	114,437,716	(190,554)	114,247,162	108,713,982	(422,737)	108,291,245	107,110,070	(99,278)	107,010,792	

Table of Contents

25.6 Financial results

The following is the financial income detailed for the periods ended:

Other gains (losses)	For the year ended December 31								
	2014	2014	2014	2013	2013	2013	2012	2012	2012
	ThCh\$	Discontinued operation ThCh\$	Continued Operation ThCh\$	ThCh\$	Discontinued operation ThCh\$	Continued Operation ThCh\$	ThCh\$	Discontinued operation ThCh\$	Continued Operation ThCh\$
Financial income from cash flow hedging				25,010	—	25,010	267,370	—	267,370
Other finance income	6,709,144	(314,723)	6,394,421	5,829,603	144,562	5,974,165	7,843,098	120,992	7,964,090
Financial income	6,709,144	(314,723)	6,394,421	5,854,613	144,562	5,999,175	8,110,468	120,992	8,231,460
Bank loan expenses	(115,108,874)	15,413,160	(99,695,714)	(137,975,837)	13,100,402	(124,875,435)	(120,611,344)	11,245,751	(109,365,593)
Bond debt expenses	(100,627,140)	11,162,618	(89,464,522)	(90,072,133)	21,728,421	(68,343,712)	(61,010,164)	21,145,658	(39,864,506)
Interest on bank loans	—	12,431,878	12,431,878	(13,389,526)	—	(13,389,526)	(11,487,735)	—	(11,487,735)
Valuation of financial derivatives expenses	(6,428,737)	—	(6,428,737)	(17,247,078)	—	(17,247,078)	(17,912,867)	—	(17,912,867)
Financial Expenses	(222,164,751)	39,007,656	(183,157,095)	(258,684,574)	34,828,823	(223,855,751)	(211,022,110)	32,391,409	(178,630,701)
Results from UF indexed bonds in Chile	(36,559,232)	4,969,932	(31,589,300)	(13,879,380)	2,074,458	(11,804,922)	(16,126,911)	2,377,697	(13,749,214)
Results from UF indexed Brazil	(6,829,994)	—	(6,829,994)	(6,957,024)	—	(6,957,024)	(9,391,256)	—	(9,391,256)
Results from UF indexed Other	3,813,276	—	3,813,276	(123,183)	—	(123,183)	(397,282)	—	(397,282)
(Losses) gains from indexation	(39,575,950)	4,969,932	(34,606,018)	(20,959,587)	2,074,458	(18,885,129)	(25,915,449)	2,377,697	(23,537,752)
Financial debt IFC-ABN Argentina	(3,250,121)	—	(3,250,121)	(4,821,735)	—	(4,821,735)	(5,468,763)	—	(5,468,763)
Bond debt USA and Peru	(18,974,289)	19,198,679	224,390	(26,103,769)	9,274,498	(16,829,271)	(2,276,453)	(8,928,180)	(11,204,633)
Financial debt Peru	(1,568,572)	—	(1,568,572)	(3,830,530)	395,038	(3,435,492)	1,121,237	(444,564)	676,673
Financial assets and Financial debt—Colombia	150,070	—	150,070	32,577	—	32,577	3,944,181	—	3,944,181
Exchange difference	(23,642,912)	19,198,679	(4,444,233)	(34,723,457)	9,669,536	(25,053,921)	(2,679,798)	(9,372,744)	(12,052,542)
Financial results total	(278,674,469)	62,861,544	(215,812,925)	(308,513,005)	46,717,379	(261,795,626)	(231,506,889)	25,517,354	(205,989,535)

Table of Contents

26 Corporate income tax

The corporate income tax expense on continuing operations amounts to ThCh\$ 124,678,928 ThCh\$ 94,068,463 and ThCh\$ 92,225,788, for the periods according to the following detail:

<u>Expenses (income) due to income tax, current and deferred portions (presentation)</u>	<u>For the year ended December 31,</u>		
	<u>2014</u>	<u>2013</u>	<u>2012</u>
	<u>ThCh\$</u>	<u>ThCh\$</u>	<u>ThCh\$</u>
Current tax expense	107,130,790	68,701,274	82,748,194
Total current tax expenses, Net	107,130,790	68,701,274	82,748,194
Deferred tax income (expense) due to taxes arising from the creation and reversal of temporary differences	(1,572,147)	18,714,831	21,118,918
Deferred expenses (income) due to taxes arising from the changes in tax rates or new rates	20,373,016	6,652,358	(11,641,324)
Total deferred tax expenses, net	18,800,869	25,367,189	9,477,594
Tax expense on continuing operations	125,931,659	94,068,463	92,225,788
<u>Expenses (income) due to income tax, by source (national, foreign) (presentation)</u>	<u>For the year ended December 31,</u>		
	<u>2014</u>	<u>2013</u>	<u>2012</u>
	<u>ThCh\$</u>	<u>ThCh\$</u>	<u>ThCh\$</u>
Current income tax expense, Net, Foreign	83,895,424	52,504,750	70,950,015
Current income tax expense, Net, Local	23,235,366	44,920,056	11,798,179
Current income tax expense, Net, Total	107,130,790	97,424,806	82,748,194
Deferred income tax expense, Net, Foreign	(681,264)	(9,836,201)	(15,214,306)
Deferred income tax expense, Net, Local	19,482,133	6,479,858	24,691,900
Deferred income tax expense, Net, Total	18,800,869	(3,356,343)	9,477,594
Tax Expense on continuing operations	125,931,659	94,068,463	92,225,788

The tax expense on continuing operations excludes the tax expense from the discontinued operation of ChTh\$- 1,599,496 for the year ended December 31, 2014 (Dec 2013: 2,089,310 and Dec 2012: 8,262,494), see note 34.

Table of Contents

The following chart shows the reconciliation between the corporate income tax calculations resulting from the application of the legal and effective rates for the periods:

Reconciliation of income tax expense using the statutory rate to income tax expense using the effective rate	For the periods		
	2014 ThCh\$	2013 ThCh\$	2012 ThCh\$
Income tax expense using the legal rate	61,398,123	63,115,282	59,435,560
Tax effect of rates in other territories	15,170,940	19,661,979	24,183,407
Non-taxable expenses	7,432,995	6,180,072	15,447,183
Non-taxable income	—	—	8,103,282
Price level restatement under tax law	(25,080,449)	(8,945,672)	(3,853,610)
Colombia –Presumptive Income rate adjustment 9% (rate 34% and credit 25%)	3,853,344	6,652,358	(11,641,323)
Tax Effect of changes in tax rates	20,373,017		
Effect of share of profit of equity-accounted investee	(1,859,945)	(2,024,785)	(1,108,276)
Amortization of deductible expenses for tax- Goodwill Colombia	39,609,320		
Changes in estimates related to prior years	5,034,314	9,429,229	1,659,565
Adjustments to tax expenses using the legal rate, total	64,533,536	30,953,181	32,790,228
Income tax expense using the effective rate	125,931,659	94,068,463	92,225,788

a) Tax losses:

The Company has deferred assets for tax losses arising from the different countries where it has investments. These arise mainly in the retail and real estate areas, both in Chile and abroad. For the tax losses carry-forward, there are no limits regarding their usage in all jurisdictions where the Group operates, the realization of tax losses is estimated based on the Group future projections.

These losses are in countries where they have no time limit and their reversal is estimated as projected future revenues as increasing.

b) Reversal of asset and liability timing differences:

The reversal of asset and liability timing differences is directly related to the nature of the asset and liability accounts generating these differences. There is no set term for the reversal of timing differences, due to the reversal of some and the origin of others.

c) Rate of income tax.

The current income tax rate in Chile that affects the Company is 21% for the fiscal year 2014 (Dec 2013: 20%).

On September 29, 2014, Law No. 20,780 was enacted and published in the Official Gazette, introducing various amendments to the current income tax law and taxation rules for other taxes.

Table of Contents

The new tax reform comprises a dual income tax system, Attributed Profit Income (API) and Partially Integrated System (PIS), the main differences between these systems are as follows:

Attributed Profit Income (API)

Shareholders would be taxed on an accrued basis

Income tax rate of 25%

Final tax with a 100% of tax credit

ETR (effective tax rate) of 35%

Excess of distribution over the taxable income will be taxable by the owner (exception)

Under the recently enacted tax law, the income tax rate will increase to 21%, 22.5%, 24%, 25.5% and 27%, for the years 2014, 2015, 2016, 2017, 2018 and following fiscal years, respectively, based on the adoption of the partially integrated system.

Alternatively, for the years 2014, 2015, 2016 and 2017 and following fiscal years, an increase of 21%, 22.5%, 24%, and 25%, respectively, will apply in the event that other companies adopt the attributed taxable income system.

The Income Tax System adopted by Cencosud was the partially integrated system unless otherwise is indicated by the Shareholders by the end of 2016 (July – December).

Based on the adoption of the Partially Integrated System and the application of the progressive increase of its rates, Cencosud had an increase in its deferred tax liability balance which resulted in a loss in its Income Statement for ChTh\$ 25,445,577 first effect to September 30 and . a loss in the last quarter 2014 of ChTh 1,618,860.

The rates that affect its foreign subsidiaries are: 35% in Argentina, 33% in Colombia, 30% in Peru and 34% in Brazil. For Colombia, this current rate was modified from 33% to 34% and enacted in 2013.

With date December 15, 2014, Peru enacted in law N° 30.296 which envisages gradual reduction in taxes from the current 30% to 28% in 2015-2016, 27% in 2017-2018, and 26% from 2019 onwards. The effects caused by this new law are recognized in the year 2014 and resulted in a profit in its Income Statement for ThCh\$ 6,110,161.

Additionally, with date December 23, 2014 in Colombia was enacted law N° 1.739. The effects caused by this new law are recognized in the year 2014 and resulted in a profit in its Income Statement for ThCh\$ 581,261.

d) Deferred taxes not recognized.

The Company has no unrecognized deferred taxes as of the date of these financial statements.

Table of Contents

27 Earnings per share

The basic earnings per share is calculated dividing the profits attributable to the Company shareholders among the weighted average of the common shares circulating during the year, excluding any common shares acquired by the Company and held as treasury shares.

<u>Basic Earnings per Share</u>	<u>For the year ended December 31,</u>		
	<u>2014</u>	<u>2013</u>	<u>2012</u>
Profit from continuing operations attributable to controlling shareholders	152,233,031	241,573,109	216,911,336
Profit from discontinued operations attributable to controlling shareholders	12,661,641	8,357,240	33,047,279
Available income for common shareholders, basic	164,894,672	249,930,349	249,958,615
Weighted average of share number, basic	2,828,723,963	2,762,910,986	2,327,518,639
Earnings per share from continued operations, basic	53.8	87.4	93.2
Earnings per share from discontinued operations, basic	4.5	3.0	14.2

The diluted earnings per share are calculated dividing the profits attributable to the Company's shareholders by the weighted-average of common shares that would be issued if all common shares were converted with diluting effects.

<u>Basic Earnings per Share, diluted</u>	<u>For the year ended December 31,</u>		
	<u>2014</u>	<u>2013</u>	<u>2012</u>
Profit from continuing operations attributable to controlling shareholders	152,233,031	241,573,109	216,911,336
Profit from discontinued operations attributable to controlling shareholders	12,661,641	8,357,240	33,047,279
Available income for common shareholders, diluted	164,894,672	249,930,349	249,958,615
Weighted average of share number, diluted	2,828,723,963	2,783,287,215	2,350,018,639
Earnings per share from continued operations, diluted	53.8	86.8	92.3
Earnings per share from discontinued operations, diluted	4.5	3.0	14.1

The diluted earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average of common shares that would be issued on the conversion of all dilutive potential ordinary shares are dilutive.

<u>Reconciliation of basic and diluted shares</u>	<u>For the year ended December 31,</u>		
	<u>2014</u>	<u>2013</u>	<u>2012</u>
	<u>ThCh\$</u>	<u>ThCh\$</u>	<u>ThCh\$</u>
Weighted average number of shares, basic	2,828,723,963	2,762,910,986	2,327,518,639
Increase in shares from share-based compensation plans	—	20,376,229	22,500,000
Weighted average number of shares, diluted	2,828,723,963	2,783,287,215	2,350,018,639

Table of Contents

28 Information by segment

The Company reports the information by segment according to what is set forth in IFRS 8 “Operating Segments.” An operating segment is defined as a component of an entity over which separated financial information is available and is regularly reviewed.

In the information by segments, all transactions between the different operating segments have been eliminated.

Amended presentation for discontinued operations:

As discussed in Note 2.1, these consolidated financial statements have been re-presented to retroactively present the Subject Companies as discontinued operations. As such, the following segment information has also been re-presented to exclude the Subject Companies from the Financial services segment and to present them as discontinued operations remaining forty-nine percent (49%) owned by Cencosud as indicated in the Framework Agreement further explained in noted 2.1.

28.1 Segmentation criteria

For management purposes, the Company is organized in five operative divisions: Supermarkets, Shopping Centers, Home Improvement stores, Department stores and Financial Services. These segments are the basic on which the Company makes decisions with respect to its operations and resource allocation.

The operative segments are disclosed in a similar way with the presentation of the internal reports used by Management in the control and decision making process, considering the segments from a point of view according to the type of business and geographical area.

The operating segments that are reported derive their revenues mainly from the sale of products and rendering of services to final consumers of retail. There are no customers whose purchases represent more than 10% of the consolidated revenue, nor a specific business segment.

The rest of the minor activities, mainly including the travel agency and family-entertainment centers businesses, plus certain consolidation adjustments and corporate expenses administered centrally, are included in the segment “Support services, financing, adjustments and other”.

Table of Contents

28.2 Regional information by segment

The segment information which is delivered to the chief operating decision maker (“Board of Directors”) of the reportable segments for the years ended December 31, 2014, 2013 and 2012 in thousands of Chilean pesos, is the following:

Regional information, by segment

	Supermarkets	Shopping Centers	Home improvement	Department stores	Financial services	Support services, financing, adjustments and other	Consolidated	Discontinued
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Consolidated statement of income								
For the year ended December 31, 2014								
Revenues from ordinary activities	8,159,236,907	214,849,681	1,225,616,059	991,442,445	117,678,894	2,205,260	10,711,029,246	201,825,995
Cost of sales	(6,204,110,370)	(28,028,570)	(800,341,557)	(741,279,355)	(39,046,459)	(1,966,924)	(7,814,773,235)	(55,799,003)
Gross Margin	1,955,126,537	186,821,111	425,274,502	250,163,090	78,632,435	238,336	2,896,256,011	146,026,992
Other revenues by function	9,212,081	100,845,534	725,300	1,730,198	(6)	1,924,609	114,437,716	190,554
Sales, general and administrative expenses	(1,674,771,984)	(34,477,086)	(327,214,081)	(258,903,578)	(42,531,877)	(157,537,003)	(2,495,435,609)	(69,130,204)
Financial expenses and income, net	—	—	—	—	—	(215,455,607)	(215,455,607)	(38,692,934)
Participation in profit or loss of equity method associates	36,241	6,171,965	—	—	—	—	6,208,206	—
Exchange differences	—	—	—	—	—	(23,642,912)	(23,642,912)	(19,198,679)
(Losses) from Indexation	—	—	—	—	—	(39,575,950)	(39,575,950)	(4,969,932)
Other gains (Losses), net	—	—	—	2,434,854	—	32,189,627	34,624,481	35,340
Income tax charge	—	—	—	—	—	(125,931,659)	(125,931,659)	(1,599,496)
Profit (loss)	289,602,875	259,361,524	98,785,721	(4,575,436)	36,100,552	(527,790,559)	151,484,677	12,661,641
Profit (loss) from continuing operations	289,602,875	259,361,524	98,785,721	(4,575,436)	36,100,552	(527,790,559)	151,484,677	—
Profit (loss) from discontinued operations attributable to owners of the Company	—	—	—	—	—	—	—	12,661,641
Profit (loss) of attributable to non-controlling interest	—	—	—	—	—	748,354	748,354	—
Profit for the year attributable to shareholders, Total	289,602,875	259,361,524	98,785,721	(4,575,436)	36,100,552	(527,042,205)	152,233,031	12,661,641
Depreciation and amortization	134,505,152	5,487,636	20,362,503	26,429,194	1,942,336	11,316,220	200,043,041	2,299,772

Table of Contents

	Supermarkets ThCh\$	Shopping Centers ThCh\$	Home improvement ThCh\$	Department stores ThCh\$	Financial services ThCh\$	Support services, financing, adjustments and other ThCh\$	Consolidated ThCh\$	Discontinued ThCh\$
Consolidated statement of income								
For the year ended December 31, 2013								
Revenues from ordinary activities	7,682,993,707	205,331,757	1,176,889,876	970,359,682	81,651,184	16,932,004	10,134,158,210	206,881,617
Cost of sales	(5,782,590,090)	(23,340,760)	(787,402,395)	(701,529,624)	(25,937,848)	(3,450,895)	(7,324,251,612)	(59,816,671)
Gross Margin	1,900,403,617	181,990,997	389,487,481	268,830,058	55,713,336	13,481,109	2,809,906,598	147,064,946
Other revenues by function	13,066,677	94,247,902	238,535	225,651	—	512,480	108,291,245	422,737
Sales, general and administrative expenses	(1,608,981,816)	(38,776,668)	(309,684,052)	(245,331,298)	(15,666,959)	(139,140,716)	(2,357,581,509)	(90,339,754)
Financial expenses and income, net	—	—	—	—	—	(217,856,576)	(217,856,576)	(34,973,385)
Participation in profit or loss of equity method associates	165,512	10,123,927	—	—	—	—	10,289,439	—
Exchange differences	—	—	—	—	—	(25,053,921)	(25,053,921)	(9,669,536)
(Losses) from Indexation	—	—	—	—	—	(18,885,129)	(18,885,129)	(2,074,458)
Other gains (Losses), net	—	—	—	1,029,785	—	25,336,087	26,365,872	16,000
Income tax charge	—	—	—	—	—	(94,068,463)	(94,068,463)	(2,089,310)
Profit (loss)	304,653,990	247,586,158	80,041,964	24,754,196	40,046,377	(455,675,129)	241,407,556	8,357,240
Profit (loss) from continuing operations	304,653,990	247,586,158	80,041,964	24,754,196	40,046,377	(455,675,129)	241,407,556	8,357,240
Profit (loss) from discontinued operations attributable to owners of the Company	—	—	—	—	—	—	—	8,357,240
Profit (loss) of attributable to non-controlling interest	—	—	—	—	—	165,553	165,553	—
Profit for the year attributable to shareholders, Total	304,653,990	247,586,158	80,041,964	24,754,196	40,046,377	(455,509,576)	241,573,109	8,357,240
Depreciation and amortization	130,205,423	3,949,574	19,481,127	24,609,973	1,776,078	6,553,841	186,576,016	2,461,658

Table of Contents

	Supermarkets	Shopping Centers	Home improvement	Department stores	Financial services	Support services, financing, adjustments and other	Consolidated total	Discontinued operation financial services
Consolidated statement of income	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
For the year ended December 31, 2012								
Revenues from ordinary activities	6,733,610,368	172,103,636	1,063,086,246	886,074,835	58,453,967	12,021,824	8,925,350,876	223,726,231
Cost of sales	(5,057,477,386)	(27,212,848)	(711,500,077)	(644,667,874)	(21,081,862)	(2,294,000)	(6,464,234,047)	(83,597,726)
Gross Margin	<u>1,676,132,982</u>	<u>144,890,788</u>	<u>351,586,169</u>	<u>241,406,961</u>	<u>37,372,105</u>	<u>9,727,824</u>	<u>2,461,116,829</u>	<u>140,128,505</u>
Other revenues by function	7,095,688	98,906,148	102,797	315,626	0	590,533	107,010,792	99,278
Sales, general and administrative expenses	(1,368,788,836)	(26,739,071)	(278,043,349)	(221,491,769)	(46,803,305)	(106,523,510)	(2,048,389,840)	(73,431,624)
Financial expenses and income, net	—	—	—	—	—	(170,399,241)	(170,399,241)	(32,512,401)
Participation in profit or loss of equity method associates	98,335	5,643,512	—	—	0	(99,436)	5,642,411	(2,695)
Exchange differences	—	—	—	—	—	(12,052,542)	(12,052,542)	9,372,744
(Losses) from Indexation	—	—	—	—	—	(23,537,752)	(23,537,752)	(2,377,697)
Other earnings (Losses), net	—	—	—	—	—	(7,403,018)	(7,403,018)	33,663
Income tax charge	—	—	—	—	—	(92,225,788)	(92,225,788)	(8,262,494)
Profit (loss)	314,538,169	222,701,377	73,645,617	20,230,818	(9,431,200)	(401,922,930)	219,761,851	33,047,279
Profit (loss) from continuing operations	314,538,169	222,701,377	73,645,617	20,230,818	(9,431,200)	(401,922,930)	219,761,851	—
Profit (loss) from discontinued operations attributable to owners of the Company	—	—	—	—	—	—	—	33,047,279
Profit (loss) of attributable to non-controlling interest	—	—	—	—	—	(2,850,515)	(2,850,515)	—
Profit for the year attributable to shareholders, Total	<u>314,538,169</u>	<u>222,701,377</u>	<u>73,645,617</u>	<u>20,230,818</u>	<u>(9,431,200)</u>	<u>(404,773,445)</u>	<u>216,911,336</u>	<u>33,047,279</u>
Depreciation and amortization	89,454,327	2,605,979	17,740,121	22,895,958	954,777	5,289,657	138,940,819	2,509,579

Table of Contents

The Company controls the results of each of the operating segments, at the level of revenues, costs and management expenses. The support services, exchange rates, readjustments, taxes and non-recurring income and expense, or financial income, are not allocated, as they are centrally managed.

The financing policy of the Group has been historically getting financed and managing these resources through the Company Holding Cencosud S.A., the funds are subsequently transferred to other countries as required to finance the local investments. This policy aims to reduce the financial cost of the Group.

Table of Contents

28.3 Gross margin by country and segment, in thousands of Chilean pesos:

Gross margin by country and segment

For the year ended December 31, 2014	Supermarkets ThCh\$	Shopping Centers ThCh\$	Home improvement ThCh\$	Department stores ThCh\$	Financial services ThCh\$	Support services, financing, adjustments and other ThCh\$	Continuing operations total ThCh\$	Discontinued operation financial services ThCh\$
Chile								
Ordinary income, total	2,354,805,121	120,733,606	465,520,212	952,203,421	329,538	(1,030,905)	3,892,560,993	201,825,995
Cost of sales	(1,766,081,982)	(7,302,377)	(329,587,879)	(707,454,394)	(260,542)	(515,869)	(2,811,203,043)	(55,799,003)
Gross margin	588,723,139	113,431,229	135,932,333	244,749,027	68,996	(1,546,774)	1,081,357,950	146,026,992
Argentina								
Ordinary income, total	1,813,585,714	66,588,613	692,925,000	—	62,597,051	8,122,804	2,643,819,182	—
Cost of sales	(1,257,008,623)	(18,675,802)	(420,660,060)	—	(16,245,766)	(2,001,225)	(1,714,591,476)	—
Gross margin	556,577,091	47,912,811	272,264,940	—	46,351,285	6,121,579	929,227,706	—
Brazil								
Ordinary income, total	2,154,312,700	—	—	—	3,842,801	—	2,158,155,501	—
Cost of sales	(1,720,817,095)	—	—	—	—	—	(1,720,817,095)	—
Gross margin	433,495,605	—	—	—	3,842,801	—	437,338,406	—
Peru								
Ordinary income, total	836,676,581	17,438,146	—	39,239,024	42,814,446	835,932	937,004,129	—
Cost of sales	(653,144,482)	(1,678,214)	—	(33,824,961)	(22,540,153)	693,161	(710,494,649)	—
Gross margin	183,532,099	15,759,932	—	5,414,063	20,274,293	1,529,093	226,509,480	—
Colombia								
Ordinary income, total	999,856,791	10,089,316	67,170,848	—	8,095,057	(5,722,571)	1,079,489,441	—
Cost of sales	(807,058,188)	(372,177)	(50,093,618)	—	—	(142,989)	(857,666,972)	—
Gross margin	192,798,603	9,717,139	17,077,230	—	8,095,057	(5,865,560)	221,822,469	—
Total								
Ordinary income, total	8,159,236,907	214,849,681	1,225,616,060	991,442,445	117,678,893	2,205,260	10,711,029,246	201,825,995
Cost of sales	(6,204,110,370)	(28,028,570)	(800,341,557)	(741,279,355)	(39,046,461)	(1,966,922)	(7,814,773,235)	(55,799,003)
Gross margin	1,955,126,537	186,821,111	425,274,503	250,163,090	78,632,432	238,338	2,896,256,011	146,026,992

Table of Contents

For the year ended December 31, 2013	Supermarkets ThCh\$	Shopping Centers ThCh\$	Home improvement ThCh\$	Department stores ThCh\$	Financial services ThCh\$	Support services, financing, adjustments and other ThCh\$	Continuing operations total ThCh\$	Discontinued operation financial services ThCh\$
Chile								
Ordinary income, total	2,227,303,379	112,838,221	448,703,025	955,776,720	0	(1,199,580)	3,743,421,765	206,881,617
Cost of sales	(1,667,850,383)	(6,819,735)	(319,188,084)	(689,359,574)	0	(568,775)	(2,683,786,551)	(59,816,671)
Gross margin	559,452,996	106,018,486	129,514,941	266,417,146	0	(1,768,355)	1,059,635,214	147,064,946
Argentina								
Ordinary income, total	1,786,933,136	69,296,509	682,009,977	—	44,739,642	18,871,615	2,601,850,879	—
Cost of sales	(1,245,360,758)	(13,833,170)	(434,482,148)	—	(11,406,064)	(2,742,129)	(1,707,824,269)	—
Gross margin	541,572,378	55,463,339	247,527,829	—	33,333,578	16,129,486	894,026,610	—
Brazil								
Ordinary income, total	2,003,897,962	—	—	—	3,983,225	—	2,007,881,187	—
Cost of sales	(1,550,663,330)	—	—	—	—	—	(1,550,663,330)	—
Gross margin	453,234,632	—	—	—	3,983,225	—	457,217,857	—
Peru								
Ordinary income, total	745,469,519	14,555,001	—	14,582,962	25,347,365	189,260	800,144,107	—
Cost of sales	(577,962,622)	(2,337,166)	—	(12,170,050)	(14,531,784)	(139,991)	(607,141,613)	—
Gross margin	167,506,897	12,217,835	—	2,412,912	10,815,581	49,269	193,002,494	—
Colombia								
Ordinary income, total	919,389,711	8,642,026	46,176,874	—	7,580,951	(929,290)	980,860,272	—
Cost of sales	(740,752,997)	(350,689)	(33,732,163)	—	—	—	(774,835,849)	—
Gross margin	178,636,714	8,291,337	12,444,711	—	7,580,951	(929,290)	206,024,423	—
Total								
Ordinary income, total	7,682,993,709	205,331,757	1,176,889,876	970,359,682	81,651,184	16,932,003	10,134,158,210	206,881,617
Cost of sales	(5,782,590,090)	(23,340,760)	(787,402,395)	(701,529,624)	(25,937,848)	(3,450,895)	(7,324,251,612)	(59,816,671)
Gross margin	1,900,403,619	181,990,997	389,487,481	268,830,058	55,713,336	13,481,108	2,809,906,598	147,064,946

Table of Contents

Gross margin by country and segment

For the year ended December 31, 2012	Supermarkets ThCh\$	Shopping Centers ThCh\$	Home improvement ThCh\$	Department stores ThCh\$	Financial services ThCh\$	Support services, financing, adjustments and other ThCh\$	Continuing operations total ThCh\$	Discontinued operation financial services ThCh\$
Chile								
Ordinary income, total	2,057,975,971	93,090,583	400,374,671	886,074,835	0	1,125,243	3,438,641,303	223,726,231
Cost of sales	(1,560,271,586)	(8,201,277)	(285,324,555)	(644,667,874)	0	(535,983)	(2,499,001,275)	(83,597,726)
Gross margin	497,704,385	84,889,306	115,050,116	241,406,961	0	589,260	939,640,028	140,128,505
Argentina								
Ordinary income, total	1,751,868,719	65,468,487	619,984,596	—	41,237,795	10,588,737	2,489,148,334	—
Cost of sales	(1,235,669,100)	(14,498,868)	(394,867,272)	—	(10,786,532)	(1,697,425)	(1,657,519,197)	—
Gross margin	516,199,619	50,969,619	225,117,324	—	30,451,263	8,891,312	831,629,137	—
Brazil								
Ordinary income, total	2,095,104,021	—	—	—	3,675,547	—	2,098,779,568	—
Cost of sales	(1,639,791,932)	—	—	—	—	—	(1,639,791,932)	—
Gross margin	455,312,089	—	—	—	3,675,547	—	458,987,636	—
Peru								
Ordinary income, total	713,307,958	12,725,632	—	—	13,115,177	307,844	739,456,611	—
Cost of sales	(535,329,816)	(4,482,928)	—	—	(10,295,330)	(60,592)	(550,168,666)	—
Gross margin	177,978,142	8,242,704	—	—	2,819,847	247,252	189,287,945	—
Colombia								
Ordinary income, total	115,353,699	818,934	42,726,979	—	425,448	—	159,325,060	—
Cost of sales	(86,414,952)	(29,775)	(31,308,250)	—	—	—	(117,752,977)	—
Gross margin	28,938,747	789,159	11,418,729	—	425,448	—	41,572,083	—
Total								
Ordinary income, total	6,733,610,368	172,103,636	1,063,086,246	886,074,835	58,453,967	12,021,824	8,925,350,876	223,726,231
Cost of sales	(5,057,477,386)	(27,212,848)	(711,500,077)	(644,667,874)	(21,081,862)	(2,294,000)	(6,464,234,047)	(83,597,726)
Gross margin	1,676,132,982	144,890,788	351,586,169	241,406,961	37,372,105	9,727,824	2,461,116,829	140,128,505

Table of Contents

28.4 Regional information by segment: Total assets

At December 31, 2014	Supermarkets ThCh\$	Shopping Centers ThCh\$	Home improvement ThCh\$	Department stores ThCh\$	Financial services ThCh\$	Support services, financing, adjustments and other ThCh\$	Consolidated total ThCh\$
Current Assets							
Cash and cash equivalent	152,859,721	6,462,947	11,252,555	26,745,107	16,820,985	4,730,478	218,871,793
Other financial assets, current	—	—	—	—	—	47,778,995	47,778,995
Other non-financial assets, current	4,081,250	1,174,486	2,264,731	828,702	183,117	2,114,206	10,646,492
Trade receivables and other receivables, current	322,351,096	33,472,707	60,528,075	43,259,975	311,292,653	10,672,248	781,576,754
Trade receivables due from related parties, current	—	1,371,016	—	—	—	—	1,371,016
Inventory, current	700,587,712	—	238,454,570	155,567,301	—	—	1,094,609,583
Income tax receivable, current	1,500,907	1,458,328	755,879	6,884,749	2,357,468	41,239,086	54,196,417
Assets held for the sales	—	—	—	—	793,416,576	—	793,416,576
Total current assets	1,181,380,686	43,939,484	313,255,810	233,285,834	1,124,070,799	106,535,013	3,002,467,626
Non-Current Assets							
Other financial assets, non-current	—	—	—	—	—	302,479,598	302,479,598
Other non-financial assets, non-current	—	—	—	—	—	33,873,417	33,873,417
Trade receivables and other receivables, non-current	20,154,938	—	—	—	13,202,701	1,419,716	34,777,355
Equity method investments	752,427	51,495,487	—	—	—	—	52,247,914
Intangible assets other than goodwill	202,601,955	119,575	6,246,077	168,670,499	3,607,455	19,296,619	400,542,180
Goodwill	1,444,501,573	35,813,194	4,436,254	138,159,463	59,438,079	—	1,682,348,563
Property, plant and equipment	2,048,467,430	356,180,482	309,921,733	261,250,882	3,600,107	30,307,822	3,009,728,456
Investment property	—	1,663,592,396	—	—	—	—	1,663,592,396
Income tax assets, non-current	—	—	—	—	—	43,047,543	43,047,543
Deferred income tax assets	—	—	—	—	—	491,398,181	491,398,181
Total non-current assets	3,716,478,323	2,107,201,134	320,604,064	568,080,844	79,848,342	921,822,896	7,714,035,603
Total Assets	4,897,859,009	2,151,140,618	633,859,874	801,366,678	1,203,919,141	1,028,357,909	10,716,503,229

Table of Contents

At December 31, 2013	Supermarkets ThCh\$	Shopping Centers ThCh\$	Home improvement ThCh\$	Department stores ThCh\$	Financial services ThCh\$	Support services, financing, adjustments and other ThCh\$	Consolidated total ThCh\$
Current Assets							
Cash and cash equivalent	127,987,761	4,134,789	8,371,625	13,356,724	16,426,776	1,433,950	171,711,625
Other financial assets, current	—	—	—	—	—	49,583,940	49,583,940
Other non-financial assets, current	7,138,420	665,031	2,067,224	400,880	400,137	933,801	11,605,493
Trade receivables and other receivables, current	331,091,832	26,414,689	65,976,199	35,509,197	660,782,211	9,673,425	1,133,447,553
Trade receivables due from related parties, current	—	432,303	—	—	—	—	432,303
Inventory, current	656,307,740	—	208,372,176	180,226,711	—	—	1,044,906,627
Income tax receivable, current	746,015	2,738,250	1,436,634	2,344,763	822,592	5,443,082	13,531,336
Total current assets	<u>1,123,271,768</u>	<u>34,385,062</u>	<u>286,223,858</u>	<u>235,838,275</u>	<u>678,431,716</u>	<u>67,068,198</u>	<u>2,425,218,877</u>
Non-Current Assets							
Other financial assets, non-current	—	—	—	—	—	92,405,358	92,405,358
Other non-financial assets, non-current	—	—	—	—	—	38,263,337	38,263,337
Trade receivables and other receivables, non-current	13,923,011	—	—	—	139,992,578	1,924,223	155,839,812
Equity method investments	1,052,894	48,889,260	—	—	—	—	49,942,154
Intangible assets other than goodwill	196,641,232	1,897	1,190,519	144,038,458	210,865,748	18,883,653	571,621,507
Goodwill	1,450,127,901	38,686,390	4,873,805	138,159,463	64,193,125	—	1,696,040,684
Property, plant and equipment	2,342,823,658	160,353,883	332,811,904	252,986,187	6,145,009	6,763,227	3,101,883,868
Investment property	—	1,568,432,058	—	—	—	—	1,568,432,058
Income tax assets, non-current	—	—	—	—	—	53,727,039	53,727,039
Deferred income tax assets	—	—	—	—	—	311,859,519	311,859,519
Total non-current assets	<u>4,004,568,696</u>	<u>1,816,363,488</u>	<u>338,876,228</u>	<u>535,184,108</u>	<u>421,196,460</u>	<u>523,826,356</u>	<u>7,640,015,336</u>
Total Assets	<u>5,127,840,464</u>	<u>1,850,748,550</u>	<u>625,100,086</u>	<u>771,022,383</u>	<u>1,099,628,176</u>	<u>590,894,554</u>	<u>10,065,234,213</u>

Table of Contents

28.5 Current Asset and liabilities by segment

Regional information by segment Current assets and liabilities at December 31, 2014	Supermarkets ThCh\$	Shopping Center ThCh\$	Home Improvement ThCh\$	Department Stores ThCh\$	Financial Services (Insurance + cards + bank)	Support Services, Financing, and	Total Consolidated ThCh\$
					ThCh\$	Other Settings ThCh\$	
Trade accounts payable and other payables	1,338,355,251	48,485,417	249,240,761	223,566,217	85,351,453	38,087,010	1,983,086,109

Regional information by segment Current assets and liabilities at December 31, 2013	Supermarkets ThCh\$	Shopping Center ThCh\$	Home Improvement ThCh\$	Department Stores ThCh\$	Financial Services (Insurance + cards + bank)	Support Services, Financing, and	Total Consolidated ThCh\$
					ThCh\$	Other Settings ThCh\$	
Trade accounts payable and other payables	1,358,568,357	45,068,829	247,192,916	215,322,018	70,380,105	21,460,993	1,957,993,218

28.6 Information by country, assets and liabilities

In thousands of Chilean pesos:

Assets and liabilities by country

At December 31, 2014	Chile	Argentina	Brazil	Peru	Colombia	Consolidated total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Total assets	4,950,428,641	1,335,607,168	1,554,510,379	1,180,226,630	1,695,730,411	10,716,503,229
Total liabilities	3,891,354,582	756,061,392	774,639,936	459,527,050	543,434,458	6,425,017,418
Net investment	1,059,074,059	579,545,776	779,870,443	720,699,580	1,152,295,953	4,291,485,811
Percentage of equity	24.7	13.5	18.2	16.8	26.9	100.00

At December 31, 2013	Chile	Argentina	Brazil	Peru	Colombia	Consolidated total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Total assets	4,594,880,919	1,234,539,186	1,483,616,643	1,008,012,702	1,744,184,763	10,065,234,213
Total liabilities	3,609,794,420	696,788,617	658,786,450	394,025,753	444,471,884	5,803,867,124
Net investment	985,086,499	537,750,569	824,830,193	613,986,949	1,299,712,879	4,261,367,089
Percentage of equity	23.1	12.6	19.4	14.4	30.5	100.00

Table of Contents

28.7 Regional information, including intersegments is as follows:

<u>Regional information, by segment</u>	<u>For the year ended December 31, 2014</u>		
	<u>Total segment revenue</u>	<u>Intersegment revenue</u>	<u>Revenue from external customer</u>
	<u>ThCh\$</u>	<u>ThCh\$</u>	<u>ThCh\$</u>
Supermarkets	8,159,236,907	—	8,159,236,907
Shopping	354,270,879	139,421,198	214,849,681
Home Improvement	1,232,202,692	6,586,633	1,225,616,059
Department stores	991,442,445	—	991,442,445
Financial Services	319,504,889	—	319,504,889
Financial Services (discontinued operations)	(201,825,995)	—	(201,825,995)
Others	2,205,260	—	2,205,260
TOTAL	10,857,037,077	146,007,831	10,711,029,246

<u>Regional information, by segment</u>	<u>For the year ended December 31, 2013</u>		
	<u>Total segment revenue</u>	<u>Intersegment revenue</u>	<u>Revenue from external customer</u>
	<u>ThCh\$</u>	<u>ThCh\$</u>	<u>ThCh\$</u>
Supermarkets	7,682,064,417	—	7,682,064,417
Shopping	321,500,128	116,168,371	205,331,757
Home Improvement	1,187,795,422	10,905,546	1,176,889,876
Department stores	970,359,682	—	970,359,682
Financial Services	288,532,801	—	288,532,801
Financial Services (discontinued operations)	(206,881,617)	—	(206,881,617)
Others	17,861,294	—	17,861,294
TOTAL	10,261,232,127	127,073,917	10,134,158,210

<u>Regional information, by segment</u>	<u>For the year ended December 31, 2012</u>		
	<u>Total segment revenue</u>	<u>Intersegment revenue</u>	<u>Revenue from external customer</u>
	<u>ThCh\$</u>	<u>ThCh\$</u>	<u>ThCh\$</u>
Supermarkets	6,733,610,368	—	6,733,610,368
Shopping	274,386,329	102,282,693	172,103,636
Home Improvement	1,071,180,346	8,094,100	1,063,086,246
Department stores	886,074,835	—	886,074,835
Financial Services	282,180,198	—	282,180,198
Financial Services (discontinued operations)	(223,726,231)	—	(223,726,231)
Others	12,021,824	—	12,021,824
TOTAL	9,035,727,669	110,376,793	8,925,350,876

Table of Contents

28.8 Non-current assets by country

At December 31, 2014	Chile	Argentina	Brazil	Peru	Colombia	Consolidated total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Other non-financial assets	25,929,866	6,211,511	—	1,725,040	7,000	33,873,417
Trade receivables and other receivables	11,092,704	3,760,685	19,923,966	—	—	34,777,355
Equity Method investments	51,495,487	—	—	752,427	—	52,247,914
Intangible assets other than goodwill	191,711,948	14,880,200	75,035,961	107,805,013	11,109,058	400,542,180
Goodwill	246,378,878	3,359,143	569,584,936	268,644,820	594,380,786	1,682,348,563
Property Plant and Equipment	1,190,341,063	336,413,924	404,896,191	369,333,777	708,743,501	3,009,728,456
Investment Property	1,268,128,765	205,318,919	—	160,257,212	29,887,500	1,663,592,396
Income tax assets, non-current	42,190,641	856,902	—	—	—	43,047,543
Non-current assets—Total	3,027,269,352	570,801,284	1,069,441,054	908,518,289	1,344,127,845	6,920,157,824

At December 31, 2013	Chile	Argentina	Brazil	Peru	Colombia	Consolidated total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Other non-financial assets	30,922,885	5,928,669	—	1,404,223	7,560	38,263,337
Trade receivables and other receivables	128,147,510	13,997,371	13,694,931	—	—	155,839,812
Equity Method investments	48,889,260	192,079	—	860,815	—	49,942,154
Intangible assets other than goodwill	372,172,379	10,830,938	74,926,954	100,080,155	13,611,081	571,621,507
Goodwill	246,271,648	3,816,863	555,816,040	248,204,885	641,931,248	1,696,040,684
Property Plant and Equipment	1,216,059,698	377,125,449	389,333,433	330,734,647	788,630,641	3,101,883,868
Investment Property	1,204,788,484	198,805,718	—	134,354,573	30,483,283	1,568,432,058
Income tax assets, non-current	42,963,654	756,141	—	—	10,007,244	53,727,039
Non-current assets—Total	3,290,215,518	611,453,228	1,033,771,358	815,639,298	1,484,671,057	7,235,750,459

The amounts for non-current assets by country shown in this note exclude other non-current financial assets, deferred tax assets as per IFRS 8.

Table of Contents

28.9 Consolidated Cash Flow by segment:

Regional information by segment Consolidated Segment Flows at December 31, 2014	<u>Supermarkets</u> ThCh\$	<u>Shopping Center</u> ThCh\$	<u>Home Improvement</u> ThCh\$	<u>Department Stores</u> ThCh\$	<u>Financial Services (Insurance + cards + bank)</u> ThCh\$	<u>Support Services, Financing, and Other Settings</u> ThCh\$	<u>Total Consolidated</u> ThCh\$	<u>Discontinued Operation financial services</u> ThCh\$
Net cash flows from (used in) operating activities	352,955,364	124,889,629	(7,609,958)	31,120,679	47,141,959	(158,258,909)	390,238,764	14,583,058
Net cash flows from (used in) investing activities	(154,641,311)	(33,155,410)	(22,292,309)	(15,108,427)	1,743,516	(9,942,326)	(233,396,267)	1,996,104
Net cash flows from (used in) financing activities	(177,846,105)	(89,306,076)	33,326,282	(2,623,869)	(47,718,370)	171,789,652	(112,378,486)	(80,580,490)
Regional information by segment Consolidated Segment Flows at December 31, 2013	<u>Supermarkets</u> ThCh\$	<u>Shopping Center</u> ThCh\$	<u>Home Improvement</u> ThCh\$	<u>Department Stores</u> ThCh\$	<u>Financial Services (Insurance + cards + bank)</u> ThCh\$	<u>Support Services, Financing, and Other Settings</u> ThCh\$	<u>Total Consolidated</u> ThCh\$	<u>Discontinued operation financial services</u> ThCh\$
Net cash flows from (used in) operating activities	297,980,105	116,800,693	(11,153,014)	23,490,373	61,466,198	(123,802,312)	364,782,043	62,716,526
Net cash flows from (used in) investing activities	(250,966,957)	(56,305,223)	(27,988,274)	(14,195,064)	(11,226,681)	40,174,729	(320,507,470)	(11,140,591)
Net cash flows from (used in) financing activities	(78,033,044)	(63,007,924)	34,736,268	(24,550,736)	(59,941,493)	83,767,553	(107,029,376)	8,888,132

Table of Contents

Regional information by segment Consolidated Segment Flows at December 31, 2012	<u>Supermarkets</u> ThCh\$	<u>Shopping Center</u> ThCh\$	<u>Home Improvement</u> ThCh\$	<u>Department Stores</u> ThCh\$	<u>Financial Services (Insurance + cards + bank)</u> ThCh\$	<u>Support Services, Financing, and Other Settings</u> ThCh\$	<u>Total Consolidated</u> ThCh\$	<u>Discontinued operation financial services</u> ThCh\$
Net cash flows from (used in) operating activities	511,615,028	138,682,474	59,899,058	37,800,248	60,778,455	(90,060,644)	718,714,619	50,441,523
Net cash flows from (used in) investing activities	(1,597,987,512)	(169,430,593)	(30,630,553)	(35,053,881)	2,525,737	(42,990,865)	(1,873,567,667)	2,523,768
Net cash flows from (used in) financing activities	1,144,256,989	35,772,502	(21,716,322)	11,406,894	(56,969,377)	133,326,730	1,246,077,416	(9,349,273)

Table of Contents

28.10 Additions to non-current assets:

<u>As of December 31, 2014</u>	<u>ThCh\$</u>	<u>Supermarkets ThCh\$</u>	<u>Shopping Center ThCh\$</u>	<u>Home Improvement ThCh\$</u>	<u>Department Stores ThCh\$</u>	<u>Financial Services (Insurance + cards + bank) ThCh\$</u>	<u>Support Services, Financing, and Other Settings ThCh\$</u>	<u>Total Consolidated ThCh\$</u>
Property plant and equipment	112,859,466	18,802,562	12,941,331	22,010,115	660,035	16,420,023		183,693,532
Intangible asset, other than goodwill	13,062,984	36,232	664,554	371,636	1,370,169	4,203,510		19,709,085
Goodwill	—	—	—	—	—	—		—
Investment properties	—	25,060,310	—	—	—	—		25,060,310
Total additions	125,922,450	43,899,104	13,605,885	22,381,751	2,030,204	20,623,533		228,462,927

<u>As of December 31, 2013</u>	<u>Supermarkets ThCh\$</u>	<u>Shopping Center ThCh\$</u>	<u>Home Improvement ThCh\$</u>	<u>Department Stores ThCh\$</u>	<u>Financial Services (Insurance + cards + bank) ThCh\$</u>	<u>Support Services, Financing, and Other Settings ThCh\$</u>	<u>Total Consolidated ThCh\$</u>
Property plant and equipment	185,955,442	13,119,685	15,953,772	21,905,020	726,912	6,924,556	244,585,387
Property plant and equipment, acquired through a business combination							
Intangible asset, other than goodwill	16,598,139	17,128	968,004	1,923,291	3,057,342	14,031,338	36,595,242
Intangible asset, other than goodwill, acquired through a business combination							
Goodwill							
Investment properties	—	37,900,602	—	—	—	—	37,900,602
Total additions	202,553,581	51,037,415	16,921,776	23,828,311	3,784,254	20,955,894	319,081,231

Table of Contents

28.11 Bank statements Paris:

Below is classified financial information of Banco Paris, used in the consolidation of Cencosud SA at December 31, 2014 and December 31, 2013.

<u>Assets</u>	<u>As of December 31,</u>	
	<u>2014</u>	<u>2013</u>
	<u>ThCh\$</u>	<u>ThCh\$</u>
Current assets		
Cash and cash equivalents	16,005,243	15,352,349
Other financial assets, current	9,990,759	8,785,942
Trade receivables and other receivables	106,543,456	129,922,520
Current tax assets	<u>1,664,830</u>	<u>460,086</u>
Total current assets	<u>134,204,288</u>	<u>154,520,897</u>
Non-current assets		
Trade receivable and other receivables, non-current	100,530,025	102,904,388
Receivables from related entities	396,861	38,010
Equity method investment	11,658	11,707
Intangible assets other than goodwill	3,205,105	3,175,651
Property, plant and equipment	695,289	1,284,878
Deferred income tax assets	<u>5,777,461</u>	<u>2,451,102</u>
Total non-current assets	<u>110,616,399</u>	<u>109,865,736</u>
Total assets	<u>244,820,687</u>	<u>264,386,633</u>

Table of Contents

Below is classified financial information of Banco Paris, used in the consolidation of Cencosud SA at December 31, 2014 and December 31, 2013.

<u>Net equity and liabilities</u>	<u>As of December 31,</u>	
	<u>2013</u>	<u>2013</u>
	<u>ThCh\$</u>	<u>ThCh\$</u>
Current liabilities		
Other financial liabilities, current	134,403,164	152,017,643
Trade payables and other payables	8,659,514	9,367,366
Current income tax liabilities	2,040,819	543,641
Current provision for employee benefits	402,241	539,068
Total current liabilities	145,505,738	162,467,718
Non-current liabilities		
Other financial liabilities,	49,183,735	58,435,417
Trade accounts payables	3,759,019	1,334,706
Deferred income tax liabilities	1,408,928	1,292,601
Total non-current liabilities	54,351,682	61,062,724
Total liabilities	199,857,420	223,530,442
Net equity		
Paid-in capital	39,579,421	39,579,421
Retained earnings (accumulated losses)	3,543,402	5,398,170
Other reserves	1,840,444	(4,121,400)
Net equity attributable to controlling shareholders	44,963,267	40,856,191
Non-controlling interest	—	—
Total net equity	44,963,267	40,856,191
Total net equity and liabilities	244,820,687	264,386,633

Below is classified financial information of Banco Paris, used in the consolidation of Cencosud SA at December 31, 2014 and December 31, 2013.

<u>Statement of integral income</u>	<u>For the year ended</u>	
	<u>December 31,</u>	
	<u>2014</u>	<u>2013</u>
	<u>ThCh\$</u>	<u>ThCh\$</u>
Revenues from ordinary activities	52,029,906	48,375,633
Cost of Sales	(9,416,113)	(458,483)
Gross Margin	42,613,793	47,917,150
Administrative expenses	(26,635,118)	(28,108,339)
Financial income	314,723	144,562
Financial expenses	(12,431,878)	(13,389,526)
	(1,686)	(5,301)
Exchange differences	10,260	(594)
Profit before tax	3,870,094	6,557,952
Income tax charge	(326,692)	(1,159,782)
Profit from ongoing operations	3,543,402	5,398,170
Net income	3,543,402	5,398,170

Table of Contents

29 Restrictions, contingencies, legal proceedings and other matters

- The subsidiaries of Cencosud S.A. in Chile are involved in lawsuits and litigation that are pending as of year-end. The amounts of these claims are covered by a civil liability insurance policy.
- A civil lawsuit was filed against the indirectly controlled affiliate GBarbosa Comercial (Brazil) by the Public Employees Union in supermarkets in the State of Sergipe, which is awaiting the first instance ruling. The union is seeking compensation for overtime hours for all employees of the subsidiary for the period after May 2007. The petition was filed and supported by the ruling, albeit still not judicial, that was issued through another public civil claim, which annulled a bank of hours from May 2007 to April 2009.

Based on the opinion of a legal advisor, we cannot estimate the value of the case given the complexity of the calculations related to the process, as well as the absence of sufficient evidence in the file in order to quantify.

The controlled indirect of Cencosud Colombia S.A., are involved in lawsuits and litigation that are pending as of year-end. The amounts of these claims are covered by a civil liability insurance policy. The contingencies and legal proceedings disclosed above are deemed to be of a possible outcome.

30 Leases

The Company leases installations, land, equipment and other assets under operating lease agreements.

The agreements have diverse durations and expiration periods, renewal rights and indexation clauses, which are mainly related to the inflation rate in the countries where the contracts are held.

30.1 Operating leases.

The Minimum Future Payments of leases, as a Lessee as of December 31, 2014 and 2013 are detailed below:

	As of December 31,	
	2014	2013
	ThCh\$	ThCh\$
Up to one year	154,892,848	132,974,984
Between two and up to five years	574,808,033	492,226,414
Over five years	1,439,759,315	1,328,213,321
Total	<u>2,169,460,196</u>	<u>1,953,414,719</u>

Lease payments and subleases recognized in the statement of income:

	As of December 31,	
	2014	2013
	ThCh\$	ThCh\$
Minimum payments from operational leases	176,168,561	155,286,694
Contingent leases from operational leases	31,252,963	13,514,956
Total	<u>207,421,524</u>	<u>168,801,650</u>

Table of Contents

The Minimum Future payments of leases, as a Lessor as of December 31, 2014 and 2013 are detailed below:

	As of December 31,	
	2014	2013
	ThCh\$	ThCh\$
Up to one year	151,493,592	132,839,245
Between two and five years	320,728,865	326,247,569
Over five years	103,388,470	95,137,675
Total	575,610,927	554,224,489

The contingent income recognized in the statement of income amounts to ThCh\$ 28,208,503 (ThCh\$ 27,642,623 as of December 31, 2013).

The Company has no individually significant operating leases, nor are there restrictions on the distribution of dividends or on incurring other leasing contracts or debt. All the contracts are at market values.

30.2 Financial leases

In Other property, plant and equipment are assets acquired under finance leases.

Property, plant and equipment, net	Balance as of,	
	31/12/2014	31/12/2013
	ThCh\$	ThCh\$
Land	8,044,818	8,026,326
Buildings	13,349,228	18,188,677
Information technology equipment fixed installations and accessories	1,564,895	10,716,244
Equipment	48,973	151,656
Vehicles	102,481	394,144
Total	23,110,395	37,477,047

The values of the future payments under these leases are as follows:

Reconciliation of minimum lease payments	Present Value	31/12/2014	
		Interest	Gross
	ThCh\$	ThCh\$	ThCh\$
Less than one year	2,671,208	515,992	3,187,200
Between one and five years	10,191,876	(914,790)	9,277,086
More than five years	18,366,339	3,369,100	21,735,439
Total	31,229,423	2,970,302	34,199,725

Table of Contents

	31/12/2013		
	Present Value	Interest	Gross
<u>Reconciliation of minimum lease payments</u>	<u>ThCh\$</u>	<u>ThCh\$</u>	<u>ThCh\$</u>
Less than one year	4,808,673	601,673	5,410,346
Between one and five years	10,357,480	2,417,808	12,775,288
More than five years	17,421,599	1,566,124	18,987,723
Total	<u>32,587,752</u>	<u>4,585,605</u>	<u>37,173,357</u>

31 Guarantees with third parties

The detail of the guarantees obtained is the following:

31.1 Guarantees received by project.

The amounts detailed below are related to off statements of financial position arrangement.

<u>Grantor of the guarantee</u>	As of December 31,	
	2014	2013
	<u>ThCh\$</u>	<u>ThCh\$</u>
Constructora INALCO S.A.		378,304
Inoxcentro Comercial SA	10,173	
Polex Chile SA	4,489	
Salfa Construcción S.A.		422,382
Ascensores OTIS Chile Ltda.		—
Constructora Cruzat S.A.		—
Traancura Ing. Constr. Ltda.		—
Constructora Cuevas y Purcell S.A.		335,449
Inmobiliaria y Constructora Class Ltda.		48,868
Empresa Constructora D L P Ltda.		58,024
Other Guarantees obtained for work completion		7,337
Total guarantees obtained for work completion	14,662	1,250,364
Guarantees received for store leases	8,252,727	8,403,703
Total guarantees obtained	<u>8,267,389</u>	<u>9,654,067</u>

31.2 Direct guarantees

<u>Guarantee creditor</u>	<u>Debtor</u>		<u>Guarantee type</u>	<u>Committed Assets</u>		
	<u>Name</u>	<u>Relation</u>		<u>Type</u>	<u>Book value</u>	<u>Book value</u>
					<u>2014</u>	<u>2013</u>
				<u>ThCh\$</u>	<u>ThCh\$</u>	
Other	Cencosud S.A Argentina	Subsidiary	Mortgage	Property, plant and equipment	4,154,567	3,186,327
Total property, plant and equipment					<u>4,154,567</u>	<u>3,186,327</u>

Table of Contents

31.3 Debt Balance from Direct Guarantees

<u>Guarantee creditor</u>	<u>Debtor</u>			<u>Book value</u>	<u>Book value</u>
	<u>Name</u>	<u>Relation</u>	<u>Guarantee type</u>	<u>2014</u>	<u>2013</u>
				<u>ThCh\$</u>	<u>ThCh\$</u>
Other	Cencosud S.A Argentina	Subsidiary	Mortgage	4,154,567	3,186,327
Total property, plant and equipment				<u>4,154,567</u>	<u>3,186,327</u>

32 Personnel distribution

The distribution of personnel of the Company is the following:

<u>Company</u>	<u>As of December 31, 2014</u>				
	<u>Managers and main executives</u>	<u>Professionals and technicians</u>	<u>Workers and other</u>	<u>Total</u>	<u>Average</u>
Cencosud S.A.	12	924	216	1,152	1,186
Subsidiaries in Chile—Argentina Brazil—Peru—Colombia	337	18,090	133,655	152,082	148,769
Total	349	19,014	133,871	153,234	149,955

<u>Company</u>	<u>As of December 31, 2013</u>				
	<u>Managers and main executives</u>	<u>Professionals and technicians</u>	<u>Workers and other</u>	<u>Total</u>	<u>Average</u>
Cencosud S.A.	15	767	396	1,178	1,170
Subsidiaries in Chile—Argentina—Brazil—Peru—Colombia	1,454	12,794	138,212	152,460	153,254
Total	1,469	13,561	138,608	153,638	154,424

Table of Contents

33 Stock options

As of December 31, 2014, the Company has a share-based compensation plan for executives of Cencosud S.A. and Affiliates. The details of the arrangements are described below:

Agreement	Stock options granted to key executives	
	2014 retention plan for executives	2015 retention plan for executives
Nature of the arrangement	2014 retention plan for executives	2015 retention plan for executives
Date of grant	September 2013	September 2014
Number of instruments granted	22,171,504 shares	10,057,500 shares
Exercise price	Ch\$ 2,600	Ch\$ 1,646
Share price at granted date	Ch\$ 2,071	Ch\$ 1,785
Vesting	0.9; 1.9; 2.9; 3.9 years	1.2; 2.2; 3.1; 3.4 years
Condition	a) As of the grant date, the executive must have a current employment contract with the Company or any of its subsidiaries in Chile or abroad without any interruption in its employment relationship. b) From the date of signing of the stock option contract and until the exercise date, the Executive has not committed any serious breaches of its employment duties, at the Company's sole discretion.	a) As of the grant date, the executive must have a current employment contract with the Company or any of its subsidiaries in Chile or abroad without any interruption in its employment relationship. b) From the date of signing of the stock option contract and until the exercise date, the Executive has not committed any serious breaches of its employment duties, at the Company's sole discretion.

Settlement	Shares	Shares or other representative instrument of money payable to the view
Data used in the options pricing model:		
Weighted average price of shares used	Ch\$ 2,071	Ch\$ 1,785
Exercise price	Ch\$ 2,600	Ch\$ 1,646
Expected volatility	23.4%	27.0%
Expected term at grant day (in years)	0.9; 1.9; 2.9; 3.9 years	1.2; 2.2; 3.1; 3.4 years
Risk free interest rate	5.0%	3.3%
Expected dividends (dividends yield)	1%	0.9%
Anticipated % of executives leaving the plan (at grant date)	10%	10%
Fair value of the option at the grant date	Ch\$ 157.49	Ch\$ 404.37

Table of Contents

As of December 31, 2013, the Company has the following compensation plans for executives, which during the month of April 2013 on the rights-based compensation plan for executives options were exercised Cencosud SA and subsidiaries that held the company. Details of the plans are described below:

<u>Agreement</u>	<u>Stock options granted to key executives</u>	<u>Stock options granted to key executives</u>
Nature of the arrangement	Years of service plan	Performance incentive
Date of grant	1/1/2010	1/1/2010
Number of instruments granted	8,392,143 shares	16,607,857 shares
Exercise price	Ch\$ 1,750	Ch\$ 1,750
Share price at grant date	Ch\$ 1,766.8	Ch\$ 1,766.8
Vesting	3.3	3.3
Condition	<p>a) As of the grant date, the executive must have a current employment contract with the Company or any of its subsidiaries in Chile or abroad without any interruption in its employment relationship.</p> <p>b) From the date of signing of the stock option contract and until the exercise date, the Executive has not committed any serious breaches of its employment duties, at the Company's sole discretion.</p>	<p>The investing condition requires that EBITDA for the year ended December 31, 2012 (meaning the Consolidated net income of Cencosud S.A. plus financial interest, depreciation, amortization and income taxes and excluding the variation of adjustment unit and change by revaluation of investment properties) increase 100% or more based on the EBITDA for the year ended December 31, 2009 (amounting to ThCh\$ 403,210,000. EBITDA is calculated based only on the businesses that the Company has or operates as of signing date of the stock options contract and excludes any acquisition (such as purchase, merger, or other similar transaction) made by the Company. The Board has approved a change to the performance incentive plan, as is described below.</p>

<u>Settlement</u>	<u>Shares</u>	<u>Shares</u>
Data used in the options pricing model:		
Weighted average price of shares used	Ch\$ 1,766.8	Ch\$ 1,766.8
Exercise price	Ch\$ 1,750	Ch\$ 1,750
Expected volatility	16.0%	16.0%
Expected term at grant day (in years)	3.3	3.3
Risk free interest rate	4.7%	4.7%
Expected dividends (dividends yield)	0%	0%
Anticipated % of executives leaving the plan (at grant date)	10%	10%
Fair value of the option at the grant date	Ch\$ 331.87	Ch\$ 331.87

Table of Contents

	Numbers of shares	
	2014	2013
Stock options granted to key executives		
1) Outstanding as of the beginning of the period	22,010,664	18,443,792
2) Granted during the period	10,152,500	26,374,148
3) Forfeited during the period	(1,762,368)	(875,474)
4) Exercised during the period	—	(21,931,802)
5) Expired at the end of the period	(5,209,098)	—
6) Outstanding at the end of the period	25,191,698	22,010,664
7) Vested and expected to vest at the end of the period	25,191,698	22,010,664
8) Eligible for exercise at the end of the period	675	370

Stock options—Impact in P&L	2014	2013	2012
	ThCh\$	ThCh\$	ThCh\$
Impact in the income statement	2,822,081	3,743,479	2,297,559

The Board has approved a change to the performance incentive plan, changing the condition of exercise in accordance with the EBITDA increase percentage actually achieved. It was also agreed to postpone the deadline for exercising the stock option plans until April 22, 2013.

Additionally, the Board delegated to its Chairman the possibility of providing additional options to the aforementioned performance incentive plan to certain key executives under the condition that they not exceed the limit of number of shares approved by the Shareholders dated April 25, 2008 for this purposes.

At the end of each reporting period, the Company revises its estimates of the number of options that can be exercised. The estimated number of options to be exercised is 25,191,698 and 22,010,664 shares at December 31, 2014 and December 31, 2013, respectively.

In relation to the 2015 Retention Plan, the outstanding options as of December 31, 2014 had a weighted-average contractual life of 1.73 years. In relation to the 2014 Retention Plan, the outstanding options as of December 31, 2014 had a weighted-average contractual life of 0.92 years.

The Company utilizes a valuation model that is based in a constant volatility assumption to value its employee share options. The fair value of each option grant has been estimated, as of the grant date, using the Black Scholes option pricing model.

34 Discontinued operations

The Company, together with its subsidiaries Cencosud Retail S.A. and Easy S.A., have entered into a framework agreement on June 20, 2014 (the “Framework Agreement”) with The Bank of Nova Scotia (“BNS”) and its wholly owned subsidiary Scotiabank Chile, to further develop, on a joint basis, the retail finance business in Chile (hereinafter, the “Business”). The Framework Agreement provides that the Business shall be operated through (i) CencosudAdministradora de Tarjetas S.A. (“CAT”), a current subsidiary of Cencosud that is in the business of issuing credit cards and (ii) CencosudAdministradora de Procesos S.A., CencosudServiciosIntegrales S.A., and CencosudCorredores de Seguros y Servicios Ltda., or other companies to be established by Cencosud for purposes of the Framework Agreement (together with CAT, hereinafter, the “Subject Companies”). As part of the agreement, Scotiabank Chile, upon regulatory approvals, will acquire fifty-one percent (51%) controlling interest of each of the Subject Companies, with Cencosud retaining the remaining forty-nine percent (49%) non-controlling interest.

Under IFRS Standard N° 5 (“IFRS 5”), “Disposal of subsidiaries, business and non-current assets”, the Subject Companies are considered as “Assets held for sale” as a result of Cencosud’s commitment to sell a controlling interest to an unrelated party under the Framework Agreement.

Table of Contents

IFRS 5 requires that (a) assets that meet the criteria to be classified as held for sale be measured at the lower of carrying amount and fair value less costs to sell, and depreciation on such assets to cease; and (b) assets that meet the criteria to be classified as held for sale be presented separately in the statement of financial position and the results of discontinued operations, net of tax, and be presented separately in the statement of comprehensive income. Net cash flows attributable to the operating, investing and financing activities of discontinued operations are required to be disclosed either in the notes to the financial statements or on the face of the statements of cash flows. IFRS 5 requires that a company “re-present” its financial disclosure of discontinued operations for all prior periods presented in the financial statements so that the disclosures relate to all operations that have been discontinued by the end of the reporting period for the latest period presented.

As such, the Company has presented the Subject Companies as discontinued operations in this consolidated financial statements as of December 31, 2014 and has re-presented the consolidated statements of income and comprehensive income of December 31, 2013 and 2012 and of cash flows of December 31, 2013 and 2012 to retroactively present the Subject Companies as discontinued operations.

As this transaction received regulatory approval for the full implementation of the joint venture framework agreement on April 10, 2015, The term for the consummation of the transaction has been estimated by the Company to be during the first semester of 2015.

Assets and liabilities of disposal group held for sale

As of December 31 2014, the disposal group was stated at its carrying amount

<u>Assets</u>	<u>12/31/2014</u>
	<u>ThCh\$</u>
Currents assets	
Cash and cash equivalents	755,493
Other financial assets, current	3,427,594
Other non-financial assets, current	88,360
Trade receivables and other receivables	445,652,518
Current tax assets	356,247
Total current assets	450,280,212
Non-current assets	
Other financial assets, non-current	—
Trade receivable and other receivables, non-current	120,815,446
Intangible assets other than goodwill	207,571,741
Property, plant and equipment	1,816,591
Non-current tax assets,	484,662
Deferred income tax assets	12,447,924
Total non-current assets	343,136,364
Total assets	793,416,576

Table of Contents

<u>Liabilities</u>	<u>12/31/2014</u>
	<u>ThCh\$</u>
Current liabilities	
Other financial liabilities, current	134,403,119
Trade payables and other payables	28,054,214
Provisions and other liabilities	2,139,131
Current income tax liabilities	357,563
Current provision for employee benefits	2,232,715
Total current liabilities	167,186,742
Non-current liabilities	
Other financial liabilities,	49,183,735
Deferred income tax liabilities	420,955
Total non-current liabilities	49,604,690
Total liabilities	216,791,432

Table of Contents

b) Results of discontinued operation

The following tables present the results for the discontinued operations

<i>In thousands of Chilean pesos</i>	<u>31/12/2014</u>	<u>31/12/2013</u>	<u>31/12/2012</u>
For the quarter ended Dec 31, 2012	<u>ThCh\$</u>	<u>ThCh\$</u>	<u>ThCh\$</u>
Revenues from ordinary activities	201,825,995	206,881,617	223,726,231
Cost of sales	(55,799,003)	(59,816,671)	(83,597,726)
Gross Profit	146,026,992	147,064,946	140,128,505
Other revenues by function	190,554	422,737	99,278
Sales, general and administrative expenses	(55,459,874)	(60,173,810)	(59,282,610)
Other expenses by function	(13,670,330)	(30,165,944)	(14,149,014)
Other gain (losses), net	35,340	16,000	33,663
Results from operating activities	77,122,682	57,163,929	66,829,822
Finance income	259,620	(144,562)	(120,992)
Finance expenses	(38,952,554)	(34,828,823)	(32,391,409)
Participation in profit or loss of equity method associates	—	—	(2,695)
Exchange differences	(19,198,679)	(9,669,536)	9,372,744
(Losses) from indexation	(4,969,932)	(2,074,458)	(2,377,697)
Results from operating activities before income tax	14,261,137	10,446,550	41,309,773
Income Tax	(1,599,496)	(2,089,310)	(8,262,494)
Profit from discontinued operations net of tax	12,661,641	8,357,240	33,047,279
Depreciation and amortization	2,299,772	2,461,658	2,509,579
Earnings per share from discontinued operations, basic	4.5	3.0	14.2
Earnings per share from discontinued operations, diluted	4.5	3.0	14.2

Table of Contents

b) Cash flows from (used in) discontinued operations

<i>In thousands of Chilean pesos</i>	<u>31/12/2014</u>	<u>31/12/2013</u>	<u>31/12/2012</u>
	<u>ThCh\$</u>	<u>ThCh\$</u>	<u>ThCh\$</u>
Net cash from (used in) operating activities	14,583,058	62,716,526	50,441,523
Net cash from (used in) investing activities	1,996,104	(11,140,591)	2,523,768
Net cash from (used in) financing activities	(80,580,490)	8,888,132	(9,349,273)

35 Environmental matters

As of December 31, 2014 and 2013, the Company has not made disbursements related to the protection of the environment, and there are no future commitments with regards to this matter.

36 Sanctions

At December 31, 2014 and December 31, 2013 the Superintendence of Securities and Insurance and other administrative authorities have not applied sanctions to the Company or its Directors

37 Subsequent events

On February 12, 2015 the Company has issued and placed on international markets two series of bonds for US \$1.000.000.000 (one billion dollars of the United States of America), the conformity with the regulation 144A of the Securities Act of the years 1933 of the United States of America and his correspondent Regulation S.

- a) Bonds for total amount USD's 650.000.000 (six hundred fifty million dollars of the United States of America) with maturity to 10 years, with a rate of interest of placement of 5,197% and rate of coupon of 5,150% (the "Bonds 2025"); and
- b) Bonds for total amount USD's 350.000.000 (three hundred fifty million dollars of the United States of America) with maturity to 30 years, with a rate of interest of placement of 6,632% and rate of coupon of 6,625% (the "Bonds 2045")

This successful refinancing is in line with the Group's financial strategy which is to seek to extend payment terms for our debts in order to shift focus to the operations and ultimately the leverage the Group.

On April 10, 2015, the Superintendency of Banks and Financial Institutions of Chile announced its approval of the joint venture between the Company and ScotiaBank.

Between the date of issuance of these consolidated financial statements and the filing date of this report, management is not aware of any other subsequent events that could significantly affect the consolidated financial statements.

INDENTURE

CENCOSUD S.A.,

as Issuer

CENCOSUD RETAIL S.A.,

as Guarantor

5.150% SENIOR NOTES DUE 2025

THE BANK OF NEW YORK MELLON,

as Trustee, Paying Agent, Registrar and Transfer Agent

and

THE BANK OF NEW YORK MELLON (LUXEMBOURG) S.A.,

as Luxembourg Paying Agent and Luxembourg Transfer Agent

Dated as of February 12, 2015

TABLE OF CONTENTS

		<u>Page</u>
ARTICLE I		
Definitions; Incorporation by Reference and Rules of Construction		
SECTION 1.01.	Definitions	1
SECTION 1.02.	Rules of Construction	7
ARTICLE II		
The Securities		
SECTION 2.01.	Amount of Securities; Issuable in Series	7
SECTION 2.02.	Form and Dating	8
SECTION 2.03.	Execution and Authentication	8
SECTION 2.04.	Registrar, Paying Agent and Transfer Agent	9
SECTION 2.05.	Paying Agent To Hold Money in Trust	10
SECTION 2.06.	Holder Lists	10
SECTION 2.07.	Transfer and Exchange	10
SECTION 2.08.	Replacement Securities	11
SECTION 2.09.	Outstanding Securities	11
SECTION 2.10.	Temporary Securities	12
SECTION 2.11.	Cancellation	12
SECTION 2.12.	Defaulted Interest	12
SECTION 2.13.	CUSIP and ISIN Numbers	12
SECTION 2.14.	Denomination	13
SECTION 2.15.	Open Market Purchases	13
ARTICLE III		
General Redemption Provisions		
SECTION 3.01.	Notices to Trustee	13
SECTION 3.02.	Notice of Redemption	13
SECTION 3.03.	Effect of Notice of Redemption	14
SECTION 3.04.	Deposit of Redemption Price	14
ARTICLE IV		
Optional Redemption		
SECTION 4.01.	Tax Redemption	14
SECTION 4.02.	Make-Whole Redemption	15
SECTION 4.03.	At Par Redemption	15

ARTICLE V

Covenants

SECTION 5.01.	Payment of Securities	15
SECTION 5.02.	Limitation on Liens	16
SECTION 5.03.	Limitation on Sale and Leaseback Transactions	18
SECTION 5.04.	Reporting Requirements	18
SECTION 5.05.	Additional Amounts	19
SECTION 5.06.	Rule 144A Information	22
SECTION 5.07.	Further Instruments and Acts	22
SECTION 5.08.	Statement as to Compliance	23
SECTION 5.09.	Corporate Existence	23
SECTION 5.10.	Listing	23

ARTICLE VI

Successor Company or Guarantor

SECTION 6.01.	When the Company or the Guarantor May Merge or Transfer Assets	24
---------------	--	----

ARTICLE VII

Defaults and Remedies

SECTION 7.01.	Events of Default	24
SECTION 7.02.	Acceleration	26
SECTION 7.03.	Other Remedies	26
SECTION 7.04.	Waiver of Past Defaults	26
SECTION 7.05.	Control by Majority	26
SECTION 7.06.	Limitation on Suits	27
SECTION 7.07.	Rights of Holders To Receive Payment	27
SECTION 7.08.	Collection Suit by Trustee	27
SECTION 7.09.	Trustee May File Proofs of Claim	28
SECTION 7.10.	Priorities	28
SECTION 7.11.	Undertaking for Costs	28
SECTION 7.12.	Waiver of Stay or Extension Laws	28

ARTICLE VIII

Trustee

SECTION 8.01.	Duties of Trustee	29
SECTION 8.02.	Rights of Trustee	30
SECTION 8.03.	Individual Rights of Trustee	32
SECTION 8.04.	Trustee's Disclaimer	32
SECTION 8.05.	Notice of Defaults	32

SECTION 8.06.	Compensation and Indemnity	32
SECTION 8.07.	Replacement of Trustee	33
SECTION 8.08.	Successor Trustee by Merger	34
SECTION 8.09.	Eligibility; Disqualification	34
SECTION 8.10.	Appointment of Co-Trustee	34
ARTICLE IX		
Defeasance; Discharge of Indenture		
SECTION 9.01.	Legal Defeasance and Covenant Defeasance	35
SECTION 9.02.	Conditions to Defeasance	37
SECTION 9.03.	Application of Trust Money	38
SECTION 9.04.	Repayment to Company	38
SECTION 9.05.	Indemnity for U.S. Government Obligations	39
SECTION 9.06.	Reinstatement	39
SECTION 9.07.	Satisfaction and Discharge	39
ARTICLE X		
Amendments		
SECTION 10.01.	Without Consent of Holders	40
SECTION 10.02.	With Consent of Holders	41
SECTION 10.03.	Revocation and Effect of Consents and Waivers	41
SECTION 10.04.	Notation on or Exchange of Securities	42
SECTION 10.05.	Trustee To Sign Amendments	42
ARTICLE XI		
Subsidiary Guarantee		
SECTION 11.01.	Subsidiary Guarantee	42
SECTION 11.02.	Limitation on Liability	44
SECTION 11.03.	Successors and Assigns	44
SECTION 11.04.	No Waiver	45
SECTION 11.05.	Modification	45
SECTION 11.06.	Non-Impairment	45
SECTION 11.07.	Release of Subsidiary Guarantor	45
ARTICLE XII		
Miscellaneous		
SECTION 12.01.	Notices	46
SECTION 12.02.	Certificate and Opinion as to Conditions Precedent	47
SECTION 12.03.	Statements Required in Certificate or Opinion	48
SECTION 12.04.	When Securities Disregarded	48

SECTION 12.05.	Rules by Trustee, Paying Agent and Registrar	48
SECTION 12.06.	Legal Holidays	48
SECTION 12.07.	Governing Law; Consent to Jurisdiction and Service of Process	49
SECTION 12.08.	Waiver of Immunity	50
SECTION 12.09.	No Recourse Against Others	51
SECTION 12.10.	Successors	51
SECTION 12.11.	Multiple Originals	51
SECTION 12.12.	Table of Contents; Headings	51
SECTION 12.13.	Waiver of Jury Trial	51
SECTION 12.14.	Severability	51
SECTION 12.15.	USA Patriot Act	51

Appendix A	–	Provisions Relating to Securities	
Exhibit 1 to Appendix A	–	Form of Security	
Exhibit 2 to Appendix A	–	Form of Regulation S Transfer Certificate	
Exhibit 3 to Appendix A	–	Form of Rule 144A Transfer Certificate	

INDENTURE dated as of February 12, 2015, among Cencosud S.A., a *sociedad anónima* organized under the laws of Chile (the “Company”), Cencosud Retail S.A., a *sociedad anónima* organized under the laws of Chile and a majority-owned subsidiary of the Company, as guarantor (the “Guarantor”), The Bank of New York Mellon, a corporation duly organized and existing under the laws of the State of New York authorized to conduct a banking business, as Trustee (the “Trustee”), Registrar, Paying Agent and Transfer Agent (as such terms are defined below), and The Bank of New York Mellon (Luxembourg) S.A., as Luxembourg Paying Agent (the “Luxembourg Paying Agent”) and Luxembourg Transfer Agent (the “Luxembourg Transfer Agent”).

Each party agrees as follows for the benefit of the other party and for the equal and ratable benefit of the Holders of the Company’s 5.150% Senior Notes due 2025, to be issued, from time to time, as in this Indenture provided (the “Securities”).

ARTICLE I

Definitions; Incorporation by Reference and Rules of Construction

SECTION 1.01. Definitions.

“2021 Notes” means the Company’s 5.500% notes due 2021 issued on January 20, 2011 in an aggregate principal amount of U.S.\$750,000,000.

“2023 Notes” means the Company’s 4.875% notes due 2023 issued on December 6, 2012 in an aggregate principal amount of U.S.\$1,200,000,000.

“Additional Amounts” has the meaning set forth in Section 5.05(a) hereof.

“Additional Securities” means Securities issued pursuant to Section 2.01(c) hereof, if any.

“Affiliate” means, with respect to any specified Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, “control,” when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise.

“Attributable Value” means, as to any particular lease under which the Company or any Subsidiary is at any time liable as lessee and any date as of which the amount thereof is to be determined, the total net obligations of the lessee for rental payments during the remaining term of the lease (including any period for which such lease has been extended or may, at the option of the lessor, be extended) discounted from the respective due dates thereof to such date at a rate per annum equivalent to the interest rate inherent in such lease (as determined in good faith by the Company in accordance with generally accepted financial practice).

“Board of Directors” means the Board of Directors of the Company or any committee thereof duly authorized to act on behalf of such Board of Directors.

“Board Resolution” means a copy of a resolution certified by the Secretary or an Assistant Secretary of the Company to have been duly adopted by the Board of Directors and to be in full force and effect on the date of such certification.

“Business Day” means each day that is not a Legal Holiday.

“Chile” means the Republic of Chile.

“Commission” means the U.S. Securities and Exchange Commission, as from time to time constituted, created under the Exchange Act.

“Company” means the party named as such in the first paragraph of this Indenture until a successor replaces it pursuant to the applicable provisions hereof and, thereafter, means the successor and, for purposes of any provision contained herein, each other obligor on the Securities.

“Company Order” has the meaning set forth in Section 2.03(d) hereof.

“Comparable Treasury Issue” means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the Securities to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Securities.

“Comparable Treasury Price” means, with respect to a redemption date, (a) the average of four Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations or (b) if the Independent Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

“Consolidated Net Tangible Assets” means the total of all assets appearing on a consolidated balance sheet of the Company and the Subsidiaries, net of all applicable reserves and deductions, but excluding goodwill, trade names, trademarks, patents, unamortized debt discount and all other like intangible assets, less the aggregate of the current liabilities of the Company and the Subsidiaries appearing on such balance sheet as determined in accordance with IFRS.

“Corporate Trust Office” means the principal office of the Trustee at which at any time its corporate trust business shall be administered, which office at the date hereof is located at 101 Barclay Street, Floor 7E, New York, New York 10286, Attention: International Corporate Trust, or such other address as the Trustee may designate from time to time by notice to the Holders, the Company and the Guarantor, or the principal corporate trust office of any successor Trustee (or such other address as such successor Trustee may designate from time to time by notice to the Holders, the Company and the Guarantor).

“Covenant Defeasance” has the meaning set forth in Section 9.01(c) hereof.

“Default” means any event which is, or after notice or passage of time or both would be, an Event of Default.

“Event of Default” has the meaning set forth in Section 7.01 hereof.

“Excess Additional Amounts” means Additional Amounts in respect of interest received on the Securities at a rate of withholding or deduction in excess of 4.0%.

“Exchange Act” means the U.S. Securities Exchange Act of 1934, as amended.

“Global Securities” has the meaning set forth in Appendix A.

“Guarantee” means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person, direct or indirect, contingent or otherwise, or entered into for the purpose of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); provided, however, that the term “Guarantee” shall not include endorsements for collection or deposit in the ordinary course of business. The term “Guarantee” used as a verb has a corresponding meaning. The term “Guarantee” shall not apply to a guarantee of intercompany indebtedness among the Company and the Subsidiaries or among the Subsidiaries.

“Guaranteed Obligations” has the meaning set forth in Section 11.01(a) hereof.

“Guarantor” means the party named as such in the first paragraph of this Indenture until a successor replaces it pursuant to the applicable provisions hereof and, thereafter, including the successor for purposes of any provision contained herein.

“Holder” means the Person in whose name a Security is registered on the Security Register described in Section 2.04 hereof.

“IFRS” means International Financial Reporting Standards or other accounting standards generally accepted in Chile, as required by the SVS for Chilean public companies, in each case as in effect from time to time.

“Indebtedness” means, with respect to any Person (without duplication), (a) any obligation of such Person (i) for borrowed money, (ii) evidenced by bonds, debentures, notes or other similar instruments, (iii) under any reimbursement obligation relating to a letter of credit other than letters of credit in the ordinary course of business, (iv) for the payment of money relating to any obligations under any capital lease of real or personal property, (v) under any agreement or instrument in respect of an interest rate or currency swap, exchange or hedging transaction or other financial derivatives transaction, (vi) to pay the deferred and unpaid purchase price of property or services (other than trade accounts payable arising in the ordinary course of business), which purchase price is due more than six months after the date of placing such property in service or taking delivery and title thereto or the completion of such service or (vii) a Guarantee of such Person; and (b) any amendment, supplement, modification, deferral, renewal, extension or refunding of any liability of the types referred to in clause (a) above. For the purpose of determining any particular amount of Indebtedness under this definition, Guarantees

of (or obligations with respect to letters of credit) Indebtedness otherwise included in the determination of such amount shall not be included. For the avoidance of any doubt, any obligation that is non-recourse to any such Person shall not be deemed to be Indebtedness under this definition.

“Indenture” means this Indenture as amended or supplemented from time to time.

“Independent Investment Banker” means one of the Reference Treasury Dealers.

“Interest Payment Date” means February 12 and August 12 of each year, commencing on August 12, 2015, or if such date is not a Business Day on the next succeeding Business Day.

“Issue Date” means February 12, 2015.

“Legal Defeasance” has the meaning set forth in Section 9.01(b) hereof.

“Legal Holiday” has the meaning set forth in Section 12.06 hereof.

“Lien” means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind.

“Luxembourg Paying Agent” has the meaning set forth in the first paragraph of this Indenture and its successors and assigns.

“Luxembourg Transfer Agent” has the meaning set forth in the first paragraph of this Indenture and its successors and assigns.

“Officer” means the Chief Executive Officer, the President, the Chief Financial Officer or any Vice President of the Company or the Guarantor, as applicable.

“Officer’s Certificate” means a certificate signed by an Officer of the Company or the Guarantor, as applicable, and delivered to the Trustee. Any Officer’s Certificate required by this Indenture to be provided to the Trustee or any Paying Agent for these purposes shall be deemed to be duly provided if faxed or emailed to the Trustee or such Paying Agent, as applicable.

“Opinion of Counsel” means a written opinion from legal counsel who is reasonably acceptable to the Trustee. The counsel may be an employee of or counsel to the Company, the Guarantor or the Trustee.

“Original Securities” has the meaning set forth in Section 2.03(d) hereof.

“Paying Agent” has the meaning set forth in Section 2.04(a) hereof.

“Person” means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

“principal” means, with respect to any Indebtedness (including the Securities), the principal amount of such Indebtedness plus the premium, if any, on such Indebtedness.

“Protected Purchaser” means a purchaser of a Security, or of an interest therein, who (a) gives value, (b) does not have notice of any adverse claim to the Security and (c) obtains control of the Security.

“QIB” means a “qualified institutional buyer” as defined in Rule 144A under the Securities Act.

“Record Date” means the close of business on January 28 or July 28, as applicable (whether or not a Business Day).

“Reference Treasury Dealer” means HSBC Securities (USA) Inc. and Scotia Capital (USA) Inc., or their respective affiliates that are primary United States government securities dealers, and not less than three other leading primary United States government securities dealers in New York City, New York reasonably designated by the Company; provided that if any of the foregoing cease to be a primary United States government securities dealer in New York City, New York (a “Primary Treasury Dealer”), the Company shall substitute therefor another Primary Treasury Dealer.

“Reference Treasury Dealer Quotation” means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by such Reference Treasury Dealer at or about 3:30 p.m. (New York City time) on the third Business Day preceding such redemption date.

“Registrar” has the meaning assigned to it in Section 2.04(a) hereof.

“Relevant Jurisdiction” has the meaning assigned to it in Section 4.01 hereof.

“Remaining Scheduled Payments” means, with respect to each Security to be redeemed, the remaining scheduled payments of the principal thereof and interest thereon that would be due after the related redemption date but for such redemption; provided, however, that, if that redemption date is not an Interest Payment Date with respect to such Securities, the amount of the next succeeding scheduled interest payment thereon shall be reduced by the amount of interest accrued thereon to that redemption date.

“Sale and Leaseback Transaction” means any transaction or series of related transactions pursuant to which the Company or any Subsidiary sells or transfers any property to any Person with the intention of taking back a lease of such property pursuant to which the rental payments are calculated to amortize the purchase price of such property substantially over the useful life thereof and such property is in fact so leased.

“Securities” has the meaning assigned to such term in the second paragraph of this Indenture.

“Securities Act” means the U.S. Securities Act of 1933, as amended.

“Securities Register” has the meaning assigned to it in Section 2.04 hereof.

“Significant Subsidiaries” means collectively (a) each Subsidiary of the Company which would be a “significant subsidiary” within the meaning of Rule 1-02 under Regulation S-X promulgated by the Commission as in effect on the date of this Indenture, assuming the Company is the registrant referred to in such definition, and (b) to the extent not a “significant subsidiary” pursuant to clause (a) above, until the release of the Subsidiary Guarantee in accordance with the provisions under Section 11.07, the Guarantor.

“Stated Maturity” means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such security is due and payable (but excluding any provision providing for the repurchase of such security at the option of the holder thereof upon the happening of any contingency beyond the control of the Company unless such contingency has occurred).

“Subsidiary” means any corporation or other business entity of which the Company owns or controls (either directly or through one or more other Subsidiaries) more than 50% of the issued share capital or other ownership interests, in each case having ordinary voting power to elect or appoint directors, managers or trustees of such corporation or other business entity (whether or not capital stock or other ownership interests or any other class or classes have or might have voting power upon the occurrence of any contingency) including, without limitation, the Guarantor.

“Subsidiary Guarantee” has the meaning set forth in Section 11.01(a) hereof.

“SVS” means the Chilean Securities and Insurance Commission (*Superintendencia de Valores y Seguros*).

“Taxes” has the meaning set forth in Section 5.05(a) hereof.

“Transfer Agent” has the meaning set forth in Section 2.04(a) hereof.

“Transfer Restricted Securities” means Securities that bear or are required to bear the Restricted Securities Legend (as defined in Section 2.1(f) of the Appendix A).

“Treasury Rate” means, with respect to a redemption date, the rate per annum equal to the semi-annual equivalent yield-to-maturity or interpolated maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

“Trust Officer” means, when used with respect to the Trustee, any officer within the Corporate Trust Office of the Trustee having direct responsibility for the administration of this Indenture, or any other officer to whom any corporate trust matter is referred because of such person’s knowledge of and familiarity with the particular subject.

“Trustee” means the party named as such in the first paragraph of this Indenture until a successor replaces it pursuant to Article VIII of this Indenture and, thereafter, means the successor.

“U.S. Government Obligations” means direct obligations (or certificates representing an ownership interest in such obligations) of the United States of America (including any agency or instrumentality thereof) for the payment of which the full faith and credit of the United States of America is pledged and which are not callable or redeemable at the Company’s option.

SECTION 1.02. Rules of Construction. Unless the context otherwise requires:

- (a) a term has the meaning assigned to it;
- (b) an accounting term not otherwise defined has the meaning assigned to it in accordance with IFRS;
- (c) “or” is not exclusive;
- (d) “including” means including without limitation;
- (e) words in the singular include the plural and words in the plural include the singular; and
- (f) the principal amount of any noninterest bearing or other discount security at any date shall be the principal amount thereof that would be shown on a balance sheet of the issuer thereof dated such date prepared in accordance with IFRS.

ARTICLE II

The Securities

SECTION 2.01. Amount of Securities; Issuable in Series.

(a) The aggregate principal amount of Securities which may be authenticated and delivered under this Indenture is unlimited. All Securities shall be identical in all respects other than issue date, issue price and the first interest payment date. The Securities may be issued in one or more series; provided, however, that any Securities issued with original issue discount (“OID”) for U.S. Federal income tax purposes shall not be issued as part of the same series as any Securities that are issued with a different amount of OID or are not issued with OID, unless the Original Securities and the Additional Securities would be treated as part of the same issue for U.S. Federal income tax purposes; and further provided, that any Additional Securities that are not fungible with the Original Securities issued hereunder for U.S. Federal income tax purposes shall have a separate CUSIP, ISIN or other identifying number from such Original Securities.

(b) With respect to any Securities issued after the Issue Date (except for Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in

lieu of, Original Securities pursuant to Section 2.07, Section 2.08 or Section 2.10 hereof), there shall be established in or pursuant to a resolution of the Board of Directors, and subject to Section 2.03 hereof, set forth, or determined in the manner provided in an Officer's Certificate of the Company, or established in one or more indentures supplemental hereto, prior to the issuance of such Securities:

(i) whether such Securities shall be issued as part of a new or existing series of Securities and the title of such Securities (which shall distinguish the Securities of the series from Securities of any other series);

(ii) the aggregate principal amount of such Securities that may be authenticated and delivered under this Indenture;

(iii) the issue price, issue date and first interest payment date of such Securities, including the date from which interest on such Securities shall accrue;

(iv) if applicable, that such Securities shall be issuable in whole or in part in the form of one or more Global Securities and, in such case, the respective depositories for such Global Securities, the form of any legend or legends that shall be borne by any such Global Security in addition to or in lieu of that set forth in Exhibit 1 to Appendix A and any circumstances in addition to or in lieu of those set forth in Section 2.2 of Appendix A in which any such Global Security may be exchanged in whole or in part for Securities registered, and any transfer of such Global Security in whole or in part may be registered, in the name or names of Persons other than the depository for such Global Security or a nominee thereof; and

(v) any CUSIP(s), ISIN(s) or other identifying numbers.

(c) If any of the terms of any Securities are established by action taken by the Board of Directors, a Board Resolution shall be delivered to the Trustee at or prior to the delivery of the Officer's Certificate of the Company or the supplemental indenture setting forth the terms of such Securities.

SECTION 2.02. Form and Dating. Provisions relating to the Securities are set forth in the Rule 144A/Regulation S Appendix attached hereto (the "Appendix A"), which is hereby incorporated in, and expressly made part of, this Indenture. The Original Securities and the Trustee's certificate of authentication shall be substantially in the form of Exhibit 1 to the Appendix A which is hereby incorporated in, and expressly made a part of, this Indenture. The Securities may have notations, legends or endorsements required by law, stock exchange rule, agreements to which each of the Company and the Guarantor is subject, if any, or usage; provided that any such notation, legend or endorsement is in a form acceptable to the Company and the Guarantor. Each Security shall be dated the date of its authentication.

SECTION 2.03. Execution and Authentication.

(a) An Officer of the Company shall sign the Securities for the Company by manual or facsimile signature.

(b) If an Officer whose signature is on a Security no longer holds that office at the time the Trustee authenticates the Security, the Security shall be valid nevertheless.

(c) A Security shall not be valid until an authorized signatory of the Trustee manually signs the certificate of authentication on the Security. Such signature shall be conclusive evidence that the Security has been authenticated under this Indenture.

(d) On the Issue Date, the Trustee shall authenticate and deliver U.S. \$650,000,000 aggregate principal amount of 5.150% Senior Notes due 2025 (the "Original Securities") and, at any time and from time to time thereafter, the Trustee shall authenticate and deliver Securities for original issue in an aggregate principal amount specified in such order, in each case upon a written order of the Company signed by an Officer of the Company (the "Company Order"). Such order shall specify the amount of the Securities to be authenticated and the date on which the original issue of Securities is to be authenticated.

(e) The Trustee may appoint an authenticating agent reasonably acceptable to the Company to authenticate the Securities. Unless limited by the terms of such appointment, an authenticating agent may authenticate Securities whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such authenticating agent.

SECTION 2.04. Registrar, Paying Agent and Transfer Agent.

(a) The Company shall maintain an office or agency in The City of New York, New York (which office or agency may be an office of the Trustee or an affiliate of the Trustee) where Securities may be presented for registration of transfer or for exchange (the "Registrar") and an office or agency where Securities may be presented for payment (the "Paying Agent"). The Registrar shall keep a register of the Securities and of their transfer and exchange (the "Securities Register"). The Company shall also maintain an office or agency in The City of New York, New York (which office or agency may be an office of the Trustee or an affiliate of the Trustee) where Securities may be presented or surrendered for transfer or for exchange (the "Transfer Agent"). The Company may have one or more co-registrars and one or more additional paying agents and transfer agents. The term "Paying Agent" includes any additional paying agent and the term "Transfer Agent" includes any additional transfer agent.

(b) The Company shall enter into an appropriate agency agreement with any Registrar, Paying Agent, Transfer Agent or co-registrar not a party to this Indenture. Such agreement shall implement the provisions of this Indenture that relate to such agent. The Company shall promptly notify the Trustee of the name and address of any such agent. If the Company fails to maintain a Registrar, Paying Agent or Transfer Agent, the Trustee shall act as such, to the extent that it is lawful to so act, and shall be entitled to appropriate compensation therefor pursuant to Section 8.06 hereof. The Company or any Subsidiary may act as Paying Agent, Registrar, Transfer Agent or co-registrar.

(c) The Company initially appoints the Trustee as Registrar, Paying Agent and Transfer Agent in connection with the Securities.

(d) So long as the Securities are listed on the Official List of the Luxembourg Stock Exchange and the Luxembourg Stock Exchange rules so require, there shall be a Paying Agent and Transfer Agent in Luxembourg. The Company initially appoints The Bank of New York Mellon (Luxembourg) S.A. as Luxembourg Paying Agent and Luxembourg Transfer Agent in connection with the Securities.

SECTION 2.05. Paying Agent To Hold Money in Trust. On or before 12:00 p.m. (New York) time, at least one Business Day prior to each due date of the principal and interest on any Security, the Company shall deposit with the Paying Agent a sum sufficient to pay such principal and interest, together with any Additional Amounts then due, when so becoming due. Each Paying Agent a party to this Indenture agrees that, and the Company shall require each Paying Agent not a party to this Indenture to agree in writing that, the Paying Agent shall hold in trust for the benefit of Holders or the Trustee all money held by the Paying Agent for the payment of principal or interest on the Securities and shall notify the Trustee of any default by the Company in making any such payment. If the Company or a Subsidiary acts as Paying Agent, it shall segregate the money held by it as Paying Agent and hold it as a separate trust fund. The Company at any time may require a Paying Agent to pay all money held by it to the Trustee and to account for any funds disbursed by the Paying Agent. Upon complying with this Section 2.05, the Paying Agent shall have no further liability for the money delivered to the Trustee.

SECTION 2.06. Holder Lists. The Registrar shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Holders. If the Trustee is not the Registrar, the Company shall furnish to the Trustee, in writing, at least seven Business Days before each Interest Payment Date and at such other times as the Trustee may request, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of Holders.

SECTION 2.07. Transfer and Exchange.

(a) The Securities shall be issued in registered form and shall be transferable only upon the surrender of a Security for registration of transfer. When a Security is presented to the Registrar or a co-registrar with a request to register a transfer, the Registrar shall register the transfer only upon receipt by the Company and the Registrar of such Opinions of Counsel, certificates and/or other information reasonably required by and satisfactory to each in order to ensure compliance with the Securities Act. When Securities are presented to the Registrar or a co-registrar with a request to exchange them for an equal principal amount of Securities of other denominations, the Registrar shall make the exchange as requested if the same requirements are met. To permit registration of transfers and exchanges, the Company shall execute and the Trustee shall authenticate and deliver Securities at the Registrar's or co-registrar's request. The Company and the Registrar may require payment of a sum sufficient to pay all taxes, assessments or other governmental charges in connection with any transfer or exchange pursuant to this Section 2.07. The Company shall not be required to make, and the Registrar need not register, transfers or exchanges of Securities selected and delivered for redemption or any Securities for a period of 15 days before a selection of Securities to be redeemed or 15 days before an Interest Payment Date.

(b) Prior to the due presentation for registration of transfer of any Security, the Company, the Guarantor, the Trustee, any Paying Agent, the Registrar or any co-registrar may deem and treat the person in whose name a Security is registered as the absolute owner of such Security for the purpose of receiving payment of principal of, interest and Additional Amounts, if any, on such Security and for all other purposes whatsoever, whether or not presentation of such Security is overdue, and none of the Company, the Guarantor, the Trustee, any Paying Agent, the Registrar or any co-registrar shall be affected by notice to the contrary.

(c) All Securities issued upon any registration of transfer or exchange pursuant to the terms of this Indenture shall evidence the same debt and shall be entitled to the same benefits under this Indenture as the Securities surrendered upon such registration of transfer or exchange.

SECTION 2.08. Replacement Securities. In the event that any Security shall become mutilated, defaced, destroyed, lost or stolen, the Company and, until the release of the Subsidiary Guarantee in accordance with the provisions of Section 11.07, the Guarantor shall execute and, upon the Company's request, the Trustee shall authenticate and deliver a new Security, of like tenor (including the same date of issuance) and equal principal amount, registered in the same manner, and bearing interest from the date to which interest has been paid on such Security (or if no interest has been paid, then from the date of original issuance), in exchange and substitution for such Security (upon surrender and cancellation thereof in the case of a mutilated or defaced Security) or in lieu of and substitution for such Security. In the event that such Security is destroyed, lost or stolen, the applicant for a substitute Security shall furnish to the Company, the Guarantor, the Trustee, any Paying Agent (including, without limitation, the Luxembourg Paying Agent), any Transfer Agent (including, without limitation, the Luxembourg Transfer Agent), the Registrar and any co-registrar such security or indemnity as may be required by them to hold each of them harmless, and, in every case of destruction, loss or theft of such Security, the applicant shall also furnish to the Company, the Guarantor and the Trustee satisfactory evidence of the destruction, loss or theft of such Security and of the ownership thereof. Upon the issuance of any substituted Security, the Company may require the payment by the registered Holder thereof of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other fees and expenses (including the fees and expenses of the Trustee) connected therewith.

SECTION 2.09. Outstanding Securities.

(a) Securities outstanding at any time are all Securities authenticated by the Trustee except for those canceled by it, those delivered to it for cancellation and those described in this Section 2.09 as not outstanding. A Security does not cease to be outstanding because the Company or an Affiliate of the Company holds the Security.

(b) If a Security is replaced pursuant to Section 2.08 hereof, it ceases to be outstanding unless the Trustee and the Company receive proof satisfactory to them that the replaced Security is held by a Protected Purchaser.

(c) If a Paying Agent segregates and holds in trust, in accordance with this Indenture, on a redemption date or maturity date money sufficient to pay all principal and

interest payable on that date with respect to the Securities (or portions thereof) to be redeemed or maturing, as the case may be, then on and after that date such Securities (or portions thereof) cease to be outstanding and interest on them ceases to accrue.

SECTION 2.10. Temporary Securities. Until definitive Securities are ready for delivery, the Company may prepare and the Trustee shall authenticate temporary Securities. Temporary Securities shall be substantially in the form of definitive Securities but may have variations that the Company considers appropriate for temporary Securities. Without unreasonable delay, the Company shall prepare and the Trustee shall authenticate definitive Securities and deliver them in exchange for temporary Securities.

SECTION 2.11. Cancellation. The Company at any time may deliver Securities to the Trustee for cancellation. The Registrar, each Transfer Agent and each Paying Agent shall forward to the Trustee any Securities surrendered to them for registration of transfer, exchange or payment. The Trustee and no one else shall cancel and dispose of (subject to the record retention requirements of the Exchange Act) all Securities surrendered for registration of transfer, exchange, payment or cancellation in accordance with its current practice unless the Company directs the Trustee in writing to deliver cancelled Securities to the Company. The Company may not issue new Securities to replace Securities it has redeemed, paid or delivered to the Trustee for cancellation.

SECTION 2.12. Defaulted Interest. If the Company defaults in a payment of interest on the Securities, the Company shall pay the defaulted interest (plus interest on such defaulted interest to the extent lawful) in any lawful manner. The Company may pay the defaulted interest (a) to the persons who are Holders on a subsequent special Record Date or (b) to persons who are Holders in any other lawful manner not inconsistent with the rules of any applicable securities exchange if deemed practicable by the Trustee. The Company or the Guarantor, as applicable, shall fix or cause to be fixed any such special Record Date (which special Record Date shall not be more than 15 nor less than 10 days prior to the payment date) and payment date to the reasonable satisfaction of the Trustee and shall promptly mail to each Holder a notice that states the special Record Date, the payment date and the amount of defaulted interest to be paid.

SECTION 2.13. CUSIP and ISIN Numbers. The Company in issuing the Securities may use CUSIP and ISIN numbers (if then generally in use) and, if so, the Trustee shall use CUSIP or ISIN numbers in notices of redemption as a convenience to Holders; provided, however, that neither the Company nor the Trustee shall have any responsibility for any defect in the CUSIP or ISIN number that appears on any Security, check, advice of payment or redemption notice, and any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Securities or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Securities, and any such redemption shall not be affected by any defect in or omission of such numbers. The Company shall notify the Trustee, in writing, of any change in any CUSIP or ISIN numbers.

SECTION 2.14. Denomination. The Securities will be issued in fully registered form without interest coupons attached and will be issued in denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof.

SECTION 2.15. Open Market Purchases. Each of the Company and the Guarantor may at any time purchase Securities in the open market or otherwise at any price. Any such purchased Securities shall not be resold, except in compliance with applicable requirements or exemptions under the relevant securities laws.

ARTICLE III

General Redemption Provisions

SECTION 3.01. Notices to Trustee.

(a) If the Company elects to redeem Securities pursuant to this Indenture and paragraph 5 of the Securities, it shall notify the Trustee in writing of the redemption date, the principal amount of Securities to be redeemed and that such redemption is being made pursuant to paragraph 5 of the Securities.

(b) The Company shall give each notice to the Trustee provided for in this Section 3.01 at least 45 days before the redemption date fixed by the Company unless the Trustee consents to a shorter period. Such notice shall be accompanied by an Officer's Certificate of the Company and an Opinion of Counsel from the Company reasonably satisfactory to the Trustee to the effect that such redemption will comply with the conditions herein.

SECTION 3.02. Notice of Redemption.

(a) At least 30 days, but not more than 60 days, before a date for redemption of Securities, the Company shall give a notice of redemption to each Holder of Securities to be redeemed in accordance with Section 12.01 hereof.

The notice shall identify the Securities to be redeemed and shall state:

- (i) the redemption date;
- (ii) the redemption price or the information specified in paragraph 5 of the Securities;
- (iii) the name and address of the Paying Agent to whom the Securities called for redemption must be surrendered;
- (iv) that Securities called for redemption must be surrendered to such Paying Agent to collect the redemption price;
- (v) if fewer than all the outstanding Securities are to be redeemed, the identification and principal amounts of the particular Securities to be redeemed;

(vi) that, unless the Company defaults in making such redemption payment, interest on Securities (or portion thereof) called for redemption will cease to accrue on and after the redemption date;

(vii) the CUSIP or ISIN number; and

(viii) that no representation is made as to the correctness or accuracy of the CUSIP or ISIN number, if any, listed in such notice or printed on the Securities.

(b) At the Company's request, the Trustee shall give the notice of redemption in the Company's name and at the Company's expense. In such event, the Company shall provide the Trustee with the information required by this Section 3.02 at least 45 days, but not earlier than 60 days, before the redemption date.

SECTION 3.03. Effect of Notice of Redemption. Once notice of redemption is given in accordance with Section 12.01 hereof, subject to the satisfaction or waiver by the Company of any conditions precedent to such redemption set forth in the notice, Securities called for redemption will become due and payable on the redemption date and at the redemption price stated in the notice. Upon surrender to the Paying Agent, such Securities shall be paid at the redemption price stated in the notice, plus accrued interest to the redemption date (subject to the right of Holders of record on the relevant Record Date to receive interest due on the related Interest Payment Date that is on or prior to the date of redemption). Failure to give notice or any defect in the notice to any Holder shall not affect the validity of the notice to any other Holder.

SECTION 3.04. Deposit of Redemption Price. On or before 12:00 p.m. (New York) time, at least one Business Day prior to the redemption date, the Company shall deposit with the Paying Agent (or, if the Company or a Subsidiary is the Paying Agent, shall segregate and hold in trust) money sufficient to pay the redemption price of and accrued interest (subject to the right of Holders of record on the relevant Record Date to receive interest due on the related Interest Payment Date that is on or prior to the date of redemption) on all Securities to be redeemed on that date other than Securities called for redemption that have been delivered by the Company to the Trustee for cancellation.

ARTICLE IV

Optional Redemption

SECTION 4.01. Tax Redemption. The Securities may be redeemed, in whole but not in part, at the Company's option, by the giving of notice as provided in Article III hereof, at a redemption price equal to 100% of the outstanding principal amount of the Securities, together with accrued and unpaid interest to the redemption date and Additional Amounts, if any, if, as a result of any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of Chile or any jurisdiction from or through which any payment under the Securities is made by or at the direction of the Company or the Guarantor, as applicable (each a "Relevant Jurisdiction") or any political subdivision or taxing authority thereof or therein, or any change in the official application, administration or interpretation of such laws, regulations or rulings (including a holding by a court of competent jurisdiction) in a Relevant Jurisdiction, or

any other jurisdiction with the power to impose, levy or assess a Tax, the Company has or will become obligated to pay Excess Additional Amounts, if such change or amendment is announced or occurs on or after the date of this Indenture and such obligation cannot be avoided by the Company taking reasonable measures available to it; provided that no such notice of redemption shall be given earlier than 60 days prior to the earliest date on which the Company would be obligated to pay such Excess Additional Amounts, were a payment in respect of the Securities then due. For the avoidance of doubt, reasonable measures shall include a change in the jurisdiction of the paying agent. Prior to the giving of notice of redemption of Securities pursuant to this Indenture, the Company will deliver to the Trustee (i) an Officer's Certificate to the effect that the Company is or at the time of the redemption will be entitled to effect such a redemption pursuant to this Indenture and (ii) a written opinion of recognized counsel admitted to practice in the applicable Relevant Jurisdiction and independent of the Company to the effect that the Company is, or is expected to become, obligated to pay Excess Additional Amounts as a result of such change or amendment, as described above, and setting forth in reasonable detail the circumstances giving rise to such right of redemption.

SECTION 4.02. Make-Whole Redemption. At any time prior to November 12, 2024, the Securities may be redeemed, in whole but not in part, at the Company's option, by the giving of notice as provided in Article III hereof, at a redemption price equal to the greater of (a) 100% of the outstanding principal amount of the Securities to be redeemed and (b) the sum of the present values of the Remaining Scheduled Payments of principal and interest on the Securities to be redeemed discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the applicable Treasury Rate plus 50 basis points, in each case plus accrued and unpaid interest on the principal amount of the Securities being redeemed to the redemption date and Additional Amounts, if any. Notwithstanding the foregoing, payments of interest on the Securities will be payable to the Holders of those Securities registered as such at the close of business on the relevant Record Dates according to the terms and provisions of this Indenture.

SECTION 4.03. At Par Redemption. At any time on or after November 12, 2024, the Securities may be redeemed, in whole but not in part, at the Company's option, by the giving of notice as provided in Article III hereof, at a redemption price equal to 100% of the outstanding principal amount of the Securities to be redeemed, plus accrued and unpaid interest on the principal amount of the Securities being redeemed to the redemption date and Additional Amounts, if any.

ARTICLE V

Covenants

SECTION 5.01. Payment of Securities.

(a) The Company shall promptly pay the principal of and interest on the Securities on the dates and in the manner provided in the Securities and in this Indenture. Principal and interest shall be considered paid on the date due if on such date the Trustee or a Paying Agent holds in accordance with this Indenture money sufficient to pay all principal and interest then due.

(b) The Company shall pay interest on overdue principal at the rate borne by the Securities, and it shall pay interest on overdue installments of interest at the rate borne by the Securities to the extent lawful.

SECTION 5.02. Limitation on Liens.

(a) The Company shall not, nor shall it permit any Subsidiary to, issue, assume or suffer to exist any Indebtedness, if such Indebtedness is secured by a Lien upon any property or assets of the Company or any Subsidiary, unless, concurrently therewith, the Securities shall be secured equally and ratably with (or prior to) such Indebtedness; provided, however, that the foregoing restriction shall not apply to:

(i) any Lien on property acquired, constructed, developed, extended or improved by the Company or any Subsidiary (individually or together with other Persons) after the date of this Indenture or any shares or other ownership interest in, or any Indebtedness of, any Person which holds, owns or is entitled to such property, to the extent such Lien is created, incurred or assumed (A) during the period such property was being constructed, developed, extended or improved or (B) contemporaneously with, or within 360 days after, such acquisition or the completion of such construction, development, extension or improvement in order to secure or provide for the payment of all or any part of the purchase price or other consideration of such property or the other costs of such acquisition, construction, development, extension or improvement (including costs such as escalation, interest during construction and financing and refinancing costs);

(ii) any Lien on any property or assets existing at the time of acquisition thereof and which (A) is not created as a result of or in connection with or in anticipation of such acquisition and (B) does not attach to any other property or assets other than the property or assets so acquired (except for property affixed or appurtenant thereto);

(iii) any Lien on any property or assets acquired from a Person which is merged with or into the Company or any Subsidiary or any Lien existing on property or assets of any Person at the time such Person becomes a Subsidiary, in either such case which (A) is not created as a result of or in connection with or in anticipation of any such transaction and (B) does not attach to any other property or assets other than the property or assets so acquired or of such Person at the time it becomes a Subsidiary (except for property affixed or appurtenant thereto);

(iv) any Lien which secures Indebtedness owed by a Subsidiary to the Company or any other Subsidiary;

(v) any Lien securing Indebtedness of the type described in clause (a)(v) of the definition of "Indebtedness"; provided that such Indebtedness was entered into in the ordinary course of business and not for speculative purposes or the obtaining of credit;

(vi) any Lien in favor of any Person to secure obligations under the provisions of any letters of credit, bank guarantees, bonds or surety obligations required or requested by any governmental authority in connection with any contract or statute;

(vii) any Lien existing on the date of this Indenture or granted pursuant to an agreement existing on the date of this Indenture;

(viii) Liens for taxes, assessments or governmental charges or levies if such taxes, assessments, governmental charges or levies are not at the time due and payable, or if the same are being contested in good faith by appropriate proceedings and appropriate provisions, if any, have been established as required by IFRS;

(ix) Liens arising solely by operation of law;

(x) Liens created for the sole purpose of securing Indebtedness that, when incurred, will be applied to repay all (but not part) of the Securities and all other amounts payable under the Securities; provided that the Securities and all other such amounts are fully satisfied within 30 days after the incurrence of such Indebtedness;

(xi) judgment Liens not giving rise to an Event of Default so long as any appropriate legal proceedings which may have been duly initiated for the review of such judgment have not been finally terminated or the period within which such proceeding may be initiated has not expired and appropriate provisions, if any, have been established as required by IFRS; or

(xii) any extension, renewal or replacement (or successive extensions, renewals or replacements) in whole or in part, of any Lien referred to in the foregoing clauses (i) through (xi) inclusive or any Lien securing any Indebtedness that refinances, extends, renews, refunds or replaces any other Indebtedness secured in accordance with the foregoing clauses (i) through (xi) inclusive; provided that the principal amount of Indebtedness secured thereby shall not exceed the principal amount of Indebtedness so secured at the time of such extension, renewal or replacement plus an amount necessary to pay any customary fees and expenses, including premiums and defeasance costs related to such transaction, and that such extension, renewal or replacement shall be limited to all or a part of the property which secured the Lien so extended, renewed or replaced (plus improvements on such property) and property affixed or appurtenant thereto.

(b) Notwithstanding Section 5.02(a) hereof, the Company or any Subsidiary may issue or assume Indebtedness secured by a Lien which would otherwise be prohibited under Section 5.02(a) hereof or enter into Sale and Leaseback Transactions that would otherwise be prohibited by Section 5.03 hereof; provided that the amount of such Indebtedness or the Attributable Value of such Sale and Leaseback Transaction, as the case may be, together with the aggregate amount (without duplication) of (i) Indebtedness outstanding at such time that was previously incurred pursuant to this Section 5.02(b) by the Company and the Subsidiaries, plus (ii) the Attributable Value of all such Sale and Leaseback Transactions of the Company and the Subsidiaries outstanding at such time that were previously incurred pursuant to this

Section 5.02(b) shall not exceed 20% of Consolidated Net Tangible Assets at the time any such Indebtedness is issued or assumed by the Company or any Subsidiary or at the time any such Sale and Leaseback Transaction is entered into.

SECTION 5.03. Limitation on Sale and Leaseback Transactions. The Company shall not, nor shall it permit any Subsidiary to, enter into any Sale and Leaseback Transaction with respect to any of their property or assets, unless (a) the Company or such Subsidiary would be entitled pursuant to Section 5.02 hereof to issue or assume Indebtedness (in an amount equal to the Attributable Value with respect to such Sale and Leaseback Transaction) secured by a Lien on such property or assets without equally and ratably securing the Securities, (b) the Company or such Subsidiary shall apply or cause to be applied, in the case of a sale or transfer for cash, the net proceeds thereof and, in the case of a sale or transfer otherwise than for cash, an amount equal to the fair market value (as determined in good faith by the Board of Directors) of the property or assets so leased, (i) to the retirement, within 360 days after the effective date of such Sale and Leaseback Transaction, of (A) Indebtedness of the Company ranking at least *pari passu* with the Securities or (B) Indebtedness of any Subsidiary, in each case owing to a Person other than the Company or any Affiliate of the Company, or (ii) to the acquisition, purchase, construction, development, extension or improvement of any property or assets of the Company or any Subsidiary used or to be used by or for the benefit of the Company or any Subsidiary in the ordinary course of business or (c) the Company or such Subsidiary equally and ratably secures the Securities. The restrictions set forth in this Section 5.03 shall not apply to any transactions providing for a lease for a term, including any renewal, of not more than three years or to arrangements between the Company and a Subsidiary or between Subsidiaries.

SECTION 5.04. Reporting Requirements.

(a) So long as the Securities remain outstanding the Company shall:

(i) in the event the Company is not subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, furnish (or in lieu of furnishing, make accessible electronically with notice to the Trustee) to the Trustee and the Holders as follows:

(A) as soon as they are available, but in any event within 120 calendar days after the end of each fiscal year of the Company (currently ending December 31), copies of its audited financial statements (on a consolidated basis) in respect of such fiscal year (including a profit and loss account, balance sheet and cash flow statement), in English, prepared in accordance with IFRS and audited by a member firm of an internationally recognized firm of independent accountants; and

(B) as soon as they are available, but in any event within 90 calendar days after the end of each of the first three fiscal quarters of each fiscal year of the Company, copies of its unaudited financial statements (on a consolidated basis) in respect of the relevant period (including a profit and loss account, balance sheet and cash flow statement), in English, prepared on a basis consistent with the audited

financial statements of the Company and in accordance with IFRS, together with a certificate signed by the person then authorized to sign financial statements on behalf of the Company to the effect that such financial statements are true in all material respects and present fairly the financial position of the Company as at the end of, and the results of its operations for, the relevant quarterly period; and

(ii) in the event the Company is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act,

(A) timely file with the Commission such annual and other reports as may be required by the rules and regulations of the Commission in effect at the relevant time and in the form required thereunder, and

(B) unless such information is publicly available on the Commission's EDGAR System, provide the Trustee, for further delivery to a Holder upon request by any such Holder, with copies of the reports referred to in clause (a)(ii) within 15 days after such reports are required to be filed with the Commission; and

(iii) so long as the Company is required to file the same with the SVS, will furnish (or in lieu of furnishing, make accessible electronically with notice to the Trustee) to the Trustee and Holders, as soon as they are available, but in any event within 120 calendar days after the end of each fiscal year of the Guarantor (currently ending December 31), copies of the Guarantor's audited financial statements (on a consolidated basis) in respect of such fiscal year in the format required by the SVS, in English, prepared in accordance with IFRS and audited by a member firm of an internationally recognized firm of independent accountants.

(b) The Trustee shall upon written request forward to each registered Holder who so requests the reports received by the Trustee under this Section 5.04.

(c) The Company shall give the Trustee written notice of anytime it becomes or ceases to be subject to Section 13 or 15(d) of the Exchange Act. As of the date of this Indenture, the Company is subject to Section 13 and 15(d) of the Exchange Act.

(d) Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute actual or constructive notice of any information contained therein or determinable from information contained therein, including compliance by the Company or the Guarantor, as applicable, with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officer's Certificates).

SECTION 5.05. Additional Amounts.

(a) The Company shall make all payments of principal, premium, if any, and interest in respect of the Securities free and clear of, and without withholding or deduction for or

on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature and interest, penalties and fines in respect thereof (collectively, "Taxes") imposed, levied, collected, withheld or assessed by, within or on behalf of a Relevant Jurisdiction or by or within any political subdivision thereof or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law or by the interpretation or administration thereof. In the event of any such withholding or deduction of Taxes, the Company or the Guarantor, as applicable, shall pay to Holders such additional amounts ("Additional Amounts") as will result in the payment to such Holder of the net amount that would otherwise have been receivable by such Holder in the absence of such withholding or deduction, except that no such Additional Amounts shall be payable in respect of:

(i) any Taxes that would not have been so withheld or deducted but for the existence of any present or former connection (including, without limitation, a permanent establishment in a Relevant Jurisdiction) between the Holder, applicable recipient of payment or beneficial owner of a Security or any payment in respect of such Security (or, if the Holder or beneficial owner is an estate, nominee, trust, partnership, corporation or other business entity, between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of power over, the Holder, applicable recipient of payment or beneficial owner) and an authority with the power to levy or otherwise impose or assess a Tax, other than the mere receipt of such payment or the mere holding or ownership of such Security or beneficial interest or the enforcement of rights thereunder;

(ii) any Taxes that would not have been so withheld or deducted if a Security had been presented for payment within 30 days after the Relevant Date (as defined below) to the extent presentation is required (except to the extent that the Holder would have been entitled to Additional Amounts had such Security been presented for payment on the last day of such 30-day period);

(iii) any Taxes that would not have been so withheld or deducted but for the failure by the Holder or the beneficial owner of a Security or any payment in respect of such Security to (A) make a declaration of non-residence, or any other claim or filing for exemption, to which it is entitled or (B) comply with any certification, identification, information, documentation or other reporting requirement concerning its nationality, residence, identity or connection with a Relevant Jurisdiction; provided that such declaration or compliance was required as of the date of this Indenture as a precondition to exemption from all or part of such Taxes and the Company or the Guarantor, as applicable, has given the Holders at least 30 days prior notice that they will be required to comply with such requirements;

(iv) any estate, inheritance, gift, value added, sales, use, excise, transfer, capital gains, personal property or similar taxes, duties, assessments or other governmental charges;

(v) any Taxes that are payable otherwise than by deduction or withholding from payments on a Security;

(vi) any Taxes that would not have been so imposed if the Holder had presented a Security for payment (where presentation is required) to another paying agent;

(vii) any payment to a Holder of a Security that is a fiduciary or partnership (including an entity treated as a partnership for tax purposes) or any Person other than the sole beneficial owner of such payment or Security, to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such partnership or the beneficial owner of such payment or Security would not have been entitled to the Additional Amounts had such beneficiary, settlor, member or beneficial owner been the actual Holder of such Security;

(viii) any withholding or deduction imposed on a payment required to be made pursuant to European Council Directive 2003/48/EC or any other European Union directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 on the taxation of savings income, or any law implementing or complying with, or introduced in order to conform to, such a directive;

(ix) any Taxes imposed under Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended, any successor law or regulation implementing or complying with, or introduced in order to conform to, such sections or any intergovernmental agreement or any agreement entered into pursuant to section 1471(b)(1) of the U.S. Internal Revenue Code of 1986, as amended; or

(x) any combination of clauses (i) through (ix) above.

(b) For the purposes of this Section 5.05, "Relevant Date" means whichever is the later of (i) the date on which such payment first becomes due and (ii) if the full amount payable has not been received in The City of New York, New York by the Trustee on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Holders in accordance with this Indenture.

(c) All references to principal, premium, if any, and interest in respect of the Securities shall be deemed also to refer to any Additional Amounts which may be payable as set forth in this Indenture or in the Securities.

(d) Notwithstanding the foregoing, the limitations on the obligations of the Company and the Guarantor to pay Additional Amounts set forth in clause (a) (iii) above shall not apply if the provision of any certification, identification, information, documentation or other reporting requirement described in such clause (a)(iii) would be materially more onerous, in form, in procedure or in the substance of information disclosed, to a Holder or beneficial owner of a Security (taking into account any relevant differences between U.S. and Chilean law, rules, regulations or administrative practice) than comparable information or other reporting requirements imposed under U.S. tax law, regulations and administrative practice (such as IRS Forms W-8BEN, W-8BEN-E and W-9).

(e) At least 10 Business Days prior to the first Interest Payment Date (and at least 10 Business Days prior to each succeeding Interest Payment Date if there has been any

change with respect to the matters set forth in the Officer's Certificate referenced below), the Company or the Guarantor, as applicable, shall furnish to the Trustee and each Paying Agent an Officer's Certificate instructing the Trustee and each Paying Agent whether payments of principal of or interest on the Securities due on such Interest Payment Date shall be without deduction or withholding for or on account of any Taxes. If any such deduction or withholding shall be required, prior to such Interest Payment Date, such Officer's Certificate shall specify the amount, if any, required to be withheld on such payment to Holders and certify that the Company or the Guarantor, as applicable, shall pay such withholding or deduction to the relevant taxing authority. Any Officer's Certificate required by this Indenture to be provided to the Trustee and any Paying Agent for these purposes shall be deemed to be duly provided if telecopied to the Trustee and each Paying Agent.

(f) The Company or the Guarantor, as applicable, will furnish to the Holders, within 60 days after the date the payment of any Taxes so deducted or withheld is due pursuant to applicable law, either certified copies of tax receipts evidencing such payment by the Company or the Guarantor, as applicable, or, if such receipts are not obtainable, other evidence of such payments by the Company or the Guarantor, as applicable, reasonably satisfactory to the Holders.

(g) Upon written request, the Company or the Guarantor, as applicable, shall furnish to the Trustee documentation reasonably satisfactory to the Trustee evidencing payment of Taxes.

(h) The Company or the Guarantor, as applicable, shall promptly pay when due any present or future stamp, court or similar documentary taxes or any other excise or property taxes, charges or similar levies that arise in any jurisdiction from the execution, delivery or registration of each Security or any other document or instrument referred to herein or therein, excluding any such taxes, charges or similar levies imposed by any jurisdiction outside of Chile and except, in certain cases, for taxes, charges or similar levies resulting from certain registration of transfer or exchange of Securities.

SECTION 5.06. Rule 144A Information. So long as the Securities are not freely transferable under the Securities Act, the Company shall take all action necessary to provide information to permit resales of the Securities pursuant to Rule 144A under the Securities Act, including furnishing to any Holder of a Security or beneficial interest in a Global Security, or to any prospective purchaser designated by such Holder, upon written request of such Holder, financial and other information required to be delivered under Rule 144A(d)(4) (as amended from time to time and including any successor provision) unless, at the time of such request, the Company is subject to the reporting requirements of Section 13 or Section 15(d) of the Exchange Act or is exempt from such requirements pursuant to Rule 12g3-2(b) under the Exchange Act (as amended from time to time and including any successor provision).

SECTION 5.07. Further Instruments and Acts. Upon request of the Trustee, the Company and the Guarantor shall execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out the purpose of this Indenture.

SECTION 5.08. Statement as to Compliance. As promptly as practicable beginning with the fiscal year ending December 31, 2014 and in any event within 120 days after the end of such fiscal year, the Company shall deliver to the Trustee an Officer's Certificate stating whether or not to the best knowledge of the signer thereof the Company is in compliance (without regard to periods of grace or notice requirements) with all conditions and covenants under this Indenture, and if the Company shall not be in compliance, specifying such non-compliance and the nature and status thereof of which such signer may have knowledge.

SECTION 5.09. Corporate Existence. Subject to Article VI hereof, each of the Company and the Guarantor shall do or cause to be done all things necessary to preserve and keep in full force and effect:

(a) its existence as a corporation, and, in the case of the Company, the corporate, partnership, limited liability company or other existence of each Subsidiary, in accordance with the respective organizational documents (as the same may be amended from time to time) of the Company, the Guarantor or any such Subsidiary; and

(b) the rights (charter and statutory), licenses and franchises of the Company and the Subsidiaries; provided, however, that the Company shall not be required to preserve any such right, license or franchise, or the corporate, partnership or other existence of any Subsidiary (other than the Guarantor), if the Company shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and the Subsidiaries, taken as a whole, or would otherwise not have a material adverse effect on the business, properties, management, financial position, results of operations or prospects of the Company and its Subsidiaries, taken as a whole.

SECTION 5.10. Listing. In the event that the Securities are listed on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market, the Company shall use its reasonable best efforts to maintain such listing; provided that if, as a result of the European Union regulated market amended Directive 2001/34/EC (the "Transparency Directive") or any legislation implementing the Transparency Directive or other directives or legislation, the Company could be required to publish financial information either more regularly than it otherwise would be required to or according to accounting principles which are materially different from the accounting principles which the Company would otherwise use to prepare its published financial information, the Company may delist the Securities from the Official List of the Luxembourg Stock Exchange in accordance with the rules of the exchange and seek an alternative admission to listing, trading and/or quotation for the Securities on a different section of the Luxembourg Stock Exchange or by such other listing authority, stock exchange and/or quotation system inside or outside the European Union as the Board of Directors may decide.

ARTICLE VI

Successor Company or Guarantor

SECTION 6.01. When the Company or the Guarantor May Merge or Transfer Assets.

(a) Neither the Company nor, until the release of the Subsidiary Guarantee in accordance with the provisions of Section 11.07, the Guarantor, shall consolidate with or merge into any other Person or convey or transfer its properties and assets substantially as an entirety to any Person, unless:

(i) the successor Person (the “Surviving Person”) is a Person existing under the laws of Chile or the United States (or any State thereof or the District of Columbia) and expressly assumes, by a supplemental indenture, the due and punctual payment of the principal, premium, if any, and interest (and Additional Amounts, if any) on all the outstanding Securities and the performance of every covenant in this Indenture on the part of the Company or the Guarantor, as applicable, to be performed or observed;

(ii) immediately after giving effect to such transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, has occurred and is continuing; and

(iii) the Company or the Guarantor, as applicable, has delivered to the Trustee an Officer’s Certificate and Opinion of Counsel stating that such consolidation, merger, conveyance or transfer and such supplemental indenture comply with the provisions of this Section 6.01 relating to such transaction.

(b) In case of any consolidation, merger, conveyance or transfer (other than a lease) that complies with Section 6.01(a) hereof, the Surviving Person shall succeed to and be substituted for the Company, as obligor, or the Guarantor, as guarantor, as applicable, on the Securities, with the same effect as if it had been named in this Indenture as such obligor or guarantor, as applicable.

ARTICLE VII

Defaults and Remedies

SECTION 7.01. Events of Default. The following events shall be “Events of Default”:

(a) the Company defaults in the payment of the principal or premium, if any, of any Security at maturity, upon redemption or otherwise;

(b) the Company defaults in any payment of interest or Additional Amounts in respect of the Securities if such default continues for 30 days after any such interest or Additional Amount becomes due;

(c) the Company or the Guarantor fails to observe or perform any covenant or agreement contained in the Securities or in this Indenture (other than a payment default referred to in Section 7.01(a) or Section 7.01(b) hereof) and such failure continues for 60 days after notice is given by the Trustee to the Company or by the Holders of at least 25% of the aggregate principal amount of the outstanding Securities to the Company and the Trustee specifying such failure and requiring it to be remedied and stating that such notice is a "Notice of Default" under this Indenture;

(d) the Company or any Subsidiary fails to pay when due (whether at maturity, upon redemption or acceleration or otherwise) the principal of any Indebtedness in excess, individually or in the aggregate, of U.S.\$50 million (or the equivalent thereof in other currencies), if such failure continues for more than the period of grace, if any, applicable thereto and the period for payment has not been expressly extended;

(e) one or more final and non-appealable judgments or decrees for the payment of money in excess of U.S.\$50 million (or the equivalent thereof in other currencies) in the aggregate are rendered against the Company or any Subsidiary and are not paid (whether in full or in installments in accordance with the terms of the judgment) or otherwise discharged and, in the case of each such judgment or decree, either (i) an enforcement proceeding has been commenced by any creditor upon such judgment or decree and is not dismissed within 30 days following commencement of such enforcement proceedings or (ii) there is a period of 60 days following such judgment during which such judgment or decree is not discharged, waived or the execution thereof stayed;

(f) a decree or order by a court having jurisdiction has been entered adjudging the Company or any of its Significant Subsidiaries as bankrupt or insolvent, or approving as properly filed a petition seeking reorganization of or by the Company or any of its Significant Subsidiaries and such decree or order continues undischarged or unstayed for a period of 60 days; or a decree or order of a court having jurisdiction for the appointment of a receiver or liquidator or for the liquidation or dissolution of the Company or any of its Significant Subsidiaries has been entered, and such decree or order continues undischarged and unstayed for a period of 60 days; provided that any Significant Subsidiary may be liquidated or dissolved if, pursuant to such liquidation or dissolution, all or substantially all of its assets are transferred to the Company or another Significant Subsidiary of the Company;

(g) the Company or any of its Significant Subsidiaries institutes any proceeding to be adjudicated as voluntary bankrupt, or consents to the filing of a bankruptcy proceeding against it, or files a petition or answer or consent seeking reorganization, or consents to the filing of any such petition, or consents to the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of it or its property; or

(h) the Subsidiary Guarantee ceases to be in full force and effect or the Guarantor denies or disaffirms its obligations under the Subsidiary Guarantee (other than as provided under Sections 9.01(a), 11.01(f), 11.02 and 11.07).

The foregoing will constitute Events of Default whatever the reason for any such Event of Default and whether it is voluntary or involuntary or is effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body.

SECTION 7.02. Acceleration. If an Event of Default (other than an Event of Default specified in Section 7.01(f) or Section 7.01(g) hereof) occurs and is continuing, the Trustee by notice to the Company and the Guarantor, or the Holders of not less than 25% of the aggregate principal amount of the Securities then outstanding by written notice to the Company, the Guarantor and the Trustee, may declare the principal amount of the Securities, together with accrued and unpaid interest thereon, if any, immediately due and payable. Upon such a declaration, such principal and interest shall be immediately due and payable. If an Event of Default specified in Section 7.01(f) or Section 7.01(g) hereof occurs, the maturity of all outstanding Securities shall automatically be accelerated and the principal amount of the Securities, together with accrued and unpaid interest thereon, if any, shall be immediately due and payable. The right of the Holders to give such acceleration notice shall terminate if the event giving rise to such right has been cured before such right is exercised. The Holders of a majority in aggregate principal amount of the outstanding Securities by written notice to the Company and the Guarantor may annul and rescind any declaration of acceleration if (a) all amounts then due with respect to the Securities are paid (other than amounts due solely because of such declaration), (b) all other defaults with respect to the Securities are cured and (c) the Company or the Guarantor has deposited with the Trustee a sum sufficient to pay all amounts owed to the Trustee pursuant to Section 8.06 hereof. No such rescission shall affect any subsequent Default or impair any right consequent thereto.

SECTION 7.03. Other Remedies.

(a) If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of principal of or interest on the Securities or to enforce the performance of any provision of the Securities or this Indenture.

(b) The Trustee may maintain a proceeding even if it does not possess any of the Securities or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Holder in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. No remedy is exclusive of any other remedy. All available remedies are cumulative.

SECTION 7.04. Waiver of Past Defaults. Subject to Section 7.02, the Holders of a majority in aggregate principal amount of the Securities then outstanding by notice to the Trustee, the Company and the Guarantor may waive an existing Default and its consequences except (a) a Default in the payment of the principal of or interest on a Security or (b) a Default in respect of a provision that under Section 10.02 hereof cannot be amended without the consent of each Holder affected. When a Default is waived, it is deemed cured, but no such waiver shall extend to any subsequent or other Default or impair any consequent right.

SECTION 7.05. Control by Majority. The Holders of a majority in aggregate principal amount of the outstanding Securities may direct the time, method and place of

conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee with respect to the Securities. However, the Trustee may refuse to follow any direction that conflicts with applicable law or this Indenture or, subject to Section 8.01 hereof, that the Trustee determines is unduly prejudicial to the rights of other Holders or would involve the Trustee in personal liability; provided, however, that the Trustee may take any other action deemed proper by the Trustee that is not inconsistent with such direction. Prior to taking any action hereunder, the Trustee shall be entitled to security or indemnification satisfactory to it against all losses and expenses caused by taking or not taking such action.

SECTION 7.06. Limitation on Suits.

(a) A Holder shall not have any right to institute any proceeding with respect to this Indenture or the Securities or for any remedy hereunder or thereunder unless:

(i) such Holder shall have previously given to the Trustee written notice of a continuing Event of Default;

(ii) the Holders of at least 25% in aggregate principal amount of the Securities then outstanding have made a written request to the Trustee to institute such proceeding in respect of such Event of Default in its own name as Trustee, and such Holders have offered security or indemnity to the Trustee satisfactory to it; and

(iii) the Trustee has failed to institute such proceeding for 60 days after the receipt of such notice and has not received from the Holders of at least a majority in aggregate principal amount of the Securities outstanding a direction inconsistent with such request, within 60 days after such notice.

(b) The foregoing limitations on the pursuit of remedies by a Holder shall not apply to a suit individually instituted by a Holder of Securities for the enforcement of payment of the principal, premium, if any, or interest on such Security on or after any respective due date specified in such Security. A Holder may not use this Indenture to prejudice the rights of another Holder or to obtain a preference or priority over another Holder.

SECTION 7.07. Rights of Holders To Receive Payment. Notwithstanding any other provision of this Indenture, the right of any Holder to receive payment of principal of and interest together with any Additional Amounts then due on the Securities held by such Holder, on or after the respective due dates expressed in the Securities, or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder.

SECTION 7.08. Collection Suit by Trustee. If an Event of Default specified in Section 7.01(a) or Section 7.01(b) hereof occurs and is continuing, the Trustee may recover judgment in its own name and as trustee of an express trust against the Company for the whole amount then due and owing (together with interest on any unpaid interest to the extent lawful) and the amounts provided for in Section 8.06 hereof.

SECTION 7.09. Trustee May File Proofs of Claim. The Trustee may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and the Holders allowed in any judicial proceedings relative to the Company or the Guarantor, their respective creditors or property and, unless prohibited by law or applicable regulations, may vote on behalf of the Holders in any election of a trustee in bankruptcy or other Person performing similar functions, and any custodian in any such judicial proceeding is hereby authorized by each Holder to make payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and its counsel, and any other amounts due to the Trustee under Section 8.06 hereof.

SECTION 7.10. Priorities.

(a) If the Trustee collects any money or property pursuant to this Article VII, it shall pay out the money or property in the following order:

FIRST: to the Trustee for amounts due under Section 8.06 hereof;

SECOND: to Holders for amounts due and unpaid on the Securities for principal, interest and Additional Amounts, if any, ratably, without preference or priority of any kind, according to the amounts due and payable on the Securities for principal, interest and Additional Amounts, if any, respectively; and

THIRD: to the Company or, to the extent the Trustee collects any amounts pursuant to the Subsidiary Guarantee, to the Guarantor.

(b) The Trustee may fix a special record date and payment date for any payment to Holders pursuant to this Section 7.10. At least 15 days before such special record date, the Company shall mail to each Holder and the Trustee a notice that states the special record date, the payment date and amount to be paid.

SECTION 7.11. Undertaking for Costs. In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 7.11 does not apply to a suit by the Trustee, a suit by a Holder pursuant to Section 7.07 hereof or a suit by Holders of more than 10% in aggregate principal amount of the Securities.

SECTION 7.12. Waiver of Stay or Extension Laws. Neither the Company nor the Guarantor (to the extent any of them may lawfully do so) shall at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Indenture; and each of the Company and the Guarantor (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any

such law, and shall not hinder, delay or impede the execution of any power herein granted to the Trustee, but shall suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE VIII

Trustee

SECTION 8.01. Duties of Trustee.

(a) If an Event of Default has occurred and is continuing, the Trustee shall exercise the rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise as a prudent Person would exercise or use under the circumstances in the conduct of such Person's own affairs.

(b) Except during the continuance of an Event of Default:

(i) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, the Trustee shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein).

(c) The Trustee may not be relieved from liability for its own grossly negligent action, its own gross negligent failure to act or its own willful misconduct, except that:

(i) this paragraph does not limit the effect of Section 8.01(b) hereof;

(ii) the Trustee shall not be liable for any error of judgment made in good faith by a Trust Officer unless it is proved that the Trustee was grossly negligent in ascertaining the pertinent facts;

(iii) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 7.05 hereof or exercising any trust or power conferred upon the Trustee under this Indenture with respect to the Securities; and

(iv) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers.

(d) Every provision of this Indenture that in any way relates to the Trustee is subject to Section 8.01(a), Section 8.01(b) and Section 8.01(c) hereof.

(e) The Trustee shall not be liable for interest on, or to invest, any money received by it except as the Trustee may agree in writing with the Company.

(f) Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

(g) Every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section 8.01 and the provisions of this Article VIII shall apply to the Trustee in its role as Registrar, Paying Agent and Transfer Agent.

(h) The Trustee shall not have any obligation or duty to monitor, determine or inquire as to compliance with any restriction on transfer imposed under this Indenture or under applicable law, with respect of any transfer of any interest in any Security (including any transfers between or among the depository, members or beneficial owners in any Global Security) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by, the terms of this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

SECTION 8.02. Rights of Trustee.

(a) The Trustee may rely conclusively on, and shall be protected in acting or refraining from acting upon, any document believed by it to be genuine and to have been signed or presented by the proper person. The Trustee need not investigate any fact or matter stated in such document. The Trustee may, however, in its discretion make such further inquiry or investigation into such facts or matters as it may see fit and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company, personally or by agent or attorney at the sole cost and expense of the Company and it shall not incur any liability by reason of such inquiry or investigation.

(b) Before the Trustee acts or refrains from acting hereunder, it may require an Officer's Certificate or an Opinion of Counsel. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on an Officer's Certificate or Opinion of Counsel.

(c) The Trustee may act through agents and attorneys and shall not be responsible for the acts or omissions of any agent appointed with due care.

(d) The Trustee shall not be liable for any action taken, suffered, or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture; provided that the Trustee's conduct does not constitute willful misconduct or gross negligence.

(e) The Trustee may consult with counsel of its choice, and the advice or Opinion of Counsel with respect to legal matters relating to this Indenture and the Securities shall be full and complete authorization and protection from liability in respect to any action taken, omitted or suffered by it hereunder in good faith and in accordance with the advice or opinion of such counsel.

(f) The permissive rights of the Trustee to do things enumerated in this Indenture shall not be construed as a duty unless so specified herein.

(g) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders pursuant to this Indenture, unless such Holders have offered to the Trustee indemnity or security satisfactory to the Trustee against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

(h) In no event shall the Trustee be responsible or liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(i) The Trustee shall not be deemed to have notice of any Default or Event of Default (other than a payment default of principal, premium or interest) unless a Trust Officer of the Trustee has actual knowledge thereof or unless written notice of any event which is in fact such a Default is received by the Trustee at the Corporate Trust Office of the Trustee, and such notice references the Securities and this Indenture.

(j) The rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and each agent, custodian and other Person employed to act hereunder.

(k) The Trustee may request that the Company and the Guarantor deliver an Officer's Certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture.

(l) The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Indenture arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including without limitation, acts of God; earthquakes; fires; floods; wars; civil or military disturbances; sabotage; epidemics; riots; interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications service; accidents; labor disputes; acts of civil or military authority or governmental actions; it being understood that the Trustee shall use its best efforts to resume performance as soon as practicable under the circumstances.

(m) The Trustee shall not be liable for any action taken or omitted by it in good faith and believed by it to be authorized or within the discretion, rights or powers conferred upon it by this Indenture.

SECTION 8.03. Individual Rights of Trustee. The Trustee in its individual or any other capacity may become the owner or pledgee of Securities and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Trustee. Any Paying Agent, Registrar or co-registrar may do the same with like rights. However, the Trustee must comply with Section 8.09 hereof.

SECTION 8.04. Trustee's Disclaimer. The Trustee shall not be responsible for, and makes no representation as to, the validity, priority, sufficiency or adequacy of this Indenture (including the Subsidiary Guarantee), any offering materials or the Securities. The Trustee shall not be accountable for the Company's use of the proceeds from the Securities, and it shall not be responsible for any statement of the Company or the Guarantor in this Indenture or in any document issued in connection with the sale of the Securities or in the Securities other than the Trustee's certificate of authentication.

SECTION 8.05. Notice of Defaults. If a Default or Event of Default occurs and is continuing and if it is known to a Trust Officer of the Trustee, the Trustee shall mail to each Holder notice of the Default or Event of Default within 90 days after it is known to a Trust Officer or written notice of it is received by the Trustee. Except in the case of a Default or Event of Default in payment of principal of or interest on any Security, the Trustee may withhold the notice if and so long as a committee of its Trust Officers in good faith determines that withholding the notice is in the interests of Holders.

SECTION 8.06. Compensation and Indemnity.

(a) The Company shall pay to each of the Trustee and the Luxembourg Paying Agent, as applicable, from time to time such compensation for its services as shall have been agreed upon between the Company and each of the Trustee and the Luxembourg Paying Agent. Neither the Trustee's nor the Luxembourg Paying Agent's compensation shall be limited by any law on compensation of a trustee of an express trust. The Company shall reimburse each of the Trustee and the Luxembourg Paying Agent, as applicable, upon request for all reasonable out-of-pocket expenses incurred or made by it, including reasonable costs of collection and the costs and expenses of its legal counsel, in addition to the compensation for its services. Such expenses shall include, as applicable, the commercially reasonable compensation and expenses, disbursements and advances of the Trustee's or the Luxembourg Paying Agent's agents, counsel, accountants and experts. The Company and the Guarantor jointly and severally agree to indemnify each of the Trustee and the Luxembourg Paying Agent, as applicable, against any and all loss, damages, claims, liability or expense (including commercially reasonable attorneys' fees and costs) incurred by it in connection with the acceptance and administration of this trust, as applicable, and the performance of its duties and/or the exercise of its rights hereunder. Each of the Trustee and the Luxembourg Paying Agent, as applicable, shall notify the Company and the Guarantor promptly of any claim for which it may seek indemnity. Failure by the Trustee or the Luxembourg Paying Agent to so notify the Company and the Guarantor shall not relieve the Company or the Guarantor of their respective obligations hereunder. Neither the Company nor the Guarantor need to reimburse any expense or indemnify against any loss, liability or expense incurred by the Trustee or the Luxembourg Paying Agent, as applicable, through the Trustee's or the Luxembourg Paying Agent's own willful misconduct, gross negligence or bad faith. Neither the Company nor the Guarantor need to pay for any settlement made by the Trustee or the

Luxembourg Paying Agent, as applicable, without the consent of the Company and the Guarantor, such consent not to be unreasonably withheld. All indemnifications and releases from liability granted hereunder to the Trustee and the Luxembourg Paying Agent, as applicable, shall extend to each of their respective officers, directors, employees, agents, successors and assigns.

(b) To secure the payment obligations of the Company and the Guarantor in this Section 8.06, the Trustee shall have a lien prior to the Securities on all money or property held or collected by the Trustee other than money or property held in trust to pay principal of and interest and Additional Amounts, if any, on particular Securities.

(c) The payment obligations of the Company and the Guarantor pursuant to this Section 8.06 shall survive the payment of the Securities, the resignation or removal of the Trustee and the satisfaction and discharge of this Indenture. When the Trustee incurs expenses after the occurrence of a Default specified in Section 7.01 (f) or Section 7.01(g) hereof, the expenses are intended to constitute expenses of administration under bankruptcy law.

SECTION 8.07. Replacement of Trustee.

(a) The Trustee may resign at any time by so notifying the Company and the Guarantor. The Holders of a majority in aggregate principal amount of the Securities then outstanding may remove the Trustee by so notifying the Company, the Guarantor and the Trustee in writing. The Company may remove the Trustee if:

- (i) the Trustee fails to comply with Section 8.09 hereof;
- (ii) the Trustee is adjudged bankrupt or insolvent;
- (iii) a receiver or other public officer takes charge of the Trustee or its property; or
- (iv) the Trustee otherwise becomes incapable of acting.

(b) If the Trustee resigns, is removed by the Company or by the Holders of a majority in aggregate principal amount of the Securities then outstanding, or if a vacancy exists in the office of Trustee for any reason (the Trustee in such event being referred to herein as the retiring Trustee), the Company by a Board Resolution shall promptly appoint a successor Trustee.

(c) A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee, to the Company and to the Guarantor. Thereupon the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers, duties, protections, indemnities and immunities of the Trustee under this Indenture. The successor Trustee shall mail a notice of its succession to Holders. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee, subject to the lien provided for in Section 8.06 hereof and the payment of its charges.

(d) If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Company or the Holders of 10% in aggregate principal amount of the Securities then outstanding may, at the expense of the Company, petition any court of competent jurisdiction for the appointment of a successor Trustee or the retiring Trustee may itself appoint a successor Trustee.

(e) If the Trustee fails to comply with Section 8.09 hereof, any Holder who has been a bona fide Holder of a Security for at least six months may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(f) Notwithstanding the replacement of the Trustee pursuant to this Section 8.07, the obligations of the Company and the Guarantor under Section 8.06 hereof shall continue for the benefit of the retiring Trustee.

SECTION 8.08. Successor Trustee by Merger.

(a) If the Trustee consolidates with, merges or converts into, or transfers all or substantially all its corporate trust business or assets (including its rights and obligations hereunder) to, another corporation or banking association, the resulting, surviving or transferee corporation or banking association without any further act shall be the successor Trustee.

(b) In case at the time such successor or successors by merger, conversion or consolidation to the Trustee shall succeed to the trusts created by this Indenture any of the Securities shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor trustee, and deliver such Securities so authenticated; and in case at that time any of the Securities shall not have been authenticated, any such successor to the Trustee may authenticate such Securities in the name of the successor to the Trustee; and in all such cases such certificates shall have the full force which it is anywhere in the Securities or in this Indenture provided that the certificate of the Trustee shall have.

SECTION 8.09. Eligibility; Disqualification. The Trustee shall have (or, in the case of a corporation included in a bank holding company system, the related bank holding company shall have) a combined capital and surplus of at least U.S.\$50,000,000 as set forth in its (or its related bank holding company's) most recent published annual report of condition.

SECTION 8.10. Appointment of Co-Trustee.

(a) Notwithstanding any other provisions of this Indenture, at any time, for the purpose of meeting any legal requirement of any jurisdiction in which any part of the trust may at the time be located, the Trustee shall have the power and may execute and deliver all instruments necessary to appoint one or more Persons to act as a co-trustee or co-trustees, or separate trustee or separate trustees, of all or any part of the trust, and to vest in such Person or Persons, in such capacity and for the benefit of the Holders, such title to the trust, or any part hereof, and subject to the other provisions of this Section 8.10, such powers, duties, obligations, rights and trusts as the Trustee may consider necessary or desirable. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under Section 8.09 hereof and no notice to Holders of the appointment of any co-trustee or separate trustee shall be required under Section 8.07 hereof.

(b) Every separate trustee and co-trustee shall, to the extent permitted by law, be appointed and act subject to the following provisions and conditions:

(i) all rights, powers, duties and obligations conferred or imposed upon the Trustee shall be conferred or imposed upon and exercised or performed by the Trustee and such separate trustee or co-trustee jointly (it being understood that such separate trustee or co-trustee is not authorized to act separately without the Trustee joining in such act), except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the trust or any portion thereof in any such jurisdiction) shall be exercised and performed singly by such separate trustee or co-trustee, but solely at the direction of the Trustee;

(ii) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder; and

(iii) the Trustee may at any time accept the resignation of or remove any separate trustee or co-trustee.

(c) Any notice, request or other writing given to the Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Indenture and the conditions of this Article VIII. Each separate trustee and co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Trustee or separately, as may be provided therein, subject to all the provisions of this Indenture, specifically including every provision of this Indenture relating to the conduct of, affecting the liability of, or affording protection or rights (including the rights to compensation, reimbursement and indemnification hereunder) to, the Trustee. Every such instrument shall be filed with the Trustee.

(d) Any separate trustee or co-trustee may at any time constitute the Trustee, its agent or attorney-in-fact with full power and authority, to the extent not prohibited by law, to do any lawful act under or in respect of this Indenture on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Trustee, to the extent permitted by law, without the appointment of a new or successor trustee.

ARTICLE IX

Defeasance; Discharge of Indenture

SECTION 9.01. Legal Defeasance and Covenant Defeasance.

(a) The Company may, at its option, at any time, elect to have the obligations of the Company and the Guarantor with respect to all outstanding Securities discharged upon compliance with the conditions set forth in Section 9.02 hereof as provided in this Section 9.01.

If the Company exercises its Legal Defeasance (as defined below) option, payment of the Securities may not be accelerated because of an Event of Default with respect thereto.

(b) Upon the Company's exercise under such option, the Company shall, subject to the satisfaction of the conditions set forth in Section 9.02 hereof, be deemed to have paid and discharged the entire indebtedness represented by the outstanding Securities after the deposit specified in Section 9.02(a) hereof (hereinafter, "Legal Defeasance"). For this purpose, Legal Defeasance means that the Company shall be deemed to have paid and discharged the entire Indebtedness represented by the outstanding Securities, which shall thereafter be deemed to be outstanding only for the purposes of Section 9.03 hereof and the other Sections of this Indenture referred to in clause (i) or (ii) of this Section 9.01(b), and to have satisfied all its other obligations under such Securities and hereunder (and the Trustee, on written demand of and at the expense of the Company, shall execute instruments acknowledging the same), except for the following provisions, which shall survive until otherwise terminated or discharged hereunder:

- (i) the rights of Holders to receive payments of the principal, premium, if any, and interest on the Securities when such payments are due;
- (ii) the Company's obligations with respect to the Securities concerning issuing temporary Securities, registration of Securities, mutilated, destroyed, lost or stolen Securities and the maintenance of an office or agency for payments;
- (iii) the rights, powers, trusts, duties, protections, benefits, indemnities and immunities of the Trustee hereunder and the obligations of the Company and the Guarantor in connection therewith; and
- (iv) this Article IX.

(c) Upon the Company's exercise under Section 9.01(a) hereof of the option applicable to this Section 9.01(c), the Company shall, subject to the satisfaction of the conditions set forth in Section 9.02 hereof, be released from each of its obligations under the covenants contained in Section 5.02, Section 5.03, Section 5.04, Section 7.01(c) and Section 7.01(d) hereof with respect to the outstanding Securities on and after the date the conditions set forth in Section 9.02 hereof are satisfied (hereinafter, "Covenant Defeasance"), and the Securities will thereafter be deemed not "outstanding" for the purposes of any direction, waiver, consent or declaration or act of Holders (and the consequences of any thereof) in connection with such covenants, but will continue to be deemed "outstanding" for all other purposes hereunder (it being understood that such Securities will not be deemed outstanding for accounting purposes). For this purpose, Covenant Defeasance means that, with respect to the outstanding Securities, the Company may omit to comply with, and the Company shall have no liability in respect of, any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply will not constitute a Default or an Event of Default under Section 7.01 hereof, but, except as specified above, the remainder of this Indenture and such Securities will be unaffected thereby. In addition, upon the Company's exercise under Section 9.01(a) hereof of the option applicable to this Section 9.01(c), subject to the satisfaction of the conditions set forth in Section 9.02, Section 7.01 (c) and Section 7.01(d) hereof will not constitute Events of Default.

(d) Subject to compliance with this Article IX, the Company may exercise its option under this Section 9.01(b) notwithstanding the prior exercise of its option under Section 9.01(c) hereof.

SECTION 9.02. Conditions to Defeasance. The Company may exercise its Legal Defeasance option or its Covenant Defeasance option only if:

(a) the Company has irrevocably deposited with the Trustee, in trust for the benefit of the Holders, cash in U.S. dollars, U.S. Government Obligations, or a combination thereof, in such amounts as will be sufficient without reinvestment, in the opinion of an internationally recognized investment bank, appraisal firm or firm of independent public accountants, to pay the principal, premium, if any, and interest (including Additional Amounts) on the Securities on the stated date for payment thereof;

(b) in the case of Legal Defeasance, the Company has delivered to the Trustee an Opinion of Counsel from counsel in the United States independent of the Company to the effect that (subject to customary exceptions and exclusions):

(i) the Company has received from, or there has been published by, the U.S. Internal Revenue Service a ruling; or

(ii) since the Issue Date, there has been a change in the applicable U.S. Federal income tax law,

in either case to the effect that, and based thereon such Opinion of Counsel shall state that, the Holders will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(c) in the case of Covenant Defeasance, the Company has delivered to the Trustee an Opinion of Counsel from counsel in the United States independent of the Company (subject to customary exceptions and exclusions) to the effect that the Holders will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(d) in the case of Legal Defeasance or Covenant Defeasance, the Company has delivered to the Trustee an Opinion of Counsel from counsel in Chile independent of the Company (subject to customary exceptions and exclusions) to the effect that, based upon Chilean law then in effect, Holders will not recognize income, gain or loss for Chilean tax purposes, including withholding tax except for withholding tax then payable on interest payments due, as a result of such Legal Defeasance or Covenant Defeasance, as the case may be, and will be subject to Chilean taxes on the same amounts and in the same manner and at the same time as would have been the case if such Legal Defeasance or Covenant Defeasance, as the case may be, had not occurred;

(e) no Default or Event of Default has occurred and is continuing on the date of the deposit pursuant to Section 9.02(a) hereof (other than a Default or Event of Default arising in connection with the grant of any Lien securing a borrowing of funds to be applicable to such deposit);

(f) the Company has delivered to the Trustee an Officer's Certificate stating that the deposit was not made by the Company with the intent of preferring the Holders over any other creditors of the Company or any Subsidiary of the Company or with the intent of defeating, hindering, delaying or defrauding any other creditors of the Company or others;

(g) the Company has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel from counsel independent of the Company (subject to customary exceptions and exclusions), each stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance have been complied with; and

(h) the Company has delivered to the Trustee Opinions of Counsel from counsel in the United States and Chile independent of the Company (subject to customary exceptions and exclusions and to assumptions as to factual matters, including the absence of an intervening bankruptcy, insolvency or reorganization during the applicable preference period following the date of such deposit and that no Holder or the Trustee is deemed to be an "insider" of the Company under the U.S. Bankruptcy Code and any equivalent law of Chile), to the effect that the transfer of trust funds pursuant to such deposit will not be subject to avoidance as a preferential transfer pursuant to the applicable provisions of the U.S. Bankruptcy Code or any successor statute and any equivalent law of Chile.

SECTION 9.03. Application of Trust Money. The Trustee shall hold in trust U.S. dollars or U.S. Government Obligations deposited with it pursuant to this Article IX. It shall apply the deposited money and the U.S. dollars from U.S. Government Obligations through the Paying Agent and in accordance with this Indenture to the payment of principal of and interest on the Securities.

SECTION 9.04. Repayment to Company.

(a) The Trustee and each Paying Agent shall promptly turn over to the Company upon request of the Company any excess money or securities held by any of them upon payment of all the obligations under this Indenture.

(b) Subject to any applicable abandoned property law, the Trustee and each Paying Agent shall pay to the Company upon request any money held by any of them for the payment of principal of or interest on the Securities that remains unclaimed for two years, and, thereafter, Holders entitled to the money must look to the Company for payment as general creditors.

SECTION 9.05. Indemnity for U.S. Government Obligations. The Company and the Guarantor jointly and severally agree to pay and to indemnify the Trustee against any tax, fee or other charge imposed on or assessed against deposited U.S. Government Obligations or the principal and interest received on such U.S. Government Obligations.

SECTION 9.06. Reinstatement. If the Trustee or a Paying Agent is unable to apply any U.S. dollars or U.S. Government Obligations in accordance with this Article IX by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the obligations of the Company and the Guarantor under this Indenture and the Securities shall be revived and reinstated as though no deposit had occurred pursuant to this Article IX until such time as the Trustee or such Paying Agent is permitted to apply all such U.S. dollars or U.S. Government Obligations in accordance with this Article IX; provided, however, that, if the Company or the Guarantor has made any payment of principal or interest on any Securities because of the reinstatement of its obligations, the Company or the Guarantor, as applicable, shall be subrogated to the rights of the Holders of such Securities to receive such payment from the U.S. dollars or U.S. Government Obligations held by the Trustee or a Paying Agent.

SECTION 9.07. Satisfaction and Discharge. This Indenture will be discharged and will cease to be of further effect (except as to surviving rights and registration of transfer or exchange of the Securities, as expressly provided for herein and except as to the rights, powers, trusts, duties, protections, benefits, indemnities and immunities of the Trustee hereunder) as to all outstanding Securities when:

(a) either:

(i) all the Securities theretofore authenticated and delivered (except lost, stolen or destroyed Securities which have been replaced or paid and Securities for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust) have been delivered to the Trustee for cancellation; or

(ii) all Securities not theretofore delivered to the Trustee for cancellation have become due and payable or will become due and payable at their Stated Maturity within one year or will be called for redemption within one year, and the Company has irrevocably deposited or caused to be deposited with the Trustee funds or U.S. Government Obligations sufficient without reinvestment, in the opinion of an internationally recognized investment bank, appraisal firm or firm of independent public accountants, to pay and discharge the entire Indebtedness on the Securities not theretofore delivered to the Trustee for cancellation, for principal of, premium, if any, and interest on the Securities to the date of deposit (in the case of Securities which have become due and payable) or to the date such Securities will become due and payable or to the date of redemption, as the case may be (in the case of Securities which will become due and payable at their Stated Maturity within one year or which will be called for redemption within one year), together with irrevocable instructions from the Company directing the Trustee to apply such funds to the payment;

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- (b) the Company has paid all other sums payable under this Indenture and the Securities by the Company; and
- (c) the Company has delivered to the Trustee an Opinion of Counsel and an Officer's Certificate each stating that all conditions precedent under this Indenture relating to the satisfaction and discharge of this Indenture have been complied with.

ARTICLE X

Amendments

SECTION 10.01. Without Consent of Holders.

(a) The Company, the Guarantor and the Trustee may amend, modify or supplement this Indenture (including, without limitation, the Subsidiary Guarantee) and the Securities without notice to or consent of any Holder:

(i) to cure any ambiguity, or to cure, correct or supplement any defect herein or therein;

(ii) to comply with Article VI hereof;

(iii) to provide for uncertificated Securities in addition to or in place of certificated Securities; provided that the uncertificated Securities shall be issued in registered form for purposes of Section 163(f) of the U.S. Internal Revenue Code of 1986, as amended, or in a manner such that the uncertificated Securities are described in Section 163(f)(2)(B) of the U.S. Internal Revenue Code of 1986, as amended;

(iv) to add Guarantees with respect to the Securities or to secure the Securities;

(v) to add to the covenants of the Company or the Guarantor for the benefit of the Holders or to surrender any right or power herein conferred upon the Company or the Guarantor;

(vi) to issue Securities after the Issue Date in accordance with Section 2.01 hereof; and

(vii) in any manner which does not adversely affect the interests of any Holder in any material respect.

(b) After an amendment under this Section 10.01 becomes effective, the Company shall mail to Holders a notice briefly describing such amendment. The failure to give such notice to all Holders, or any defect therein, shall not impair or affect the validity of an amendment under this Section 10.01.

SECTION 10.02. With Consent of Holders.

(a) The Company, the Guarantor and the Trustee may modify or amend this Indenture or the terms and conditions of the Securities, and future compliance therewith or past Default by the Company or the Guarantor (other than a Default in the payment of any amount, including in connection with a redemption, due on the Securities or in respect of a covenant or provision which cannot be modified and amended without the consent of the Holders of all Securities so affected) with the written consent of the Holders of at least a majority in aggregate principal amount of the Securities then Outstanding (including consents obtained in connection with a tender offer or exchange offer for the Securities) or by the adoption of resolutions at a meeting of Holders of Securities by, or the consent of, the Holders of at least a majority of the outstanding Securities. However, without the consent or affirmative vote of each Holder affected thereby, an amendment may not:

(i) change the interest rate with respect to any Security or reduce the principal amount of any Securities or change the time for payment thereof;

(ii) modify the obligation to pay Additional Amounts;

(iii) change the prices at which any Security may be redeemed by the Company or change the time at which any Security may be redeemed in accordance with Article III or Article IV hereof;

(iv) change the currency in which, or change the required place at which, payment on principal, premium, if any, or interest on any Security is payable;

(v) impair the right to institute suit for the enforcement of any payment obligation on or with respect to any Security; or

(vi) reduce the percentage of principal amount of outstanding Securities whose Holders are required to consent to modify or amend this Indenture or the terms or conditions of the Securities or to waive any future compliance or past Default;

(b) It shall not be necessary for the consent of the Holders under this Section 10.02 to approve the particular form of any proposed amendment, but it shall be sufficient if such consent approves the substance thereof.

(c) After an amendment under this Section 10.02 becomes effective, the Company shall mail to Holders a notice briefly describing such amendment. The failure to give such notice to all Holders, or any defect therein, shall not impair or affect the validity of an amendment under this Section 10.02.

SECTION 10.03. Revocation and Effect of Consents and Waivers.

(a) A consent to an amendment or a waiver by a Holder of a Security shall bind the Holder and every subsequent Holder of that Security or portion of the Security that evidences the same debt as the consenting Holder's Security, even if notation of the consent or

waiver is not made on the Security. However, any such Holder or subsequent Holder may revoke the consent or waiver as to such Holder's Security or portion of the Security if the Trustee receives the notice of revocation before the date the amendment or waiver becomes effective. After an amendment or waiver becomes effective, it shall bind every Holder. An amendment or waiver becomes effective upon the execution of such amendment or waiver by the Trustee.

(b) The Company may, but shall not be obligated to, fix a special record date for the purpose of determining the Holders entitled to give their consent or take any other action described above or required or permitted to be taken pursuant to this Indenture. If a special record date is fixed, then notwithstanding the immediately preceding paragraph, those Persons who were Holders at such special record date (or their duly designated proxies), and only those Persons, shall be entitled to give such consent or to revoke any consent previously given or to take any such action, whether or not such Persons continue to be Holders after such special record date. No such consent shall be valid or effective for more than 120 days after such special record date.

SECTION 10.04. Notation on or Exchange of Securities. If an amendment changes the terms of a Security, the Trustee may require the Holder of the Security to deliver such Security to the Trustee. The Trustee may place an appropriate notation on the Security regarding the changed terms and return such Security to the Holder. Alternatively, if the Company or the Trustee so determines, the Company in exchange for the Security shall issue and the Trustee shall authenticate a new Security that reflects the changed terms. Failure to make the appropriate notation or to issue a new Security shall not affect the validity of such amendment.

SECTION 10.05. Trustee To Sign Amendments. The Trustee shall sign any modification, amendment or supplement authorized pursuant to this Article X if the modification, amendment or supplement does not adversely affect the rights, duties, liabilities or immunities of the Trustee. If it does, the Trustee may but need not sign it. In signing such modification, amendment or supplement the Trustee shall be entitled to receive indemnity or security satisfactory to it and to receive, and (subject to Section 8.01 hereof) shall be fully protected in relying upon, in addition to the documents required by Section 12.02 hereof, an Officer's Certificate and an Opinion of Counsel, upon which the Trustee may conclusively rely, each stating that such modification, amendment or supplement is authorized or permitted by this Indenture and complies with the provisions of this Indenture.

ARTICLE XI

Subsidiary Guarantee

SECTION 11.01. Subsidiary Guarantee.

(a) The Guarantor hereby irrevocably and unconditionally guarantees on a general unsecured and unsubordinated basis (the "Subsidiary Guarantee"), as a primary obligor and not merely as a surety, to each Holder and to the Trustee and its successors and assigns, the full and punctual payment when due, whether by acceleration, by redemption or otherwise, of all obligations of the Company under this Indenture (including obligations to the Trustee) and the

Securities, whether for payment of principal of, interest and Additional Amounts, if any, on, or liquidated damages, if any, in respect of, the Securities and all other monetary obligations of the Company under this Indenture and the Securities (all the foregoing being hereinafter collectively called the "Guaranteed Obligations"). The Guarantor further agrees that the Guaranteed Obligations may be extended or renewed, in whole or in part, without notice or further assent therefrom, and that it shall remain bound under this Article XI notwithstanding any extension or renewal of any Guaranteed Obligation.

(b) The Guarantor waives, to the fullest extent permitted by law, presentation to, demand of payment from and protest to the Company of any of the Guaranteed Obligations and also waives notice of protest for nonpayment. The Guarantor waives notice of any Default under the Securities or the Guaranteed Obligations. The obligations of the Guarantor hereunder shall not be affected by (i) the failure of any Holder or the Trustee to assert any claim or demand or to enforce any right or remedy against the Company or any other Person under this Indenture, the Securities or any other agreement or otherwise; (ii) any extension or renewal of any thereof; (iii) any rescission, waiver, amendment or modification of any of the terms or provisions of this Indenture, the Securities or any other agreement; (iv) the release of any security held by any Holder or the Trustee for the Guaranteed Obligations or any of them; or (v) any change in the ownership of the Guarantor.

(c) The Guarantor hereby waives, to the fullest extent permitted by law, any right to which it may be entitled to have the assets of the Company first be used and depleted as payment of the Company's or the Guarantor's obligations hereunder prior to any amounts being claimed from or paid by the Guarantor hereunder. The Guarantor hereby waives any right to which it may be entitled to require that the Company be sued prior to an action being initiated against it. The Guarantor hereby irrevocably waives the benefits to which it is entitled under articles 2357, 2339 and 2355 of the Chilean Civil Code.

(d) The Guarantor further agrees that the Subsidiary Guarantee herein constitutes a guarantee of payment, performance and compliance when due (and not a guarantee of collection) and waives any right to require that any resort be had by any Holder or the Trustee to any security held for payment of the Guaranteed Obligations.

(e) Except as expressly set forth in Sections 9.01(a), 11.01(f), 11.02 and 11.07, the obligations of the Guarantor hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason, including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to any defense of setoff, counterclaim, recoupment or termination whatsoever or by reason of the invalidity, illegality or unenforceability of the Guaranteed Obligations or otherwise. Without limiting the generality of the foregoing, the obligations of the Guarantor herein shall not be discharged or impaired or otherwise affected by the failure of any Holder or the Trustee to assert any claim or demand or to enforce any remedy under this Indenture, the Securities or any other agreement, by any waiver or modification of any thereof, by any Default, failure or delay, willful or otherwise, in the performance of the obligations, or by any other act or thing or omission or delay to do any other act or thing which may or might in any manner or to any extent vary the risk of the Guarantor or would otherwise operate as a discharge of the Guarantor as a matter of law or equity.

(f) The Guarantor agrees that the Subsidiary Guarantee shall remain in full force and effect until payment in full of all the Guaranteed Obligations. The Guarantor further agrees that the Subsidiary Guarantee herein shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of principal of or interest or liquidated damages, if any, on any Guaranteed Obligation is rescinded or must otherwise be restored by any Holder or the Trustee upon the bankruptcy or reorganization of the Company or otherwise.

(g) In furtherance of the foregoing and not in limitation of any other right which any Holder or the Trustee has at law or in equity against the Guarantor by virtue hereof, upon the failure of the Company to pay the principal of or interest or liquidated damages, if any, on any Guaranteed Obligation when and as the same shall become due, whether by acceleration, by redemption or otherwise, or to perform or comply with any other Guaranteed Obligation, the Guarantor hereby promises to and shall, upon receipt of written demand by the Trustee, forthwith pay, or cause to be paid, in cash, to the Paying Agent for the benefit of Holders or the Trustee or any agent appointed hereunder an amount equal to the sum of (i) the unpaid principal amount of such Guaranteed Obligations, (ii) accrued and unpaid interest and Additional Amounts, if any, on such Guaranteed Obligations and (iii) all other monetary obligations of the Company to the Holders, the Trustee and any agent appointed hereunder.

(h) The Guarantor agrees that it shall not be entitled to any right of subrogation in relation to the Holders in respect of any Guaranteed Obligations guaranteed hereby until payment in full of all Guaranteed Obligations. The Guarantor further agrees that, as between it, on the one hand, and the Holders and the Trustee, on the other hand, (i) the maturity of the Guaranteed Obligations guaranteed hereby may be accelerated as provided in Article VII for the purposes of the Subsidiary Guarantee herein, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the Guaranteed Obligations guaranteed hereby, and (ii) in the event of any declaration of acceleration of such Guaranteed Obligations as provided in Article VII, such Guaranteed Obligations (whether or not due and payable) shall forthwith become due and payable by the Guarantor for the purposes of this Section 11.01.

(i) Upon request of the Trustee, the Guarantor shall execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture.

SECTION 11.02. Limitation on Liability. Any term or provision of this Indenture to the contrary notwithstanding, the maximum aggregate amount of the Guaranteed Obligations guaranteed hereunder by the Guarantor shall not exceed the maximum amount that can be hereby guaranteed without rendering this Indenture, as it relates to the Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally.

SECTION 11.03. Successors and Assigns. This Article XI shall be binding upon the Guarantor and its successors and assigns and shall inure to the benefit of the successors and assigns of the Trustee and the Holders and, in the event of any transfer or assignment of rights by any Holder or the Trustee, the rights and privileges conferred upon that party in this Indenture and in the Securities shall automatically extend to and be vested in such transferee or assignee, all subject to the terms and conditions of this Indenture.

SECTION 11.04. No Waiver. Neither a failure nor a delay on the part of either the Trustee or the Holders in exercising any right, power or privilege under this Article XI shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise of any right, power or privilege. The rights, remedies and benefits of the Trustee and the Holders herein expressly specified are cumulative and not exclusive of any other rights, remedies or benefits which either may have under this Article XI at law, in equity, by statute or otherwise.

SECTION 11.05. Modification. No modification, amendment or waiver of any provision of this Article XI, nor the consent to the departure by the Guarantor therefrom, shall in any event be effective unless the same shall be in writing and signed by the Trustee, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on the Guarantor in any case shall entitle the Guarantor to any other or further notice or demand in the same, similar or other circumstances.

SECTION 11.06. Non-Impairment. The failure to endorse a guarantee on any Security shall not affect or impair the validity thereof.

SECTION 11.07. Release of Subsidiary Guarantor. The Guarantor shall be released from its obligations under its Subsidiary Guarantee upon:

(a) subject to Section 9.06 hereof, satisfaction and discharge of this Indenture in compliance with Section 9.07 hereof;

(b) subject to Section 9.06 hereof, Legal Defeasance in compliance with Sections 9.01 and 9.02 hereof;

(c) a sale or disposition of the Guarantor, whether by merger, consolidation, the sale of its Capital Stock or the sale of all or substantially all of its assets (other than by lease or to the Company) or otherwise and whether or not the Guarantor is the surviving corporation in such transaction, in compliance with Section 6.01 hereof; and

(d) repayment in full by the Company of all principal, interest and other amounts due on both the 2021 Notes and the 2023 Notes; provided, however, that under this Section 11.07(d), the Company shall be required to provide to the Trustee an Officer's Certificate and, if requested by the Trustee, an Opinion of Counsel, to the effect that both the 2021 Notes and 2023 Notes have been paid in full and all conditions precedent relating to such release under the Indenture have been satisfied;

in each case, upon delivery by the Company of written notice thereof to the Trustee in accordance with Section 12.01 hereof.

ARTICLE XII

Miscellaneous

SECTION 12.01. Notices.

(a) Any notice, request, demand, instruction or communication shall be in English and in writing and delivered in person or mailed by first-class mail, postage prepaid, or sent by facsimile (with a hard copy delivered in person or by mail promptly thereafter) or other electronic transmission and addressed as follows:

if to the Company and/or the Guarantor :

Cencosud S.A.
Av. Kennedy 9001, 6th floor, Las Condes
Santiago, Chile
Attention: Juan Manuel Parada
Telephone: +56 (2) 2959-0000
Fax: +56 (2) 2959-0625

With a copy to :

Servicios Legales Baker McKenzie Limitada,
Nueva Tajamar 481, Torre Norte, piso 21,
Santiago, Chile
Attention: Jaime Munro
Telephone: +56 (2) 2367-7000
Fax: +56 (2) 2362-9876

if to the Trustee, the Paying Agent, the Registrar or the Transfer Agent :

The Bank of New York Mellon
101 Barclay Street, Floor 7E
New York, New York 10286
USA
Attention: International Corporate Trust
Fax: 212-815-5603

if to the Luxembourg Paying Agent or the Luxembourg Transfer Agent :

The Bank of New York Mellon (Luxembourg) S.A.
2-4 rue Eugene Ruppert
Vertigo Building - Polaris
L-2453 Luxembourg
Attention: Corporate Trust Services

(b) The Company, the Guarantor or the Trustee by notice to the other parties may designate additional or different addresses for subsequent notices or communications.

(c) Any notice or communication mailed to a Holder of a certificated, non-Global Security shall be mailed to the Holder at the Holder's address as it appears on the Securities Register maintained by the Registrar. Any notice or communication to a Holder of a Global Security shall be given to the Depository for such Global Security in accordance with its applicable procedures.

(d) Failure to deliver a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. All notices to Holders shall be deemed to have been given (whether or not the addressee receives it) upon the mailing by first class mail, postage prepaid, of such notices (in English) at the registered addresses of such Holders as they appear on the register of the Registrar not later than the latest date, and not earlier than the earliest date, prescribed in the Securities for the giving of such notice. Notices delivered to the Trustee shall only be effective upon actual receipt.

(e) In respect of this Indenture, the Trustee shall not have any duty or obligation to verify or confirm that the Person sending instructions, directions, reports, notices or other communications or information by electronic transmission is, in fact, a Person authorized to give such instructions, directions, reports, notices or other communications or information on behalf of the party purporting to send such electronic transmission; and the Trustee shall not have any liability for any losses, liabilities, costs or expenses incurred or sustained by any party as a result of such reliance upon or compliance with such instructions, directions, reports, notices or other communications or information. Each other party agrees to assume all risks arising out of the use of electronic methods to submit instructions, directions, reports, notices or other communications or information to the Trustee, including without limitation, the risk of the Trustee acting on unauthorized instructions, notices, reports or other communications or information, and the risk of interception and misuse by third parties.

(f) For as long as the Securities are listed on the Official List of the Luxembourg Stock Exchange and the rules of the exchange so require, notices to Holders shall also be published in a leading newspaper having general circulation in Luxembourg, which is expected to be "*Luxemburger Wort*." If such publication is not practicable, notice to Holders shall be considered to be validly given if otherwise made in accordance with the rules of the Luxembourg Stock Exchange. Any such notice will be deemed to have been delivered on the date of first publication. Any notice to Holders may also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

SECTION 12.02. Certificate and Opinion as to Conditions Precedent. Upon any request or application by the Company to the Trustee to take or refrain from taking any action under this Indenture, the Company shall furnish to the Trustee:

(a) an Officer's Certificate in form and substance reasonably satisfactory to the Trustee stating that, in the opinion of the signers, all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with; and

(b) an Opinion of Counsel in form and substance reasonably satisfactory to the Trustee stating that, in the opinion of such counsel, all such conditions precedent have been complied with.

SECTION 12.03. Statements Required in Certificate or Opinion. Each certificate or opinion with respect to compliance with a covenant or condition provided for in this Indenture shall include:

- (a) a statement substantially to the effect that the individual making such certificate or opinion has read such covenant or condition;
- (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;
- (c) a statement substantially to the effect that, in the opinion of such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and
- (d) a statement as to whether or not, in the opinion of such individual, such covenant or condition has been complied with.

SECTION 12.04. When Securities Disregarded. In determining whether the Holders of the required principal amount of Securities have concurred in any direction, waiver or consent, Securities owned by the Company or the Guarantor or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company or the Guarantor shall be disregarded and deemed not to be outstanding, except that, for the purpose of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent, only Securities that a Trust Officer of the Trustee knows are so owned shall be so disregarded. Also, subject to the foregoing, only Securities outstanding at the time shall be considered in any such determination.

SECTION 12.05. Rules by Trustee, Paying Agent and Registrar. The Trustee may make reasonable rules for action by or at a meeting of Holders. The Registrar and any Paying Agent or co-registrar may make reasonable rules for their functions.

SECTION 12.06. Legal Holidays. A "Legal Holiday" is a Saturday, a Sunday or a day on which banking institutions in The City of New York, New York or Santiago, Chile are authorized or required by law to close. If a payment date is a Legal Holiday in the place of payment, payment shall be made on the next succeeding day that is not a Legal Holiday, and no interest shall accrue on such payment for the intervening period on account of such delay. If a Record Date or a special record date is a Legal Holiday, such Record Date or special record date shall not be affected.

SECTION 12.07. Governing Law; Consent to Jurisdiction and Service of Process.

(a) THIS INDENTURE (INCLUDING THE SUBSIDIARY GUARANTEE PROVIDED HEREIN) AND THE SECURITIES SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

(b) Each of the parties hereto:

(i) agrees that any suit, action or proceeding against it arising out of or relating to this Indenture (including the Subsidiary Guarantee provided herein) or the Securities, as the case may be, may be instituted in any U.S. Federal or New York State court in the Borough of Manhattan, The City of New York, New York;

(ii) waives to the fullest extent permitted by applicable law, any objection which it may now or hereafter have to the laying of venue of any such suit, action or proceeding, any claim that any suit, action or proceeding in such a court has been brought in an inconvenient forum and any right to which it may be entitled on account of place of residence or domicile;

(iii) irrevocably submits to the non-exclusive jurisdiction of such courts in any suit, action or proceeding;

(iv) agrees that final judgment in any such suit, action or proceeding brought in such a court shall be conclusive and binding and may be enforced in the courts of the jurisdiction of which it is subject by a suit upon judgment; and

(v) agrees, with respect to the Company and the Guarantor, that service of process by mail to the addressed specified herein shall constitute personal service of such process on it in any such suit, action or proceeding.

(c) Each of the Company and the Guarantor has appointed CT Corporation System with offices currently at 111 Eight Avenue, 13th floor, New York, New York 10011, as its authorized agent (the "Authorized Agent") upon whom all writs, process and summonses may be served in any suit, action or proceeding arising out of or based upon this Indenture (including the Subsidiary Guarantee provided herein) or the Securities which may be instituted in any U.S. Federal or New York State court in the Borough of Manhattan, The City of New York, New York. Each of the Company and the Guarantor hereby represents and warrants that the Authorized Agent has accepted such appointment and has agreed to act as said agent for service of process, and each of the Company and the Guarantor agrees to take any and all action, including the filing of any and all documents, that may be necessary to continue each such appointment in full force and effect as aforesaid so long as the Securities remain outstanding. Each of the Company and the Guarantor agrees that the appointment of the Authorized Agent shall be irrevocable so long as any of the Securities remain outstanding or until the irrevocable appointment by the Company or the Guarantor, as applicable, of a successor agent in the Borough of Manhattan, The City of New York, New York as its authorized agent for such purpose and the acceptance of such appointment by such successor. Service of process upon the Authorized Agent shall be deemed, in every respect, effective service of process upon the Company or the Guarantor, as applicable.

(d) If for the purpose of obtaining judgment in any court it is necessary to convert a sum due hereunder to the Holder of a Security from U.S. dollars into another currency, each of the Company and the Guarantor has agreed, and each Holder by holding such Security will be deemed to have agreed, to the fullest extent that the Company, the Guarantor and they may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures such Holder could purchase U.S. dollars with such other currency in The City of New York, New York on the day two Business Days preceding the day on which final judgment is given.

(e) The obligation of each of the Company and the Guarantor in respect of any sum payable by it to a Holder or to the Trustee shall, notwithstanding any judgment in a currency (the "judgment currency") other than U.S. dollars, be discharged only to the extent that on the Business Day following receipt by the Trustee or the Holder of a Security of any sum adjudged to be so due in the judgment currency, the Trustee or the Holder of such Security may in accordance with normal banking procedures purchase U.S. dollars with the judgment currency; if the amount of the U.S. dollars so purchased is less than the sum originally due to the Trustee or the Holder in the judgment currency (determined in the manner set forth in the preceding paragraph), each of the Company and the Guarantor agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Trustee or the Holder of such Security against such loss, and if the amount of the U.S. dollars so purchased exceeds the sum originally due to the Trustee or such Holder, each of the Trustee and such Holder agrees to remit to the Company or the Guarantor, as applicable, such excess; provided that the Trustee and such Holder shall have no obligation to remit any such excess as long as the Company or the Guarantor shall have failed to pay the Trustee or such Holder any obligations due and payable under such Security, in which case such excess may be applied to the Company's obligations under such Security in accordance with the terms thereof.

SECTION 12.08. Waiver of Immunity. To the extent that the Company, the Guarantor, the Subsidiaries or any of their respective properties, assets or revenues may have or may hereafter become entitled to, or have attributed to the Company, the Guarantor or the Subsidiaries, any right of immunity, on the grounds of sovereignty or otherwise, from any legal action, suit or proceeding, from the giving of any relief in any such legal action, suit or proceeding, from setoff or from counterclaim from the jurisdiction of any Chilean, U.S. Federal or New York State court, from service of process, from attachment upon or prior to judgment, from attachment in aid of execution of judgment, or from execution of judgment, or other legal process or proceeding for the giving of any relief or for the enforcement of any judgment, in any such court in which proceedings may at any time be commenced, with respect to the obligations and liabilities of the Company, the Guarantor, or the Subsidiaries, or any other matter under or arising out of or in connection with, the Securities, the Subsidiary Guarantee or this Indenture, the Company, the Guarantor and the Subsidiaries irrevocably and unconditionally waive or will waive such right, and agree not to plead or claim any such immunity and consents to such relief and enforcement.

SECTION 12.09. No Recourse Against Others . No director, officer, employee or stockholder, as such, of the Company or the Guarantor shall have any liability for any obligations of the Company or the Guarantor, as applicable, under the Securities or this Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Security, each Holder shall waive and release all such liability. The waiver and release shall be part of the consideration for the issue of the Securities.

SECTION 12.10. Successors . All agreements of the Company and the Guarantor in this Indenture and the Securities shall bind their respective successors. All agreements of the Trustee in this Indenture shall bind its successors.

SECTION 12.11. Multiple Originals . The parties may sign any number of copies of this Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. One signed copy is enough to prove this Indenture.

SECTION 12.12. Table of Contents: Headings . The table of contents, cross-reference sheet and headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not intended to be considered a part hereof and shall not modify or restrict any of the terms or provisions hereof.

SECTION 12.13. Waiver of Jury Trial . EACH OF THE COMPANY, THE GUARANTOR, THE TRUSTEE AND EACH HOLDER BY ITS ACCEPTANCE OF A SECURITY HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS INDENTURE (INCLUDING THE SUBSIDIARY GUARANTEE), THE SECURITIES OR THE TRANSACTIONS CONTEMPLATED HEREBY.

SECTION 12.14. Severability . In case any provision in this Indenture or in the Securities shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 12.15. USA Patriot Act . The parties hereto acknowledge that, in accordance with Section 326 of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (as amended, modified or supplemented from time to time, the "USA Patriot Act"), the Trustee, like all financial institutions, is required to obtain, verify, and record information that identifies each person or legal entity that opens an account. The parties to this Indenture agree that they will provide the Trustee with such information as the Trustee may request in order for the Trustee to satisfy the requirements of the USA Patriot Act.

(Signature page follows)

IN WITNESS WHEREOF, the parties have caused this Indenture to be duly executed as of the date first written above.

CENCOSUD S.A., as Issuer



By _____

Name: Juan Manuel Parada
Title: CFO



By _____

Name: Dario Amenabar
Title: Regional Finance Manager

CENCOSUD RETAIL S.A., as Guarantor



By _____

Name: Juan Manuel Parada
Title: CFO



By _____

Name: Dario Amenabar
Title: Regional Finance Manager

[Signature Page - Indenture]

THE BANK OF NEW YORK MELLON, as Trustee, Paying Agent, Registrar and Transfer Agent



By _____
Name: John T. Needham, Jr.
Title: Vice President

THE BANK OF NEW YORK MELLON (LUXEMBOURG) S.A.,
as Luxembourg Paying Agent and Luxembourg Transfer Agent



By _____
Name: John T. Needham, Jr.
Title: Attorney-in-fact

RULE 144A/REGULATION S APPENDIX A
PROVISIONS RELATING TO SECURITIES

1. Definitions

The terms defined in Article I of the Indenture shall have the meaning assigned to such terms therein and, in addition, for the purposes of this Appendix A, the following additional terms shall have the meanings indicated below:

“Certificated Security” means a definitive, non-Global Security.

“Clearstream” means Clearstream Banking, *société anonyme* .

“Depository” means, with respect to the Securities issuable or issued in whole or in part in the form of one or more Global Securities, the Person designated as Depository by the Company pursuant to the Indenture, which must be a clearing agency registered under the Exchange Act and any successor to such Person and which shall initially be DTC.

“Distribution Compliance Period” means, with respect to any Regulation S Security (or beneficial interest therein), the 40 consecutive days beginning on and including the issue date of such Regulation S Security, as notified by the Company to the Trustee in writing; provided that the Company may, in its discretion and upon written notice to the Trustee, extend the termination of the Distribution Compliance Period.

“DTC” means The Depository Trust Company.

“Euroclear” means Euroclear Bank S.A./N.V.

“Global Securities” means the Regulation S Global Security and the Restricted Global Security.

“Non-U.S. Person” has the meaning given to it in Regulation S.

“Regulation S” means Regulation S as promulgated by the Commission under the Securities Act, as it may be amended from time to time.

“Regulation S Global Security” means one or more Regulation S Securities in definitive, fully registered book-entry form without interest coupons, representing a Regulation S Security.

“Regulation S Security” means a Security sold outside the United States to a Non-U.S. Person in reliance upon the exemptions from registration contained in Regulation S.

“Resale Restriction Termination Date” means, for any Restricted Security (or beneficial interest therein), one year (or such other period specified in Rule 144(d)) from the Issue Date or, if any Securities that are not Original Securities, but are Restricted Securities, have been issued before the Resale Restriction Termination Date for any Restricted Securities, from the latest such original issue date of such Restricted Securities; provided that the Company may, in its discretion and upon written notice to the Trustee, extend the Resale Restriction Termination Date.

“Restricted Global Security” means one or more global Securities in definitive, fully registered book-entry form without interest coupons, representing a Restricted Security.

“Restricted Securities Legend” has the meaning set forth in Section 2.1(b) of this Appendix A.

“Restricted Security” means a Security sold to QIBs in reliance upon the exemption from registration contained in Rule 144A.

“Rule 144A” means Rule 144A as promulgated by the Commission under the Securities Act, as it may be amended from time to time.

2. The Securities

2.1 Form and Registration.

(a) Form and Registration. The certificates representing the Securities shall be issued in fully registered form without interest coupons.

(b) Regulation S Global Securities. Securities sold in reliance on the exemption from registration contained in Regulation S shall initially be represented by one or more Regulation S Global Securities, which shall be deposited with the Trustee as custodian for, and registered in the name of a nominee of, DTC. Each Regulation S Global Security shall bear a Restricted Securities Legend in the form set forth in Exhibit 1 to this Appendix A (the “Restricted Securities Legend”).

(c) Restricted Global Securities. Securities sold in reliance on the exemption from registration contained in Rule 144A shall be represented by one or more Restricted Global Securities and shall be deposited with the Trustee as custodian for, and registered in the name of a nominee of, DTC. Each Restricted Global Security shall bear the Restricted Securities Legend.

(d) Ownership. Each Global Security shall be subject to certain restrictions on transfer, set forth in the Indenture and in Section 2.2 and Section 2.3 of this Appendix A. Ownership of beneficial interests in a Global Security shall be limited to Persons who have accounts with DTC or Euroclear and Clearstream, as indirect participants in DTC (“participants”) or Persons who hold interests through participants. Ownership of beneficial interests in a Global Security shall be shown on, and the transfer of that ownership shall be effected only through, records maintained by DTC or its nominee (with respect to interests of participants) and the records of participants (with respect to interests of Persons other than participants). Beneficial owners of interests in a Global Security may hold their interests in such Global Security directly through DTC, if they are participants in such system, or indirectly through organizations that are participants in such system, including Clearstream and Euroclear. So long as DTC or its nominee is the registered owner or Holder of a Global Security, DTC or such nominee, as the case may be, shall be considered the sole owner or Holder of the Securities represented by such Global Security for all purposes under the Indenture and the Securities. No

beneficial owner of an interest in a Global Security shall be able to transfer that interest except in accordance with DTC's applicable procedures, in addition to those provided for under the Indenture. Payments of the principal, premium, if any, and interest on a Global Security shall be made to DTC or its nominee, as the registered owner thereof. Neither the Company, the Trustee, nor any Paying Agent, Registrar or Transfer Agent shall have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a Global Security or for maintaining, supervising, or reviewing any records relating to such beneficial ownership interests.

(e) No Responsibility for Clearing System Actions. None of the Company, the Guarantor, the Trustee, any Paying Agent, Registrar or Transfer Agent shall have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

(f) Successors: Certificated Securities. If (i) DTC is at any time unwilling or unable to continue as a Depository for the Global Securities and a successor Depository is not appointed by the Company within 90 days, (ii) the Company elects to discontinue use of the system of book-entry transfers through DTC or a successor Depository or (iii) an Event of Default has occurred and is continuing and the Registrar and the Company have received a written request from a beneficial owner of Securities to issue Certificated Securities in respect of its proportionate interest in the Global Security, the Company shall issue Certificated Securities which may bear a Restricted Securities Legend to such requesting beneficial owner, in exchange for their beneficial interests in Global Securities. Holders of an interest in a Global Security may receive Certificated Securities, which may bear the Restricted Securities Legend, in accordance with DTC's rules and procedures in addition to those provided for under the Indenture; provided, however, that if the Company is issuing Certificated Securities pursuant to the foregoing clause (iii), the Company shall only be required to issue Certificated Securities to the beneficial owners of the Securities who request Certificated Securities.

(g) Certificated Securities. Except as provided in this Section 2.1, owners of beneficial interests in Global Securities shall not be entitled to receive physical delivery of Certificated Securities. In the event of transfer of Global Security to the beneficial owners thereof in the form of Certificated Securities, the Company shall promptly make available to the Trustee a reasonable supply of Certificated Securities in definitive, fully registered form without interest coupons.

2.2 Global Securities.

(a) Each Global Security shall (i) be registered in the name of DTC or its nominee, (ii) be delivered by the Trustee to DTC or pursuant to DTC's instruction and (iii) bear a legend substantially to following effect:

THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE OF A DEPOSITARY. THIS SECURITY IS EXCHANGEABLE FOR SECURITIES REGISTERED IN THE NAME

OF A PERSON OTHER THAN THE DEPOSITARY OR ITS NOMINEE ONLY IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE, AND NO TRANSFER OF THIS SECURITY (OTHER THAN A TRANSFER OF THIS SECURITY AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY) MAY BE REGISTERED EXCEPT IN LIMITED CIRCUMSTANCES.

UNLESS THIS GLOBAL SECURITY IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY (“DTC”) TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY DEFINITIVE SECURITY ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

(b) Members of, or participants in, DTC, Euroclear or Clearstream shall have no rights under the Indenture with respect to any Global Security held on their behalf by DTC or its nominee, or under a Global Security, and DTC may be treated by the Company, the Guarantor, the Trustee and any agent of the Company, the Guarantor or the Trustee as the absolute owner of each Global Security for all purposes whatsoever under the Indenture. Notwithstanding the foregoing, nothing herein shall prevent the Company, the Guarantor, the Trustee or any agent of the Company, the Guarantor or the Trustee from giving effect to any written certification, proxy or other authorization furnished by DTC or impair, as between DTC and its participants, the operation of customary practices governing the exercise of the rights of a Holder of any Security.

(c) Interests of beneficial owners in Global Securities may only be transferred or exchanged for Certificated Securities in accordance with the rules and procedures of DTC and the provisions of the Indenture, including this Appendix A. In addition, certificated Securities shall be transferred to all beneficial owners, in exchange for their beneficial interests in Global Securities in accordance with Section 2.1(f) of this Appendix A.

(d) Transfers between participants in DTC shall be effected in accordance with DTC’s procedures, and shall be settled in same-day funds. Transfers between participants in Euroclear and Clearstream shall be effected in the ordinary way in accordance with their respective rules and operating procedures.

(e) DTC has advised the Company that it will take any action permitted to be taken by a Holder (including the presentation of Securities for exchange) only at the direction of one or more participants to whose account the interest in a Global Security is credited and only in respect of such portion of the Securities as to which such participant or participants has or have given such direction. However, if there is an Event of Default under the Securities, DTC may exchange the applicable Global Securities for Certificated Securities which it shall distribute to its participants and which may bear the Restricted Securities Legend.

(f) Subject to compliance with the transfer restrictions applicable to the Global Securities, cross-market transfers between the participants in DTC, on the one hand, and Euroclear or Clearstream participants, on the other hand, shall be effected through DTC in accordance with DTC's rules on behalf of each of Euroclear or Clearstream by its common depository; however, such cross-market transactions shall require delivery of instructions to Euroclear or Clearstream by the counterparty in such system in accordance with the rules and procedures and within the established deadlines (Brussels, Belgium time) of such system. Euroclear or Clearstream shall, if the transaction meets its settlement requirements, deliver instructions to its common depository to take action to effect final settlement on its behalf by delivering or receiving interests in the Global Securities in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the common depositories for Euroclear or Clearstream.

(g) In connection with any transfer or exchange of a portion of the beneficial interest in any Global Security to beneficial owners pursuant to Section 2.1(f) of this Appendix A the Registrar shall (if one or more Certificated Securities are to be issued) reflect on its books and records the date and a decrease in the principal amount of the Global Security in an amount equal to the principal amount of the beneficial interest in the Global Security to be transferred, and the Company shall execute, and the Trustee shall authenticate and deliver, one or more certificated Securities of like tenor and principal amount of authorized denominations.

(h) Any beneficial interest in one of the Global Securities that is transferred to a Person who takes delivery in the form of an interest in the other corresponding Global Security will, upon transfer, cease to be an interest in such Global Security and become an interest in the other corresponding Global Security and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interest in such other Global Security for as long as it remains such an interest.

(i) In connection with the transfer of Global Securities as an entirety to beneficial owners pursuant to Section 2.1(f) of this Appendix A, such Global Securities shall be deemed to be surrendered to the Trustee for cancellation, and the Company shall execute, and the Trustee shall authenticate and deliver, to each beneficial owner identified by DTC in exchange for its beneficial interest in the Global Securities, an equal aggregate principal amount at maturity of Certificated Securities of authorized denominations.

(j) Any Certificated Security constituting a Restricted Security delivered in exchange for an interest in a Global Security pursuant to this Section 2.2 shall bear a Restricted Securities Legend.

(k) The registered Holder of any Global Security may grant proxies and otherwise authorize any Person, including participants in DTC and Persons that may hold interests through participants in DTC to take any action which a Holder is entitled to take under the Indenture or the Securities.

2.3 Special Transfer Provisions

The following provisions shall apply with respect to the Securities:

(a) Transfers to Non-U.S. Persons. The following provisions shall apply with respect to the registration of any proposed transfer of any Security bearing the Restricted Securities Legend to a Non-U.S. Person:

(i) if the Security to be transferred consists of (A) a Certificated Security, the Registrar shall register the transfer if such transfer is being made by a proposed transferor who has delivered to the Trustee a certification substantially in the form of Exhibit 2 to this Appendix A or (B) an interest in the Regulation S Global Security, the transfer of such interest may be effected only through the book entry system maintained by DTC after delivery to the Trustee of a certification substantially in the form of Exhibit 2 to this Appendix A;

(ii) if the Security to be transferred consists of a Certificated Security, upon receipt by the Registrar of instructions given in accordance with DTC's and the Registrar's procedures therefor, the Registrar shall reflect on its books and records the date and an increase in the principal amount of the Regulation S Global Security in an amount equal to the principal amount of the Certificated Security, to be transferred, and the Trustee shall cancel the Certificated Security so transferred; and

(iii) if the proposed transferor is a participant in DTC seeking to transfer an interest in a Global Security, upon receipt by the Registrar of written instructions given in accordance with DTC's and the Registrar's procedures, the Registrar shall register the transfer and reflect on its books and records the date and (A) a decrease in the principal amount of the Global Security from which interests are to be transferred in an amount equal to the principal amount of the Securities to be transferred and (B) an increase in the principal amount of the Regulation S Global Security in an amount equal to the principal amount of the Global Security to be transferred.

(b) Transfers to QIBs. The following provisions shall apply with respect to the registration of any proposed transfer of any Security bearing the Restricted Securities Legend to a QIB:

(i) if the Security to be transferred consists of (A) a Certificated Security, the Registrar shall register the transfer if such transfer is being made by a proposed transferor who has delivered to the Trustee a certification substantially in the form of Exhibit 3 to this Appendix A or (B) an interest in the Restricted Global Security, the transfer of such interest may be effected only through the book entry system maintained by DTC after delivery to the Trustee of a certification substantially in the form of Exhibit 3 to this Appendix A;

(ii) if the Security to be transferred consists of a Certificated Security, upon receipt by the Registrar of instructions given in accordance with DTC's and the Registrar's procedures therefor, the Registrar shall reflect on its books and records the date and an increase in the principal amount of the Restricted Global Security in an amount equal to the principal amount of the Certificated Security, to be transferred, and the Trustee shall cancel the Certificated Security so transferred; and

(iii) if the proposed transferor is a participant in DTC seeking to transfer an interest in a Global Security, upon receipt by the Registrar of written instructions given in accordance with DTC's and the Registrar's procedures, the Registrar shall register the transfer and reflect on its books and records the date and (A) a decrease in the principal amount of the Global Security from which interests are to be transferred in an amount equal to the principal amount of the Securities to be transferred and (B) an increase in the principal amount of the Restricted Global Security in an amount equal to the principal amount of the Global Security to be transferred.

(c) Restricted Securities Legend. Upon the registration of transfer, exchange or replacement of Securities not bearing the Restricted Securities Legend, the Registrar shall deliver Securities that do not bear the Restricted Securities Legend. Upon the registration of transfer, exchange or replacement of Securities bearing the Restricted Securities Legend, the Registrar shall deliver only Securities that bear the Restricted Securities Legend unless either (i) in the case of the Regulation S Security, the Distribution Compliance Period has terminated, or, in the case of a Restricted Security, the Resale Restriction Termination Date has occurred, (ii) there is delivered to the Registrar an Opinion of Counsel reasonably satisfactory to the Company to the effect that neither such legend nor the related restrictions on transfer are required in order to maintain compliance with the provisions of the Securities Act or (iii) such Security has been sold pursuant to an effective registration statement under the Securities Act. Notwithstanding the foregoing sentence, the Company may, in its sole discretion, by delivery of a Company Order to the Trustee, instruct the Trustee to remove the Restricted Securities Legend from a Security after determining that the Restricted Securities Legend is no longer required under applicable securities laws.

(d) Securities Purchased by the Company or the Guarantor. All Securities which are purchased or otherwise acquired by the Company, the Guarantor, any Subsidiary or any subsidiary of the Guarantor may not be resold or otherwise transferred, except in accordance with applicable requirements or exemptions under the relevant securities laws; provided, however, that none of the Trustee, any Paying Agent, the Registrar or any Transfer Agent shall have any obligation to monitor or ensure compliance therewith.

(e) Other Transfers. If a Holder proposes to transfer a Security constituting a Restricted Security pursuant to any exemption from the registration requirements of the Securities Act other than as provided for by this Section 2.3, the Registrar shall only register such transfer or exchange if such transferor delivers an Opinion of Counsel reasonably satisfactory to the Company that such transfer is in compliance with the Securities Act and the terms of the Indenture; provided, however, that the Company may, based upon the opinion of its counsel, instruct the Registrar by a Company Order not to register such transfer in any case where the proposed transferee is not a QIB or a Non-U.S. Person.

(f) General.

(i) By its acceptance of any Security (or any beneficial interest in any Global Security) bearing the Restricted Securities Legend, each Holder of such a Security or Holder of such beneficial interest acknowledges the restrictions on transfer of such Security set forth in Section 2.07(a) of the Indenture, this Appendix A and in the Restricted Securities Legend and agrees that it will transfer such Security only as provided in Section 2.07(a) of the Indenture and this Appendix A. The Registrar shall not register a transfer of any Security unless such transfer complies with the restrictions on transfer of such Security set forth in Section 2.07(a) of the Indenture and this Appendix A.

(ii) The Registrar shall retain copies of all certificates, letters, notices and other written communications received pursuant to this Section 2.3. The Company shall have the right to inspect and make copies of all such certificates, letters, notices or other written communications at any reasonable time upon the giving of reasonable prior written notice to the Registrar.

2.4 Cancellation or Adjustment of Global Security.

At such time as all beneficial interests in a Global Security have either been exchanged for Certificated Securities, redeemed, purchased or canceled, such Global Security shall, upon written request by the Company to the Trustee, be returned to DTC for cancellation or retained and canceled by the Trustee. At any time prior to such cancellation, if any beneficial interest in a Global Security is exchanged for Certificated Securities, redeemed, purchased or canceled, the principal amount of Securities represented by such Global Security shall be reduced and an adjustment shall be made on the books and records of the Trustee (if it is then the custodian for such Global Security) with respect to such Global Security, by the Trustee or the custodian, to reflect such reduction.

[FORM OF FACE OF SECURITY]

[[RESTRICTED]][REGULATION S] GLOBAL SECURITY]

Include the following legend on all Securities that are Global Securities

THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE OF A DEPOSITARY. THIS SECURITY IS EXCHANGEABLE FOR SECURITIES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITARY OR ITS NOMINEE ONLY IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE, AND NO TRANSFER OF THIS SECURITY (OTHER THAN A TRANSFER OF THIS SECURITY AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY) MAY BE REGISTERED EXCEPT IN LIMITED CIRCUMSTANCES.

UNLESS THIS GLOBAL SECURITY IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY ("DTC") TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY DEFINITIVE SECURITY ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

Include the following Restricted Securities Legend on all Securities that are Restricted Securities or Regulation S Securities.

NEITHER THIS GLOBAL SECURITY NOR ANY BENEFICIAL INTEREST HEREIN HAS BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). NEITHER THIS GLOBAL SECURITY NOR ANY BENEFICIAL INTEREST HEREIN MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO CENCOSUD S.A. OR A SUBSIDIARY THEREOF, (2) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER OR BUYERS IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT, (3) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (4) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (IF

Exhibit 1

AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, AND, IN EACH CASE, IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND OTHER JURISDICTIONS. AS A CONDITION TO REGISTRATION OF TRANSFER OF THIS GLOBAL SECURITY AS SET FORTH IN CLAUSE (4) ABOVE, CENCOSUD S.A. MAY REQUIRE DELIVERY OF ANY DOCUMENTS OR OTHER EVIDENCE THAT IT, IN ITS ABSOLUTE DISCRETION, DEEMS NECESSARY OR APPROPRIATE TO EVIDENCE COMPLIANCE WITH SUCH EXEMPTION.

THIS LEGEND MAY BE REMOVED SOLELY IN THE DISCRETION AND AT THE DIRECTION OF CENCOSUD S.A.

Include the following legend on all Securities that are Certificated Securities

IN CONNECTION WITH ANY TRANSFER, THE HOLDER WILL DELIVER TO THE REGISTRAR AND ANY TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AS SUCH REGISTRAR OR TRANSFER AGENT MAY REASONABLY REQUIRE TO CONFIRM THAT THE TRANSFER COMPLIES WITH THE FOREGOING RESTRICTIONS.

Exhibit 1

No.

Principal Amount U.S.\$[]
[If the Security is a Global Security, include the following two lines:
as revised by the Schedule of Increases and
Decreases attached hereto]

CENCOSUD S.A.
5.150% Senior Notes due 2025

[If the Security is a Restricted Security, insert

CUSIP NO. 15132H AF8

ISIN NO. US15132HAF82

COMMON CODE 118935519]

[If the Security is a Regulation S Security, insert

CUSIP NO. P2205J AK6

ISIN NO. USP2205JAK62

COMMON CODE 118935527]

CENCOSUD S.A., a *sociedad anónima* organized under the laws of Chile, promises to pay to Cede & Co., or registered assigns, the principal amount of [] Dollars [as revised by the Schedule of Increases and Decreases attached hereto]* on February 12, 2025.

Maturity Date: February 12, 2025

Interest Payment Dates: February 12 and August 12. Record Dates: January 28 and July 28.

Additional provisions of this Security are set forth on the reverse of this Security.

* Insert for Global Securities

Exhibit 1

IN WITNESS WHEREOF, the parties have caused this instrument to be duly executed.

CENCOSUD S.A.

By _____
Name:
Title:

Date:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

THE BANK OF NEW YORK MELLON,
as Trustee, certifies that this is one of the Securities referred to in
the Indenture.

By: _____
Authorized Signatory

Exhibit 1

[FORM OF REVERSE OF SECURITY]

CENCOSUD S.A.
5.150% Senior Notes due 2025

1. Interest

Cencosud S.A., a *sociedad anónima* organized under the laws of Chile (such entity, and its successors and assigns under the Indenture hereinafter referred to, being herein called the “Company”), promises to pay interest on the principal amount of this Security at the rate per annum shown above, plus Additional Amounts, if any. The Company will pay interest semi-annually in arrears on February 12 and August 12 of each year, or if any such day is not a Business Day, on the next succeeding Business Day, commencing August 12, 2015. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

2. Method of Payment

The Company shall pay interest and Additional Amounts, if any, on the Securities (except defaulted interest) to the Persons who are registered Holders of Securities at the close of business on the January 28 or July 28 next preceding the Interest Payment Date even if Securities are canceled after the Record Date and on or before the Interest Payment Date. Holders must surrender Securities to a Paying Agent to collect principal payments. The Company shall pay principal and interest in U.S. dollars. Payments in respect of the Securities represented by a Global Security (including principal, premium, if any, and interest) shall be made by wire transfer of immediately available funds to the account specified by The Depository Trust Company. Payments on non-Global Securities shall be made at the office or agency of the Paying Agent and Registrar within The City of New York, New York unless the Company elects to make interest payments by check mailed to the Holders at their address set forth in the Securities Register; provided, however, that payments on non-Global Securities may also be made, in the case of a Holder of at least U.S.\$10,000,000 in aggregate principal amount of Securities, by wire transfer to a U.S. dollar account maintained by the payee with a bank in the United States if such Holder elects payment by wire transfer by giving written notice to the Company and the Trustee to such effect designating such account no later than 30 days immediately preceding the relevant due date for payment (or such other date as the Trustee may accept in its discretion).

3. Paying Agent and Registrar

Initially, The Bank of New York Mellon, a corporation duly authorized and existing under the laws of the State of New York authorized to conduct a banking business (the “Trustee”), will act as Registrar, Paying Agent and Transfer Agent and The Bank of New York Mellon (Luxembourg) S.A. will act as the Luxembourg Paying Agent (the “Luxembourg Paying Agent”) and Luxembourg Transfer Agent (the “Luxembourg Transfer Agent”). The Company may appoint and change any Paying Agent, Registrar or co-registrar without notice. The Company or any Subsidiary may act as Paying Agent or Registrar.

Exhibit 1

4. Indenture

The Company issued the Securities under an Indenture dated as of February 12, 2015 (the “Indenture”), among the Company, Cencosud Retail S.A., as guarantor (the “Guarantor”) the Trustee, as Trustee, Registrar, Paying Agent and Transfer Agent, the Luxembourg Paying Agent and the Luxembourg Transfer Agent. The terms of the Securities include those stated in the Indenture. Terms defined in the Indenture and not defined herein have the meanings ascribed thereto in the Indenture. The Securities are subject to all such terms, and Holders are referred to the Indenture for a statement of those terms.

The Securities are unsecured and unsubordinated obligations of the Company unlimited in principal amount. [This Security is one of the Original Securities referred to in the Indenture issued in an aggregate principal amount of U.S.\$[]. The Securities include the Original Securities and any Additional Securities that may be issued under the Indenture.] [This Security is one of the Additional Securities referred to in the Indenture. The Securities include such Additional Securities and the Original Securities in an aggregate principle amount of U.S.\$[] previously issued under the Indenture.] The Indenture imposes certain limitations on the ability of the Company and the Subsidiaries to, among other things, create or incur Liens and enter into Sale and Leaseback Transactions. The Indenture also imposes limitations on the ability of each of the Company and the Guarantor to consolidate or merge with or into any other Person or convey or transfer its assets substantially as an entity.

To guarantee the due and punctual payment of the principal and interest on the Securities and all other amounts payable by the Company under the Indenture and the Securities (including the payment of Additional Amounts) when and as the same shall be due and payable, the Guarantor has irrevocably and unconditionally guaranteed the Guaranteed Obligations on a senior unsecured basis. Neither the Company nor the Guarantor shall be required to make any notation on this Security to reflect any guarantee or any release, termination or discharge thereof.

5. Optional Redemption

(a) Except as set forth below, the Securities may not be redeemed prior to their Stated Maturity. Neither the Company nor the Guarantor is, however, prohibited from acquiring the Securities by means other than a redemption, whether pursuant to a tender offer, open market purchase or otherwise, so long as the acquisition does not otherwise violate the terms of the Indenture.

(b) At any time prior to November 12, 2024, the Securities may be redeemed, in whole but not in part, at the Company’s option, by the giving of notice as provided in Article III of the Indenture, at a redemption price equal to the greater of (i) 100% of the outstanding principal amount of the Securities to be redeemed and (ii) the sum of the present values of the Remaining Scheduled Payments of principal and interest on the Securities to be redeemed discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the applicable Treasury Rate plus 50 basis points, in each case plus accrued and unpaid interest on the principal amount of the Securities being redeemed to the date of redemption and Additional Amounts, if any. Notwithstanding the foregoing, payments of interest on the Securities will be payable to the Holders of those Securities registered as such at the close of business on the relevant Record Dates according to the terms and provisions of the Indenture.

Exhibit 1

(c) At any time on or after November 12, 2024, the Securities may be redeemed, in whole but not in part, at the Company's option, by the giving of notice as provided in Article III hereof, at a redemption price equal to 100% of the outstanding principal amount of the Securities to be redeemed, plus accrued and unpaid interest on the principal amount of the Securities being redeemed to the redemption date and Additional Amounts, if any

(d) The Securities may be redeemed, in whole but not in part, at the Company's option, by the giving of notice as provided in Article III of the Indenture, at a redemption price equal to 100% of the outstanding principal amount of the Securities, together with accrued and unpaid interest to the redemption date and Additional Amounts, if any, if, as a result of any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of a Relevant Jurisdiction or any political subdivision or taxing authority thereof or therein, or any change in the official application, administration or interpretation of such laws, regulations or rulings (including a holding by a court of competent jurisdiction) in a Relevant Jurisdiction, or any other jurisdiction with the power to impose, levy or assess a Tax, the Company has or will become obligated to pay Excess Additional Amounts, if such change or amendment is announced or occurs on or after the date of the Indenture and such obligation cannot be avoided by the Company taking reasonable measures available to it; ~~provided that no such notice of redemption shall be given earlier than 60 days prior to the earliest date on which the Company would be obligated to pay such Excess Additional Amounts, were a payment in respect of the Securities then due.~~ For the avoidance of doubt, reasonable measures shall include a change in the jurisdiction of the paying agent. Prior to the giving of notice of redemption of Securities pursuant to the Indenture, the Company will deliver to the Trustee (i) an Officer's Certificate to the effect that the Company is or at the time of the redemption will be entitled to effect such a redemption pursuant to the Indenture and (ii) a written opinion of recognized counsel admitted to practice in the applicable Relevant Jurisdiction and independent of the Company to the effect that the Company is, or is expected to become, obligated to pay Excess Additional Amounts as a result of such change or amendment, as described above, and setting forth in reasonable detail the circumstances giving rise to such right of redemption.

6. Notice of Redemption

Notice of redemption shall be given in accordance with Section 12.01 of the Indenture at least 30 days, but not more than 60 days, before a redemption date to each Holder of Securities to be redeemed. Any notice to Holders of Securities of such a redemption pursuant to paragraph 5(b) shall include the appropriate calculation of the redemption price, but is not required to include the redemption price itself. The actual redemption price, calculated as described in such paragraph 5 (b), must be set forth in an Officer's Certificate delivered to the Trustee no later than two Business Days prior to the redemption date. If money sufficient to pay the redemption price of and accrued and unpaid interest, if any, on all Securities (or portions thereof) to be redeemed on the redemption date is deposited with a Paying Agent at least one Business Day prior to the redemption date and certain other conditions are satisfied, on and after such date interest shall cease to accrue on such Securities (or such portions thereof) called for redemption.

Exhibit 1

7. Sinking Fund

The Securities are not subject to any sinking fund.

8. Denominations; Transfer; Exchange

The Securities are in registered form without coupons in denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof. A Holder may transfer or exchange Securities in accordance with the Indenture. Upon any transfer or exchange, the Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements or transfer documents and to pay any taxes required by law or permitted by the Indenture. Neither the Trustee nor any Registrar or Transfer Agent need register the transfer of or exchange definitive Securities for a period from the Record Date to the due date for any payment of principal of or interest on the Securities or register the transfer of or exchange any Securities for 15 days prior to selection for redemption through the redemption date.

9. Persons Deemed Owners

The registered Holder of this Security may be treated as the owner of it for all purposes.

10. Unclaimed Money

If money for the payment of principal or interest remains unclaimed for two years, the Trustee or Paying Agent shall pay the money back to the Company at the Company's written request unless an abandoned property law designates another Person. After any such payment, Holders entitled to the money must look only to the Company and not to the Trustee for payment.

11. Discharge and Defeasance

Subject to certain conditions, the Company at any time may terminate some of or all its obligations under the Securities and the Indenture if the Company deposits with the Trustee cash or U.S. Government Obligations as specified in the Indenture for the payment of principal, interest and Additional Amounts, if any, on the Securities to redemption or maturity, as the case may be.

12. Amendment; Waiver

(a) Subject to certain exceptions and conditions set forth in the Indenture, without the consent of any Holder, the Company, the Guarantor and the Trustee may, among other things, amend, modify or supplement the Indenture or the Securities to cure any ambiguity, or to cure, correct or supplement any defect therein or herein, or in any manner which does not adversely affect the interests of any Holder in any material respect.

(b) Subject to certain conditions set forth in the Indenture, the Company, the Guarantor and the Trustee may modify or amend the Indenture or the terms and conditions of the Securities, and future compliance therewith or past Default by the Company or the Guarantor

(other than a default in the payment of any amount, including in connection with a redemption, due on the Securities or in respect of covenant or provision which cannot be modified and amended without the consent of the Holders of all Securities so affected) with the written consent of the Holders of at least a majority in aggregate principal amount of the Securities then Outstanding (including consents obtained in connection with a tender offer or exchange offer for the Securities) or by the adoption of resolutions at a meeting of Holders of Securities by the Holders of at least a majority of the outstanding Securities; *provided, however*, that without the consent or affirmative vote of each Holder affected thereby, an amendment may not: (i) change the interest rate with respect to the Securities or reduce the principal amount of the Securities or change the time for payment thereof; (ii) modify the obligation to pay Additional Amounts; (iii) change the prices at which the Securities may be redeemed by the Company or change the time at which the Securities may be redeemed in accordance with the Indenture; (iv) change the currency in which, or change the required place at which, payment on principal, premium, if any, or interest on the Securities is payable; (v) impair the right to institute suit for the enforcement of any payment obligation on or with respect to the Security; or (vi) reduce the percentage of principal amount of outstanding Securities whose Holders are required to consent to modify or amend the Indenture or the terms or conditions of the Securities or to waive any future compliance or past default.

13. Defaults and Remedies

If an Event of Default occurs and is continuing, the Trustee or the Holders of not less than 25% of the aggregate principal amount of the Securities then outstanding, subject to certain limitations, may declare all the Securities to be immediately due and payable. Certain events of bankruptcy or insolvency are Events of Default and shall result in the Securities being immediately due and payable upon the occurrence of such Events of Default without any further act of the Trustee or any Holder.

Holders of Securities may not enforce the Indenture or the Securities except as provided in the Indenture. The Trustee may refuse to enforce the Indenture or the Securities unless it receives indemnity or security satisfactory to it. Subject to certain limitations, Holders of a majority in aggregate principal amount of the Securities then outstanding may direct the Trustee in its exercise of any trust or power under the Indenture. The Trustee or the Holders of a majority in aggregate principal amount of the outstanding Securities by written notice to the Company may annul and rescind any declaration of acceleration if all amounts then due with respect to the Securities are paid (other than amounts due solely because of such declaration) and all other defaults with respect to the Securities are cured. No such rescission shall affect any subsequent Default or impair any right consequent thereto.

14. Trustee Dealings with the Company

The Trustee under the Indenture, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Trustee.

Exhibit 1

15. No Recourse Against Others

No director, officer, employee or stockholder, as such, of the Company or the Guarantor shall have any liability for any obligations of the Company or the Guarantor, as applicable, under the Securities or the Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Security, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Securities.

16. Authentication

This Security shall not be valid until an authorized signatory of the Trustee (or an authenticating agent) manually signs the certificate of authentication on the face of this Security.

17. Abbreviations

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with rights of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

18. Governing Law

THIS SECURITY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

19. CUSIP and ISIN Numbers

Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused CUSIP or ISIN numbers to be printed on the Securities and has directed the Trustee to use CUSIP or ISIN numbers in notices of redemption as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Securities or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

20. Currency of Account; Conversion of Currency

U.S. dollars is the sole currency of account and payment for all sums payable by the Company under or in connection with the Securities or the Indenture, including damages. The Company shall indemnify the Holders as provided in respect of the conversion of currency relating to the Securities and the Indenture.

21. Agent for Service; Submission to Jurisdiction; Waiver of Immunities

Each of the Company and the Guarantor has appointed CT Corporation System with offices currently at 111 Eight Avenue, 13th floor, New York, New York 10011 as its authorized agent upon whom all writs, process and summonses may be served in any suit, action or proceeding arising out of or based upon the Indenture or the Securities which may be instituted in any U.S. Federal or New York State court in the Borough of Manhattan, The City of New York, New York. Each of the Company and the Guarantor has agreed that any suit, action

or proceeding against the Company or the Guarantor, as applicable, brought by any Holder or the Trustee arising out of or based upon the Indenture or the Securities may be instituted in any U.S. Federal or New York State court in the Borough of Manhattan, The City of New York, New York. Each of the Company and the Guarantor has irrevocably submitted to the non-exclusive jurisdiction of such courts for such purpose and waived, to the fullest extent permitted by law, trial by jury, any objection it may now or hereafter have to the laying of venue of any such suit, action or proceeding, any claim that any suit, action or proceeding in such a court has been brought in an inconvenient forum and any right to which it may be entitled on account of place of residence or domicile. The Company shall furnish to any Holder of Securities upon written request and without charge to the Holder a copy of the Indenture which has in it the text of this Security.

Exhibit 1

[FORM OF] ASSIGNMENT FORM

To assign this Security, fill in the form below and have your signature guaranteed: (I) or (we) assign and transfer this Security to:

(Insert assignee's soc. sec. or tax I.D. no.)

(Print or type assignee's name, address and zip code)

and irrevocably appoint
to transfer this Security on the books of the Company. The agent may substitute another to act for him.

Dated: _____

Your Name: _____
(Print your name exactly as it appears on the face of this Security)

Your Signature: _____
(Sign exactly as your name appears on the face of this Security)

Signature Guarantee: _____
(Signature must be guaranteed)

The signature(s) should be guaranteed by an eligible guarantor institution (banks, stockbrokers, savings and loan associations and credit unions with membership in an approved signature guarantee medallion program), pursuant to Exchange Act Rule 17Ad-15.

Exhibit 1

[TO BE ATTACHED TO GLOBAL SECURITIES]

SCHEDULE OF INCREASES OR DECREASES IN GLOBAL SECURITY

The following increases or decreases in this Global Security have been made:

<u>Date of increase or decrease</u>	<u>Amount of decrease in principal amount of this Global Security</u>	<u>Amount of increase in principal amount of this Global Security</u>	<u>Principal amount of this Global Security following such decrease or increase</u>	<u>Signature of authorized officer of Trustee</u>

Exhibit 1

NOTATION OF GUARANTEE

Pursuant to the Indenture, dated as of February 12, 2015 (the "Indenture"), among Cencosud S.A., as issuer (the "Company"), Cencosud Retail S.A., as guarantor (the "Guarantor"), The Bank of New York Mellon, as trustee (the "Trustee"), Registrar, Paying Agent and Transfer Agent, and The Bank of New York Mellon (Luxembourg) S.A., as Luxembourg paying agent and transfer agent, the Guarantor, subject to the provisions of Article XI of the Indenture, hereby irrevocably and unconditionally guarantees, to each Holder of a Security authenticated and delivered by the Trustee and to the Trustee and its successors and assigns and to any agent appointed thereunder and its successors and assigns, irrespective of the validity and enforceability of the Indenture, the Securities or the obligations of the Company thereunder, that: (a) the principal of and interest, Additional Amounts, if any, and premium, on the Securities, shall be promptly paid in full when due, whether at stated maturity, by acceleration, redemption or otherwise, and interest on the overdue principal of and interest and Additional Amounts on the Securities, if any, if lawful, and all other obligations of the Company to the Holders or the Trustee hereunder or thereunder or any agent appointed under the Indenture, shall be promptly paid in full or performed, all in accordance with the terms hereof and thereof; and (b) in case of any extension of time of payment or renewal of any Securities or any of such other obligations, the same shall be promptly paid in full when due or performed in accordance with the terms of such extension or renewal, whether at stated maturity, by acceleration or otherwise. Failing payment when due of any amount so guaranteed or any performance so guaranteed for whatever reason, the Guarantor shall be obligated to pay or perform the same immediately. The Guarantor agrees that this is a guarantee of payment and not a guarantee of collection. The obligations of the Guarantor to the Holders of Securities and to the Trustee and any such agents pursuant to the Subsidiary Guarantee and the Indenture are expressly set forth in Article XI of the Indenture and reference is hereby made to the Indenture for the precise terms of the Subsidiary Guarantee. Each Holder of a Security, by accepting the same, agrees to and shall be bound by such provisions. Capitalized terms used but not defined herein will have the meaning given them in the Indenture.

THIS NOTATION OF GUARANTEE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK

CENCOSUD RETAIL S.A., as Guarantor

By _____
Name:
Title:

By _____
Name:
Title:

Exhibit 1

FORM OF CERTIFICATE TO BE DELIVERED
BY TRANSFERORS IN CONNECTION WITH TRANSFERS
PURSUANT TO REGULATION S

[Date]

Cencosud S.A.
Av. Kennedy 9001, 6th floor, Las Condes
Santiago, Chile
Attention: Juan Manuel Parada
Telephone: +56 (2) 2959-0000
Fax: +56 (2) 2959-0625

The Bank of New York Mellon
101 Barclay Street, Floor 7E
New York, New York 10286
USA
Attention: International Corporate Trust
Fax: 212-815-5603

Re: Cencosud S.A. (the "Company")
5.150% Senior Notes due 2025 (the "Securities")

Ladies and Gentlemen:

Reference is hereby made to the Indenture dated as of February 12, 2015 in regard of the Securities among the Company, as issuer, Cencosud Retail S.A., as guarantor, The Bank of New York Mellon, as Trustee, Registrar, Paying Agent and Transfer Agent and The Bank of New York Mellon (Luxembourg) S.A., as Luxembourg Paying Agent and Luxembourg Transfer Agent (the "Indenture"). Capitalized terms used but not defined herein will have the meaning given them in the Indenture.

In connection with our proposed transfer of U.S.\$ aggregate principal amount of Securities, which are held in [the form of a beneficial interest in the Regulation S Global Security (CUSIP No. P2205J AK6; ISIN Number USP2205JAK62) with DTC in the name of the undersigned] [certificated form], we confirm that such transfer has been effected pursuant to and in accordance with Regulation S under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and, accordingly, we represent that:

- (a) the offer of the Securities was not made to a Person in the United States;
- (b) either (i) at the time the buy offer was originated, the transferee was outside the United States or we and any Person acting on our behalf reasonably believed that the transferee was outside the United States or (ii) the transaction was executed in, on or through the facilities of a designated off-shore securities market and neither we nor any Person acting on our behalf knows that the transaction has been pre-arranged with a buyer in the United States;

Exhibit 2

(c) no directed selling efforts have been made in the United States in contravention of the requirements of Rule 903(b) or Rule 904(b) of Regulation S, as applicable;

(d) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act;

(e) we have advised the transferee of the transfer restrictions applicable to the Securities; and

(f) if the offer of the Securities was made prior to the expiration of the Distribution Compliance Period, the offer of the Securities was not made to a U.S. Person or for the account or benefit of a U.S. person.

You and the Company are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby. Terms used in this certificate have the meanings set forth in Regulation S.

Very truly yours,
[Name of Transferor]

By: _____
Authorized Signature

Exhibit 2

FORM OF TRANSFER CERTIFICATE TO BE DELIVERED
BY TRANSFERORS IN CONNECTION WITH TRANSFERS
PURSUANT TO RULE 144A

[Date]

Cencosud S.A.
Av. Kennedy 9001, 6th floor, Las Condes
Santiago, Chile
Attention: Juan Manuel Parada
Telephone: +56 (2) 2959-0000
Fax: +56 (2) 2959-0625

The Bank of New York Mellon
101 Barclay Street, Floor 7E
New York, New York 10286
USA
Attention: International Corporate Trust
Fax: 212-815-5603

Re: Cencosud S.A. (the "Company")
5.150% Senior Notes due 2025 (the "Securities")

Ladies and Gentlemen:

Reference is hereby made to the Indenture dated as of February 12, 2015 in regard of the Securities among the Company, as issuer, Cencosud Retail S.A., as guarantor, The Bank of New York Mellon, as Trustee, Registrar, Paying Agent and Transfer Agent and The Bank of New York Mellon (Luxembourg) S.A., as Luxembourg Paying Agent and Luxembourg Transfer Agent (the "Indenture"). Capitalized terms used but not defined herein will have the meaning given them in the Indenture.

This letter relates to U.S.\$ aggregate principal amount of the Securities which are held in [the form of a beneficial interest in the Regulation S Global Security (CUSIP No. P2205J AK6; ISIN Number USP2205JAK62) with DTC in the name of the undersigned] [certificated form].

Exhibit 3

The undersigned has requested transfer of such Securities to a Person who will take delivery thereof in the form of a beneficial interest in the Restricted Global Security (CUSIP No. 15132H AF8; ISIN Number US15132HAF82). In connection with such transfer, the undersigned does hereby confirm that such transfer has been effected in accordance with the transfer restrictions set forth in the Indenture and on the Securities and pursuant to and in accordance with Rule 144A under the U.S. Securities Act of 1933, as amended, and accordingly, the undersigned represents that:

a. the Securities are being transferred to a transferee that the undersigned reasonably believes is purchasing the Securities for its own account or one or more accounts with respect to which the transferee exercises sole investment discretion; and

b. the undersigned reasonably believes that transferee and any such account is a "qualified institutional buyer" within the meaning of Rule 144A, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

[NAME OF TRANSFEROR]

By: _____
Name:
Title:

Dated: _____

Exhibit 3

INDENTURE

CENCOSUD S.A.,

as Issuer

CENCOSUD RETAIL S.A.,

as Guarantor

6.625% SENIOR NOTES DUE 2045

THE BANK OF NEW YORK MELLON,

as Trustee, Paying Agent, Registrar and Transfer Agent

and

THE BANK OF NEW YORK MELLON (LUXEMBOURG) S.A.,

as Luxembourg Paying Agent and Luxembourg Transfer Agent

Dated as of February 12, 2015

TABLE OF CONTENTS

		<u>Page</u>
ARTICLE I		
Definitions; Incorporation by Reference and Rules of Construction		
SECTION 1.01.	Definitions	1
SECTION 1.02.	Rules of Construction	7
ARTICLE II		
The Securities		
SECTION 2.01.	Amount of Securities; Issuable in Series	7
SECTION 2.02.	Form and Dating	8
SECTION 2.03.	Execution and Authentication	8
SECTION 2.04.	Registrar, Paying Agent and Transfer Agent	9
SECTION 2.05.	Paying Agent To Hold Money in Trust	10
SECTION 2.06.	Holder Lists	10
SECTION 2.07.	Transfer and Exchange	10
SECTION 2.08.	Replacement Securities	11
SECTION 2.09.	Outstanding Securities	11
SECTION 2.10.	Temporary Securities	12
SECTION 2.11.	Cancellation	12
SECTION 2.12.	Defaulted Interest	12
SECTION 2.13.	CUSIP and ISIN Numbers	12
SECTION 2.14.	Denomination	13
SECTION 2.15.	Open Market Purchases	13
ARTICLE III		
General Redemption Provisions		
SECTION 3.01.	Notices to Trustee	13
SECTION 3.02.	Notice of Redemption	13
SECTION 3.03.	Effect of Notice of Redemption	14
SECTION 3.04.	Deposit of Redemption Price	14
ARTICLE IV		
Optional Redemption		
SECTION 4.01.	Tax Redemption	14
SECTION 4.02.	Make-Whole Redemption	15
SECTION 4.03.	At Par Redemption	15

ARTICLE V

Covenants

SECTION 5.01.	Payment of Securities	15
SECTION 5.02.	Limitation on Liens	16
SECTION 5.03.	Limitation on Sale and Leaseback Transactions	18
SECTION 5.04.	Reporting Requirements	18
SECTION 5.05.	Additional Amounts	20
SECTION 5.06.	Rule 144A Information	22
SECTION 5.07.	Further Instruments and Acts	22
SECTION 5.08.	Statement as to Compliance	23
SECTION 5.09.	Corporate Existence	23
SECTION 5.10.	Listing	23

ARTICLE VI

Successor Company or Guarantor

SECTION 6.01.	When the Company or the Guarantor May Merge or Transfer Assets	24
---------------	--	----

ARTICLE VII

Defaults and Remedies

SECTION 7.01.	Events of Default	24
SECTION 7.02.	Acceleration	26
SECTION 7.03.	Other Remedies	26
SECTION 7.04.	Waiver of Past Defaults	26
SECTION 7.05.	Control by Majority	26
SECTION 7.06.	Limitation on Suits	27
SECTION 7.07.	Rights of Holders To Receive Payment	27
SECTION 7.08.	Collection Suit by Trustee	27
SECTION 7.09.	Trustee May File Proofs of Claim	28
SECTION 7.10.	Priorities	28
SECTION 7.11.	Undertaking for Costs	28
SECTION 7.12.	Waiver of Stay or Extension Laws	28

ARTICLE VIII

Trustee

SECTION 8.01.	Duties of Trustee	29
SECTION 8.02.	Rights of Trustee	30
SECTION 8.03.	Individual Rights of Trustee	32
SECTION 8.04.	Trustee's Disclaimer	32
SECTION 8.05.	Notice of Defaults	32

SECTION 8.06.	Compensation and Indemnity	32
SECTION 8.07.	Replacement of Trustee	33
SECTION 8.08.	Successor Trustee by Merger	34
SECTION 8.09.	Eligibility; Disqualification	34
SECTION 8.10.	Appointment of Co-Trustee	34
ARTICLE IX		
Defeasance; Discharge of Indenture		
SECTION 9.01.	Legal Defeasance and Covenant Defeasance	35
SECTION 9.02.	Conditions to Defeasance	37
SECTION 9.03.	Application of Trust Money	38
SECTION 9.04.	Repayment to Company	38
SECTION 9.05.	Indemnity for U.S. Government Obligations	39
SECTION 9.06.	Reinstatement	39
SECTION 9.07.	Satisfaction and Discharge	39
ARTICLE X		
Amendments		
SECTION 10.01.	Without Consent of Holders	40
SECTION 10.02.	With Consent of Holders	41
SECTION 10.03.	Revocation and Effect of Consents and Waivers	41
SECTION 10.04.	Notation on or Exchange of Securities	42
SECTION 10.05.	Trustee To Sign Amendments	42
ARTICLE XI		
Subsidiary Guarantee		
SECTION 11.01.	Subsidiary Guarantee	42
SECTION 11.02.	Limitation on Liability	44
SECTION 11.03.	Successors and Assigns	44
SECTION 11.04.	No Waiver	45
SECTION 11.05.	Modification	45
SECTION 11.06.	Non-Impairment	45
SECTION 11.07.	Release of Subsidiary Guarantor	45
ARTICLE XII		
Miscellaneous		
SECTION 12.01.	Notices	46
SECTION 12.02.	Certificate and Opinion as to Conditions Precedent	47
SECTION 12.03.	Statements Required in Certificate or Opinion	48
SECTION 12.04.	When Securities Disregarded	48

SECTION 12.05.	Rules by Trustee, Paying Agent and Registrar	48
SECTION 12.06.	Legal Holidays	48
SECTION 12.07.	Governing Law; Consent to Jurisdiction and Service of Process	49
SECTION 12.08.	Waiver of Immunity	50
SECTION 12.09.	No Recourse Against Others	51
SECTION 12.10.	Successors	51
SECTION 12.11.	Multiple Originals	51
SECTION 12.12.	Table of Contents; Headings	51
SECTION 12.13.	Waiver of Jury Trial	51
SECTION 12.14.	Severability	51
SECTION 12.15.	USA Patriot Act	51

Appendix A	-	Provisions Relating to Securities
Exhibit 1 to Appendix A	-	Form of Security
Exhibit 2 to Appendix A	-	Form of Regulation S Transfer Certificate
Exhibit 3 to Appendix A	-	Form of Rule 144A Transfer Certificate

INDENTURE dated as of February 12, 2015, among Cencosud S.A., a *sociedad anónima* organized under the laws of Chile (the “Company”), Cencosud Retail S.A., a *sociedad anónima* organized under the laws of Chile and a majority-owned subsidiary of the Company, as guarantor (the “Guarantor”), The Bank of New York Mellon, a corporation duly organized and existing under the laws of the State of New York authorized to conduct a banking business, as Trustee (the “Trustee”), Registrar, Paying Agent and Transfer Agent (as such terms are defined below), and The Bank of New York Mellon (Luxembourg) S.A., as Luxembourg Paying Agent (the “Luxembourg Paying Agent”) and Luxembourg Transfer Agent (the “Luxembourg Transfer Agent”).

Each party agrees as follows for the benefit of the other party and for the equal and ratable benefit of the Holders of the Company’s 6.625% Senior Notes due 2045, to be issued, from time to time, as in this Indenture provided (the “Securities”).

ARTICLE I

Definitions; Incorporation by Reference and Rules of Construction

SECTION 1.01. Definitions.

“2021 Notes” means the Company’s 5.500% notes due 2021 issued on January 20, 2011 in an aggregate principal amount of U.S.\$750,000,000.

“2023 Notes” means the Company’s 4.875% notes due 2023 issued on December 6, 2012 in an aggregate principal amount of U.S.\$1,200,000,000.

“Additional Amounts” has the meaning set forth in Section 5.05(a) hereof.

“Additional Securities” means Securities issued pursuant to Section 2.01(c) hereof, if any.

“Affiliate” means, with respect to any specified Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, “control,” when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise.

“Attributable Value” means, as to any particular lease under which the Company or any Subsidiary is at any time liable as lessee and any date as of which the amount thereof is to be determined, the total net obligations of the lessee for rental payments during the remaining term of the lease (including any period for which such lease has been extended or may, at the option of the lessor, be extended) discounted from the respective due dates thereof to such date at a rate per annum equivalent to the interest rate inherent in such lease (as determined in good faith by the Company in accordance with generally accepted financial practice).

“Board of Directors” means the Board of Directors of the Company or any committee thereof duly authorized to act on behalf of such Board of Directors.

“Board Resolution” means a copy of a resolution certified by the Secretary or an Assistant Secretary of the Company to have been duly adopted by the Board of Directors and to be in full force and effect on the date of such certification.

“Business Day” means each day that is not a Legal Holiday.

“Chile” means the Republic of Chile.

“Commission” means the U.S. Securities and Exchange Commission, as from time to time constituted, created under the Exchange Act.

“Company” means the party named as such in the first paragraph of this Indenture until a successor replaces it pursuant to the applicable provisions hereof and, thereafter, means the successor and, for purposes of any provision contained herein, each other obligor on the Securities.

“Company Order” has the meaning set forth in Section 2.03(d) hereof.

“Comparable Treasury Issue” means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the Securities to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Securities.

“Comparable Treasury Price” means, with respect to a redemption date, (a) the average of four Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations or (b) if the Independent Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

“Consolidated Net Tangible Assets” means the total of all assets appearing on a consolidated balance sheet of the Company and the Subsidiaries, net of all applicable reserves and deductions, but excluding goodwill, trade names, trademarks, patents, unamortized debt discount and all other like intangible assets, less the aggregate of the current liabilities of the Company and the Subsidiaries appearing on such balance sheet as determined in accordance with IFRS.

“Corporate Trust Office” means the principal office of the Trustee at which at any time its corporate trust business shall be administered, which office at the date hereof is located at 101 Barclay Street, Floor 7E, New York, New York 10286, Attention: International Corporate Trust, or such other address as the Trustee may designate from time to time by notice to the Holders, the Company and the Guarantor, or the principal corporate trust office of any successor Trustee (or such other address as such successor Trustee may designate from time to time by notice to the Holders, the Company and the Guarantor).

“Covenant Defeasance” has the meaning set forth in Section 9.01(c) hereof.

“Default” means any event which is, or after notice or passage of time or both would be, an Event of Default.

“Event of Default” has the meaning set forth in Section 7.01 hereof.

“Excess Additional Amounts” means Additional Amounts in respect of interest received on the Securities at a rate of withholding or deduction in excess of 4.0%.

“Exchange Act” means the U.S. Securities Exchange Act of 1934, as amended.

“Global Securities” has the meaning set forth in Appendix A.

“Guarantee” means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person, direct or indirect, contingent or otherwise, or entered into for the purpose of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); provided, however, that the term “Guarantee” shall not include endorsements for collection or deposit in the ordinary course of business. The term “Guarantee” used as a verb has a corresponding meaning. The term “Guarantee” shall not apply to a guarantee of intercompany indebtedness among the Company and the Subsidiaries or among the Subsidiaries.

“Guaranteed Obligations” has the meaning set forth in Section 11.01(a) hereof.

“Guarantor” means the party named as such in the first paragraph of this Indenture until a successor replaces it pursuant to the applicable provisions hereof and, thereafter, including the successor for purposes of any provision contained herein.

“Holder” means the Person in whose name a Security is registered on the Security Register described in Section 2.04 hereof.

“IFRS” means International Financial Reporting Standards or other accounting standards generally accepted in Chile, as required by the SVS for Chilean public companies, in each case as in effect from time to time.

“Indebtedness” means, with respect to any Person (without duplication), (a) any obligation of such Person (i) for borrowed money, (ii) evidenced by bonds, debentures, notes or other similar instruments, (iii) under any reimbursement obligation relating to a letter of credit other than letters of credit in the ordinary course of business, (iv) for the payment of money relating to any obligations under any capital lease of real or personal property, (v) under any agreement or instrument in respect of an interest rate or currency swap, exchange or hedging transaction or other financial derivatives transaction, (vi) to pay the deferred and unpaid purchase price of property or services (other than trade accounts payable arising in the ordinary course of business), which purchase price is due more than six months after the date of placing such property in service or taking delivery and title thereto or the completion of such service or (vii) a Guarantee of such Person; and (b) any amendment, supplement, modification, deferral, renewal, extension or refunding of any liability of the types referred to in clause (a) above. For the purpose of determining any particular amount of Indebtedness under this definition, Guarantees

of (or obligations with respect to letters of credit) Indebtedness otherwise included in the determination of such amount shall not be included. For the avoidance of any doubt, any obligation that is non-recourse to any such Person shall not be deemed to be Indebtedness under this definition.

“Indenture” means this Indenture as amended or supplemented from time to time.

“Independent Investment Banker” means one of the Reference Treasury Dealers.

“Interest Payment Date” means February 12 and August 12 of each year, commencing on August 12, 2015, or if such date is not a Business Day on the next succeeding Business Day.

“Issue Date” means February 12, 2015.

“Legal Defeasance” has the meaning set forth in Section 9.01(b) hereof.

“Legal Holiday” has the meaning set forth in Section 12.06 hereof.

“Lien” means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind.

“Luxembourg Paying Agent” has the meaning set forth in the first paragraph of this Indenture and its successors and assigns.

“Luxembourg Transfer Agent” has the meaning set forth in the first paragraph of this Indenture and its successors and assigns.

“Officer” means the Chief Executive Officer, the President, the Chief Financial Officer or any Vice President of the Company or the Guarantor, as applicable.

“Officer’s Certificate” means a certificate signed by an Officer of the Company or the Guarantor, as applicable, and delivered to the Trustee. Any Officer’s Certificate required by this Indenture to be provided to the Trustee or any Paying Agent for these purposes shall be deemed to be duly provided if faxed or emailed to the Trustee or such Paying Agent, as applicable.

“Opinion of Counsel” means a written opinion from legal counsel who is reasonably acceptable to the Trustee. The counsel may be an employee of or counsel to the Company, the Guarantor or the Trustee.

“Original Securities” has the meaning set forth in Section 2.03(d) hereof.

“Paying Agent” has the meaning set forth in Section 2.04(a) hereof.

“Person” means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

“principal” means, with respect to any Indebtedness (including the Securities), the principal amount of such Indebtedness plus the premium, if any, on such Indebtedness.

“Protected Purchaser” means a purchaser of a Security, or of an interest therein, who (a) gives value, (b) does not have notice of any adverse claim to the Security and (c) obtains control of the Security.

“QIB” means a “qualified institutional buyer” as defined in Rule 144A under the Securities Act.

“Record Date” means the close of business on January 28 or July 28, as applicable (whether or not a Business Day).

“Reference Treasury Dealer” means HSBC Securities (USA) Inc. and Scotia Capital (USA) Inc., or their respective affiliates that are primary United States government securities dealers, and not less than three other leading primary United States government securities dealers in New York City, New York reasonably designated by the Company; provided that if any of the foregoing cease to be a primary United States government securities dealer in New York City, New York (a “Primary Treasury Dealer”), the Company shall substitute therefor another Primary Treasury Dealer.

“Reference Treasury Dealer Quotation” means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by such Reference Treasury Dealer at or about 3:30 p.m. (New York City time) on the third Business Day preceding such redemption date.

“Registrar” has the meaning assigned to it in Section 2.04(a) hereof.

“Relevant Jurisdiction” has the meaning assigned to it in Section 4.01 hereof.

“Remaining Scheduled Payments” means, with respect to each Security to be redeemed, the remaining scheduled payments of the principal thereof and interest thereon that would be due after the related redemption date but for such redemption; provided, however, that, if that redemption date is not an Interest Payment Date with respect to such Securities, the amount of the next succeeding scheduled interest payment thereon shall be reduced by the amount of interest accrued thereon to that redemption date.

“Sale and Leaseback Transaction” means any transaction or series of related transactions pursuant to which the Company or any Subsidiary sells or transfers any property to any Person with the intention of taking back a lease of such property pursuant to which the rental payments are calculated to amortize the purchase price of such property substantially over the useful life thereof and such property is in fact so leased.

“Securities” has the meaning assigned to such term in the second paragraph of this Indenture.

“Securities Act” means the U.S. Securities Act of 1933, as amended.

“Securities Register” has the meaning assigned to it in Section 2.04 hereof.

“Significant Subsidiaries” means collectively (a) each Subsidiary of the Company which would be a “significant subsidiary” within the meaning of Rule 1-02 under Regulation S-X promulgated by the Commission as in effect on the date of this Indenture, assuming the Company is the registrant referred to in such definition, and (b) to the extent not a “significant subsidiary” pursuant to clause (a) above, until the release of the Subsidiary Guarantee in accordance with the provisions under Section 11.07, the Guarantor.

“Stated Maturity” means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such security is due and payable (but excluding any provision providing for the repurchase of such security at the option of the holder thereof upon the happening of any contingency beyond the control of the Company unless such contingency has occurred).

“Subsidiary” means any corporation or other business entity of which the Company owns or controls (either directly or through one or more other Subsidiaries) more than 50% of the issued share capital or other ownership interests, in each case having ordinary voting power to elect or appoint directors, managers or trustees of such corporation or other business entity (whether or not capital stock or other ownership interests or any other class or classes have or might have voting power upon the occurrence of any contingency) including, without limitation, the Guarantor.

“Subsidiary Guarantee” has the meaning set forth in Section 11.01(a) hereof.

“SVS” means the Chilean Securities and Insurance Commission (*Superintendencia de Valores y Seguros*).

“Taxes” has the meaning set forth in Section 5.05(a) hereof.

“Transfer Agent” has the meaning set forth in Section 2.04(a) hereof.

“Transfer Restricted Securities” means Securities that bear or are required to bear the Restricted Securities Legend (as defined in Section 2.1(f) of the Appendix A).

“Treasury Rate” means, with respect to a redemption date, the rate per annum equal to the semi-annual equivalent yield-to-maturity or interpolated maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

“Trust Officer” means, when used with respect to the Trustee, any officer within the Corporate Trust Office of the Trustee having direct responsibility for the administration of this Indenture, or any other officer to whom any corporate trust matter is referred because of such person’s knowledge of and familiarity with the particular subject.

“Trustee” means the party named as such in the first paragraph of this Indenture until a successor replaces it pursuant to Article VIII of this Indenture and, thereafter, means the successor.

“U.S. Government Obligations” means direct obligations (or certificates representing an ownership interest in such obligations) of the United States of America (including any agency or instrumentality thereof) for the payment of which the full faith and credit of the United States of America is pledged and which are not callable or redeemable at the Company’s option.

SECTION 1.02. Rules of Construction. Unless the context otherwise requires:

- (a) a term has the meaning assigned to it;
- (b) an accounting term not otherwise defined has the meaning assigned to it in accordance with IFRS;
- (c) “or” is not exclusive;
- (d) “including” means including without limitation;
- (e) words in the singular include the plural and words in the plural include the singular; and
- (f) the principal amount of any noninterest bearing or other discount security at any date shall be the principal amount thereof that would be shown on a balance sheet of the issuer thereof dated such date prepared in accordance with IFRS.

ARTICLE II

The Securities

SECTION 2.01. Amount of Securities; Issuable in Series.

(a) The aggregate principal amount of Securities which may be authenticated and delivered under this Indenture is unlimited. All Securities shall be identical in all respects other than issue date, issue price and the first interest payment date. The Securities may be issued in one or more series; provided, however, that any Securities issued with original issue discount (“OID”) for U.S. Federal income tax purposes shall not be issued as part of the same series as any Securities that are issued with a different amount of OID or are not issued with OID, unless the Original Securities and the Additional Securities would be treated as part of the same issue for U.S. Federal income tax purposes; and further provided, that any Additional Securities that are not fungible with the Original Securities issued hereunder for U.S. Federal income tax purposes shall have a separate CUSIP, ISIN or other identifying number from such Original Securities.

(b) With respect to any Securities issued after the Issue Date (except for Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in

lieu of, Original Securities pursuant to Section 2.07, Section 2.08 or Section 2.10 hereof), there shall be established in or pursuant to a resolution of the Board of Directors, and subject to Section 2.03 hereof, set forth, or determined in the manner provided in an Officer's Certificate of the Company, or established in one or more indentures supplemental hereto, prior to the issuance of such Securities:

(i) whether such Securities shall be issued as part of a new or existing series of Securities and the title of such Securities (which shall distinguish the Securities of the series from Securities of any other series);

(ii) the aggregate principal amount of such Securities that may be authenticated and delivered under this Indenture;

(iii) the issue price, issue date and first interest payment date of such Securities, including the date from which interest on such Securities shall accrue;

(iv) if applicable, that such Securities shall be issuable in whole or in part in the form of one or more Global Securities and, in such case, the respective depositories for such Global Securities, the form of any legend or legends that shall be borne by any such Global Security in addition to or in lieu of that set forth in Exhibit 1 to Appendix A and any circumstances in addition to or in lieu of those set forth in Section 2.2 of Appendix A in which any such Global Security may be exchanged in whole or in part for Securities registered, and any transfer of such Global Security in whole or in part may be registered, in the name or names of Persons other than the depository for such Global Security or a nominee thereof; and

(v) any CUSIP(s), ISIN(s) or other identifying numbers.

(c) If any of the terms of any Securities are established by action taken by the Board of Directors, a Board Resolution shall be delivered to the Trustee at or prior to the delivery of the Officer's Certificate of the Company or the supplemental indenture setting forth the terms of such Securities.

SECTION 2.02. Form and Dating. Provisions relating to the Securities are set forth in the Rule 144A/Regulation S Appendix attached hereto (the "Appendix A"), which is hereby incorporated in, and expressly made part of, this Indenture. The Original Securities and the Trustee's certificate of authentication shall be substantially in the form of Exhibit 1 to the Appendix A which is hereby incorporated in, and expressly made a part of, this Indenture. The Securities may have notations, legends or endorsements required by law, stock exchange rule, agreements to which each of the Company and the Guarantor is subject, if any, or usage; provided that any such notation, legend or endorsement is in a form acceptable to the Company and the Guarantor. Each Security shall be dated the date of its authentication.

SECTION 2.03. Execution and Authentication.

(a) An Officer of the Company shall sign the Securities for the Company by manual or facsimile signature.

(b) If an Officer whose signature is on a Security no longer holds that office at the time the Trustee authenticates the Security, the Security shall be valid nevertheless.

(c) A Security shall not be valid until an authorized signatory of the Trustee manually signs the certificate of authentication on the Security. Such signature shall be conclusive evidence that the Security has been authenticated under this Indenture.

(d) On the Issue Date, the Trustee shall authenticate and deliver U.S. \$350,000,000 aggregate principal amount of 6.625% Senior Notes due 2045 (the "Original Securities") and, at any time and from time to time thereafter, the Trustee shall authenticate and deliver Securities for original issue in an aggregate principal amount specified in such order, in each case upon a written order of the Company signed by an Officer of the Company (the "Company Order"). Such order shall specify the amount of the Securities to be authenticated and the date on which the original issue of Securities is to be authenticated.

(e) The Trustee may appoint an authenticating agent reasonably acceptable to the Company to authenticate the Securities. Unless limited by the terms of such appointment, an authenticating agent may authenticate Securities whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such authenticating agent.

SECTION 2.04. Registrar, Paying Agent and Transfer Agent.

(a) The Company shall maintain an office or agency in The City of New York, New York (which office or agency may be an office of the Trustee or an affiliate of the Trustee) where Securities may be presented for registration of transfer or for exchange (the "Registrar") and an office or agency where Securities may be presented for payment (the "Paying Agent"). The Registrar shall keep a register of the Securities and of their transfer and exchange (the "Securities Register"). The Company shall also maintain an office or agency in The City of New York, New York (which office or agency may be an office of the Trustee or an affiliate of the Trustee) where Securities may be presented or surrendered for transfer or for exchange (the "Transfer Agent"). The Company may have one or more co-registrars and one or more additional paying agents and transfer agents. The term "Paying Agent" includes any additional paying agent and the term "Transfer Agent" includes any additional transfer agent.

(b) The Company shall enter into an appropriate agency agreement with any Registrar, Paying Agent, Transfer Agent or co-registrar not a party to this Indenture. Such agreement shall implement the provisions of this Indenture that relate to such agent. The Company shall promptly notify the Trustee of the name and address of any such agent. If the Company fails to maintain a Registrar, Paying Agent or Transfer Agent, the Trustee shall act as such, to the extent that it is lawful to so act, and shall be entitled to appropriate compensation therefor pursuant to Section 8.06 hereof. The Company or any Subsidiary may act as Paying Agent, Registrar, Transfer Agent or co-registrar.

(c) The Company initially appoints the Trustee as Registrar, Paying Agent and Transfer Agent in connection with the Securities.

(d) So long as the Securities are listed on the Official List of the Luxembourg Stock Exchange and the Luxembourg Stock Exchange rules so require, there shall be a Paying Agent and Transfer Agent in Luxembourg. The Company initially appoints The Bank of New York Mellon (Luxembourg) S.A. as Luxembourg Paying Agent and Luxembourg Transfer Agent in connection with the Securities.

SECTION 2.05. Paying Agent To Hold Money in Trust. On or before 12:00 p.m. (New York) time, at least one Business Day prior to each due date of the principal and interest on any Security, the Company shall deposit with the Paying Agent a sum sufficient to pay such principal and interest, together with any Additional Amounts then due, when so becoming due. Each Paying Agent a party to this Indenture agrees that, and the Company shall require each Paying Agent not a party to this Indenture to agree in writing that, the Paying Agent shall hold in trust for the benefit of Holders or the Trustee all money held by the Paying Agent for the payment of principal or interest on the Securities and shall notify the Trustee of any default by the Company in making any such payment. If the Company or a Subsidiary acts as Paying Agent, it shall segregate the money held by it as Paying Agent and hold it as a separate trust fund. The Company at any time may require a Paying Agent to pay all money held by it to the Trustee and to account for any funds disbursed by the Paying Agent. Upon complying with this Section 2.05, the Paying Agent shall have no further liability for the money delivered to the Trustee.

SECTION 2.06. Holder Lists. The Registrar shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Holders. If the Trustee is not the Registrar, the Company shall furnish to the Trustee, in writing, at least seven Business Days before each Interest Payment Date and at such other times as the Trustee may request, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of Holders.

SECTION 2.07. Transfer and Exchange.

(a) The Securities shall be issued in registered form and shall be transferable only upon the surrender of a Security for registration of transfer. When a Security is presented to the Registrar or a co-registrar with a request to register a transfer, the Registrar shall register the transfer only upon receipt by the Company and the Registrar of such Opinions of Counsel, certificates and/or other information reasonably required by and satisfactory to each in order to ensure compliance with the Securities Act. When Securities are presented to the Registrar or a co-registrar with a request to exchange them for an equal principal amount of Securities of other denominations, the Registrar shall make the exchange as requested if the same requirements are met. To permit registration of transfers and exchanges, the Company shall execute and the Trustee shall authenticate and deliver Securities at the Registrar's or co-registrar's request. The Company and the Registrar may require payment of a sum sufficient to pay all taxes, assessments or other governmental charges in connection with any transfer or exchange pursuant to this Section 2.07. The Company shall not be required to make, and the Registrar need not register, transfers or exchanges of Securities selected and delivered for redemption or any Securities for a period of 15 days before a selection of Securities to be redeemed or 15 days before an Interest Payment Date.

(b) Prior to the due presentation for registration of transfer of any Security, the Company, the Guarantor, the Trustee, any Paying Agent, the Registrar or any co-registrar may deem and treat the person in whose name a Security is registered as the absolute owner of such Security for the purpose of receiving payment of principal of, interest and Additional Amounts, if any, on such Security and for all other purposes whatsoever, whether or not presentation of such Security is overdue, and none of the Company, the Guarantor, the Trustee, any Paying Agent, the Registrar or any co-registrar shall be affected by notice to the contrary.

(c) All Securities issued upon any registration of transfer or exchange pursuant to the terms of this Indenture shall evidence the same debt and shall be entitled to the same benefits under this Indenture as the Securities surrendered upon such registration of transfer or exchange.

SECTION 2.08. Replacement Securities. In the event that any Security shall become mutilated, defaced, destroyed, lost or stolen, the Company and, until the release of the Subsidiary Guarantee in accordance with the provisions of Section 11.07, the Guarantor shall execute and, upon the Company's request, the Trustee shall authenticate and deliver a new Security, of like tenor (including the same date of issuance) and equal principal amount, registered in the same manner, and bearing interest from the date to which interest has been paid on such Security (or if no interest has been paid, then from the date of original issuance), in exchange and substitution for such Security (upon surrender and cancellation thereof in the case of a mutilated or defaced Security) or in lieu of and substitution for such Security. In the event that such Security is destroyed, lost or stolen, the applicant for a substitute Security shall furnish to the Company, the Guarantor, the Trustee, any Paying Agent (including, without limitation, the Luxembourg Paying Agent), any Transfer Agent (including, without limitation, the Luxembourg Transfer Agent), the Registrar and any co-registrar such security or indemnity as may be required by them to hold each of them harmless, and, in every case of destruction, loss or theft of such Security, the applicant shall also furnish to the Company, the Guarantor and the Trustee satisfactory evidence of the destruction, loss or theft of such Security and of the ownership thereof. Upon the issuance of any substituted Security, the Company may require the payment by the registered Holder thereof of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other fees and expenses (including the fees and expenses of the Trustee) connected therewith.

SECTION 2.09. Outstanding Securities.

(a) Securities outstanding at any time are all Securities authenticated by the Trustee except for those canceled by it, those delivered to it for cancellation and those described in this Section 2.09 as not outstanding. A Security does not cease to be outstanding because the Company or an Affiliate of the Company holds the Security.

(b) If a Security is replaced pursuant to Section 2.08 hereof, it ceases to be outstanding unless the Trustee and the Company receive proof satisfactory to them that the replaced Security is held by a Protected Purchaser.

(c) If a Paying Agent segregates and holds in trust, in accordance with this Indenture, on a redemption date or maturity date money sufficient to pay all principal and

interest payable on that date with respect to the Securities (or portions thereof) to be redeemed or maturing, as the case may be, then on and after that date such Securities (or portions thereof) cease to be outstanding and interest on them ceases to accrue.

SECTION 2.10. Temporary Securities. Until definitive Securities are ready for delivery, the Company may prepare and the Trustee shall authenticate temporary Securities. Temporary Securities shall be substantially in the form of definitive Securities but may have variations that the Company considers appropriate for temporary Securities. Without unreasonable delay, the Company shall prepare and the Trustee shall authenticate definitive Securities and deliver them in exchange for temporary Securities.

SECTION 2.11. Cancellation. The Company at any time may deliver Securities to the Trustee for cancellation. The Registrar, each Transfer Agent and each Paying Agent shall forward to the Trustee any Securities surrendered to them for registration of transfer, exchange or payment. The Trustee and no one else shall cancel and dispose of (subject to the record retention requirements of the Exchange Act) all Securities surrendered for registration of transfer, exchange, payment or cancellation in accordance with its current practice unless the Company directs the Trustee in writing to deliver cancelled Securities to the Company. The Company may not issue new Securities to replace Securities it has redeemed, paid or delivered to the Trustee for cancellation.

SECTION 2.12. Defaulted Interest. If the Company defaults in a payment of interest on the Securities, the Company shall pay the defaulted interest (plus interest on such defaulted interest to the extent lawful) in any lawful manner. The Company may pay the defaulted interest (a) to the persons who are Holders on a subsequent special Record Date or (b) to persons who are Holders in any other lawful manner not inconsistent with the rules of any applicable securities exchange if deemed practicable by the Trustee. The Company or the Guarantor, as applicable, shall fix or cause to be fixed any such special Record Date (which special Record Date shall not be more than 15 nor less than 10 days prior to the payment date) and payment date to the reasonable satisfaction of the Trustee and shall promptly mail to each Holder a notice that states the special Record Date, the payment date and the amount of defaulted interest to be paid.

SECTION 2.13. CUSIP and ISIN Numbers. The Company in issuing the Securities may use CUSIP and ISIN numbers (if then generally in use) and, if so, the Trustee shall use CUSIP or ISIN numbers in notices of redemption as a convenience to Holders; provided, however, that neither the Company nor the Trustee shall have any responsibility for any defect in the CUSIP or ISIN number that appears on any Security, check, advice of payment or redemption notice, and any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Securities or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Securities, and any such redemption shall not be affected by any defect in or omission of such numbers. The Company shall notify the Trustee, in writing, of any change in any CUSIP or ISIN numbers.

SECTION 2.14. Denomination. The Securities will be issued in fully registered form without interest coupons attached and will be issued in denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof.

SECTION 2.15. Open Market Purchases. Each of the Company and the Guarantor may at any time purchase Securities in the open market or otherwise at any price. Any such purchased Securities shall not be resold, except in compliance with applicable requirements or exemptions under the relevant securities laws.

ARTICLE III

General Redemption Provisions

SECTION 3.01. Notices to Trustee.

(a) If the Company elects to redeem Securities pursuant to this Indenture and paragraph 5 of the Securities, it shall notify the Trustee in writing of the redemption date, the principal amount of Securities to be redeemed and that such redemption is being made pursuant to paragraph 5 of the Securities.

(b) The Company shall give each notice to the Trustee provided for in this Section 3.01 at least 45 days before the redemption date fixed by the Company unless the Trustee consents to a shorter period. Such notice shall be accompanied by an Officer's Certificate of the Company and an Opinion of Counsel from the Company reasonably satisfactory to the Trustee to the effect that such redemption will comply with the conditions herein.

SECTION 3.02. Notice of Redemption.

(a) At least 30 days, but not more than 60 days, before a date for redemption of Securities, the Company shall give a notice of redemption to each Holder of Securities to be redeemed in accordance with Section 12.01 hereof.

The notice shall identify the Securities to be redeemed and shall state:

- (i) the redemption date;
- (ii) the redemption price or the information specified in paragraph 5 of the Securities;
- (iii) the name and address of the Paying Agent to whom the Securities called for redemption must be surrendered;
- (iv) that Securities called for redemption must be surrendered to such Paying Agent to collect the redemption price;
- (v) if fewer than all the outstanding Securities are to be redeemed, the identification and principal amounts of the particular Securities to be redeemed;

(vi) that, unless the Company defaults in making such redemption payment, interest on Securities (or portion thereof) called for redemption will cease to accrue on and after the redemption date;

(vii) the CUSIP or ISIN number; and

(viii) that no representation is made as to the correctness or accuracy of the CUSIP or ISIN number, if any, listed in such notice or printed on the Securities.

(b) At the Company's request, the Trustee shall give the notice of redemption in the Company's name and at the Company's expense. In such event, the Company shall provide the Trustee with the information required by this Section 3.02 at least 45 days, but not earlier than 60 days, before the redemption date.

SECTION 3.03. Effect of Notice of Redemption. Once notice of redemption is given in accordance with Section 12.01 hereof, subject to the satisfaction or waiver by the Company of any conditions precedent to such redemption set forth in the notice, Securities called for redemption will become due and payable on the redemption date and at the redemption price stated in the notice. Upon surrender to the Paying Agent, such Securities shall be paid at the redemption price stated in the notice, plus accrued interest to the redemption date (subject to the right of Holders of record on the relevant Record Date to receive interest due on the related Interest Payment Date that is on or prior to the date of redemption). Failure to give notice or any defect in the notice to any Holder shall not affect the validity of the notice to any other Holder.

SECTION 3.04. Deposit of Redemption Price. On or before 12:00 p.m. (New York) time, at least one Business Day prior to the redemption date, the Company shall deposit with the Paying Agent (or, if the Company or a Subsidiary is the Paying Agent, shall segregate and hold in trust) money sufficient to pay the redemption price of and accrued interest (subject to the right of Holders of record on the relevant Record Date to receive interest due on the related Interest Payment Date that is on or prior to the date of redemption) on all Securities to be redeemed on that date other than Securities called for redemption that have been delivered by the Company to the Trustee for cancellation.

ARTICLE IV

Optional Redemption

SECTION 4.01. Tax Redemption. The Securities may be redeemed, in whole but not in part, at the Company's option, by the giving of notice as provided in Article III hereof, at a redemption price equal to 100% of the outstanding principal amount of the Securities, together with accrued and unpaid interest to the redemption date and Additional Amounts, if any, if, as a result of any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of Chile or any jurisdiction from or through which any payment under the Securities is made by or at the direction of the Company or the Guarantor, as applicable (each a "Relevant Jurisdiction") or any political subdivision or taxing authority thereof or therein, or any change in the official application, administration or interpretation of such laws, regulations or rulings (including a holding by a court of competent jurisdiction) in a Relevant Jurisdiction, or

any other jurisdiction with the power to impose, levy or assess a Tax, the Company has or will become obligated to pay Excess Additional Amounts, if such change or amendment is announced or occurs on or after the date of this Indenture and such obligation cannot be avoided by the Company taking reasonable measures available to it; provided that no such notice of redemption shall be given earlier than 60 days prior to the earliest date on which the Company would be obligated to pay such Excess Additional Amounts, were a payment in respect of the Securities then due. For the avoidance of doubt, reasonable measures shall include a change in the jurisdiction of the paying agent. Prior to the giving of notice of redemption of Securities pursuant to this Indenture, the Company will deliver to the Trustee (i) an Officer's Certificate to the effect that the Company is or at the time of the redemption will be entitled to effect such a redemption pursuant to this Indenture and (ii) a written opinion of recognized counsel admitted to practice in the applicable Relevant Jurisdiction and independent of the Company to the effect that the Company is, or is expected to become, obligated to pay Excess Additional Amounts as a result of such change or amendment, as described above, and setting forth in reasonable detail the circumstances giving rise to such right of redemption.

SECTION 4.02. Make-Whole Redemption. At any time prior to August 12, 2044, the Securities may be redeemed, in whole but not in part, at the Company's option, by the giving of notice as provided in Article III hereof, at a redemption price equal to the greater of (a) 100% of the outstanding principal amount of the Securities to be redeemed and (b) the sum of the present values of the Remaining Scheduled Payments of principal and interest on the Securities to be redeemed discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the applicable Treasury Rate plus 50 basis points, in each case plus accrued and unpaid interest on the principal amount of the Securities being redeemed to the redemption date and Additional Amounts, if any. Notwithstanding the foregoing, payments of interest on the Securities will be payable to the Holders of those Securities registered as such at the close of business on the relevant Record Dates according to the terms and provisions of this Indenture.

SECTION 4.03. At Par Redemption. At any time on or after August 12, 2044, the Securities may be redeemed, in whole but not in part, at the Company's option, by the giving of notice as provided in Article III hereof, at a redemption price equal to 100% of the outstanding principal amount of the Securities to be redeemed, plus accrued and unpaid interest on the principal amount of the Securities being redeemed to the redemption date and Additional Amounts, if any.

ARTICLE V

Covenants

SECTION 5.01. Payment of Securities.

(a) The Company shall promptly pay the principal of and interest on the Securities on the dates and in the manner provided in the Securities and in this Indenture. Principal and interest shall be considered paid on the date due if on such date the Trustee or a Paying Agent holds in accordance with this Indenture money sufficient to pay all principal and interest then due.

(b) The Company shall pay interest on overdue principal at the rate borne by the Securities, and it shall pay interest on overdue installments of interest at the rate borne by the Securities to the extent lawful.

SECTION 5.02. Limitation on Liens.

(a) The Company shall not, nor shall it permit any Subsidiary to, issue, assume or suffer to exist any Indebtedness, if such Indebtedness is secured by a Lien upon any property or assets of the Company or any Subsidiary, unless, concurrently therewith, the Securities shall be secured equally and ratably with (or prior to) such Indebtedness; provided, however, that the foregoing restriction shall not apply to:

(i) any Lien on property acquired, constructed, developed, extended or improved by the Company or any Subsidiary (individually or together with other Persons) after the date of this Indenture or any shares or other ownership interest in, or any Indebtedness of, any Person which holds, owns or is entitled to such property, to the extent such Lien is created, incurred or assumed (A) during the period such property was being constructed, developed, extended or improved or (B) contemporaneously with, or within 360 days after, such acquisition or the completion of such construction, development, extension or improvement in order to secure or provide for the payment of all or any part of the purchase price or other consideration of such property or the other costs of such acquisition, construction, development, extension or improvement (including costs such as escalation, interest during construction and financing and refinancing costs);

(ii) any Lien on any property or assets existing at the time of acquisition thereof and which (A) is not created as a result of or in connection with or in anticipation of such acquisition and (B) does not attach to any other property or assets other than the property or assets so acquired (except for property affixed or appurtenant thereto);

(iii) any Lien on any property or assets acquired from a Person which is merged with or into the Company or any Subsidiary or any Lien existing on property or assets of any Person at the time such Person becomes a Subsidiary, in either such case which (A) is not created as a result of or in connection with or in anticipation of any such transaction and (B) does not attach to any other property or assets other than the property or assets so acquired or of such Person at the time it becomes a Subsidiary (except for property affixed or appurtenant thereto);

(iv) any Lien which secures Indebtedness owed by a Subsidiary to the Company or any other Subsidiary;

(v) any Lien securing Indebtedness of the type described in clause (a)(v) of the definition of "Indebtedness"; provided that such Indebtedness was entered into in the ordinary course of business and not for speculative purposes or the obtaining of credit;

(vi) any Lien in favor of any Person to secure obligations under the provisions of any letters of credit, bank guarantees, bonds or surety obligations required or requested by any governmental authority in connection with any contract or statute;

(vii) any Lien existing on the date of this Indenture or granted pursuant to an agreement existing on the date of this Indenture;

(viii) Liens for taxes, assessments or governmental charges or levies if such taxes, assessments, governmental charges or levies are not at the time due and payable, or if the same are being contested in good faith by appropriate proceedings and appropriate provisions, if any, have been established as required by IFRS;

(ix) Liens arising solely by operation of law;

(x) Liens created for the sole purpose of securing Indebtedness that, when incurred, will be applied to repay all (but not part) of the Securities and all other amounts payable under the Securities; provided that the Securities and all other such amounts are fully satisfied within 30 days after the incurrence of such Indebtedness;

(xi) judgment Liens not giving rise to an Event of Default so long as any appropriate legal proceedings which may have been duly initiated for the review of such judgment have not been finally terminated or the period within which such proceeding may be initiated has not expired and appropriate provisions, if any, have been established as required by IFRS; or

(xii) any extension, renewal or replacement (or successive extensions, renewals or replacements) in whole or in part, of any Lien referred to in the foregoing clauses (i) through (xi) inclusive or any Lien securing any Indebtedness that refinances, extends, renews, refunds or replaces any other Indebtedness secured in accordance with the foregoing clauses (i) through (xi) inclusive; provided that the principal amount of Indebtedness secured thereby shall not exceed the principal amount of Indebtedness so secured at the time of such extension, renewal or replacement plus an amount necessary to pay any customary fees and expenses, including premiums and defeasance costs related to such transaction, and that such extension, renewal or replacement shall be limited to all or a part of the property which secured the Lien so extended, renewed or replaced (plus improvements on such property) and property affixed or appurtenant thereto.

(b) Notwithstanding Section 5.02(a) hereof, the Company or any Subsidiary may issue or assume Indebtedness secured by a Lien which would otherwise be prohibited under Section 5.02(a) hereof or enter into Sale and Leaseback Transactions that would otherwise be prohibited by Section 5.03 hereof; provided that the amount of such Indebtedness or the Attributable Value of such Sale and Leaseback Transaction, as the case may be, together with the aggregate amount (without duplication) of (i) Indebtedness outstanding at such time that was previously incurred pursuant to this Section 5.02(b) by the Company and the Subsidiaries, plus (ii) the Attributable Value of all such Sale and Leaseback Transactions of the Company and the Subsidiaries outstanding at such time that were previously incurred pursuant to this

Section 5.02(b) shall not exceed 20% of Consolidated Net Tangible Assets at the time any such Indebtedness is issued or assumed by the Company or any Subsidiary or at the time any such Sale and Leaseback Transaction is entered into.

SECTION 5.03. Limitation on Sale and Leaseback Transactions. The Company shall not, nor shall it permit any Subsidiary to, enter into any Sale and Leaseback Transaction with respect to any of their property or assets, unless (a) the Company or such Subsidiary would be entitled pursuant to Section 5.02 hereof to issue or assume Indebtedness (in an amount equal to the Attributable Value with respect to such Sale and Leaseback Transaction) secured by a Lien on such property or assets without equally and ratably securing the Securities, (b) the Company or such Subsidiary shall apply or cause to be applied, in the case of a sale or transfer for cash, the net proceeds thereof and, in the case of a sale or transfer otherwise than for cash, an amount equal to the fair market value (as determined in good faith by the Board of Directors) of the property or assets so leased, (i) to the retirement, within 360 days after the effective date of such Sale and Leaseback Transaction, of (A) Indebtedness of the Company ranking at least *pari passu* with the Securities or (B) Indebtedness of any Subsidiary, in each case owing to a Person other than the Company or any Affiliate of the Company, or (ii) to the acquisition, purchase, construction, development, extension or improvement of any property or assets of the Company or any Subsidiary used or to be used by or for the benefit of the Company or any Subsidiary in the ordinary course of business or (c) the Company or such Subsidiary equally and ratably secures the Securities. The restrictions set forth in this Section 5.03 shall not apply to any transactions providing for a lease for a term, including any renewal, of not more than three years or to arrangements between the Company and a Subsidiary or between Subsidiaries.

SECTION 5.04. Reporting Requirements.

(a) So long as the Securities remain outstanding the Company shall:

(i) in the event the Company is not subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, furnish (or in lieu of furnishing, make accessible electronically with notice to the Trustee) to the Trustee and the Holders as follows:

(A) as soon as they are available, but in any event within 120 calendar days after the end of each fiscal year of the Company (currently ending December 31), copies of its audited financial statements (on a consolidated basis) in respect of such fiscal year (including a profit and loss account, balance sheet and cash flow statement), in English, prepared in accordance with IFRS and audited by a member firm of an internationally recognized firm of independent accountants; and

(B) as soon as they are available, but in any event within 90 calendar days after the end of each of the first three fiscal quarters of each fiscal year of the Company, copies of its unaudited financial statements (on a consolidated basis) in respect of the relevant period (including a profit and loss account, balance sheet and cash flow statement), in English, prepared on a basis consistent with the audited

financial statements of the Company and in accordance with IFRS, together with a certificate signed by the person then authorized to sign financial statements on behalf of the Company to the effect that such financial statements are true in all material respects and present fairly the financial position of the Company as at the end of, and the results of its operations for, the relevant quarterly period; and

(ii) in the event the Company is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act,

(A) timely file with the Commission such annual and other reports as may be required by the rules and regulations of the Commission in effect at the relevant time and in the form required thereunder, and

(B) unless such information is publicly available on the Commission's EDGAR System, provide the Trustee, for further delivery to a Holder upon request by any such Holder, with copies of the reports referred to in clause (a)(ii) within 15 days after such reports are required to be filed with the Commission; and

(iii) so long as the Company is required to file the same with the SVS, will furnish (or in lieu of furnishing, make accessible electronically with notice to the Trustee) to the Trustee and Holders, as soon as they are available, but in any event within 120 calendar days after the end of each fiscal year of the Guarantor (currently ending December 31), copies of the Guarantor's audited financial statements (on a consolidated basis) in respect of such fiscal year in the format required by the SVS, in English, prepared in accordance with IFRS and audited by a member firm of an internationally recognized firm of independent accountants.

(b) The Trustee shall upon written request forward to each registered Holder who so requests the reports received by the Trustee under this Section 5.04.

(c) The Company shall give the Trustee written notice of anytime it becomes or ceases to be subject to Section 13 or 15(d) of the Exchange Act. As of the date of this Indenture, the Company is subject to Section 13 and 15(d) of the Exchange Act.

(d) Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute actual or constructive notice of any information contained therein or determinable from information contained therein, including compliance by the Company or the Guarantor, as applicable, with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officer's Certificates).

SECTION 5.05. Additional Amounts.

(a) The Company shall make all payments of principal, premium, if any, and interest in respect of the Securities free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature and interest, penalties and fines in respect thereof (collectively, "Taxes") imposed, levied, collected, withheld or assessed by, within or on behalf of a Relevant Jurisdiction or by or within any political subdivision thereof or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law or by the interpretation or administration thereof. In the event of any such withholding or deduction of Taxes, the Company or the Guarantor, as applicable, shall pay to Holders such additional amounts ("Additional Amounts") as will result in the payment to such Holder of the net amount that would otherwise have been receivable by such Holder in the absence of such withholding or deduction, except that no such Additional Amounts shall be payable in respect of:

(i) any Taxes that would not have been so withheld or deducted but for the existence of any present or former connection (including, without limitation, a permanent establishment in a Relevant Jurisdiction) between the Holder, applicable recipient of payment or beneficial owner of a Security or any payment in respect of such Security (or, if the Holder or beneficial owner is an estate, nominee, trust, partnership, corporation or other business entity, between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of power over, the Holder, applicable recipient of payment or beneficial owner) and an authority with the power to levy or otherwise impose or assess a Tax, other than the mere receipt of such payment or the mere holding or ownership of such Security or beneficial interest or the enforcement of rights thereunder;

(ii) any Taxes that would not have been so withheld or deducted if a Security had been presented for payment within 30 days after the Relevant Date (as defined below) to the extent presentation is required (except to the extent that the Holder would have been entitled to Additional Amounts had such Security been presented for payment on the last day of such 30-day period);

(iii) any Taxes that would not have been so withheld or deducted but for the failure by the Holder or the beneficial owner of a Security or any payment in respect of such Security to (A) make a declaration of non-residence, or any other claim or filing for exemption, to which it is entitled or (B) comply with any certification, identification, information, documentation or other reporting requirement concerning its nationality, residence, identity or connection with a Relevant Jurisdiction; provided that such declaration or compliance was required as of the date of this Indenture as a precondition to exemption from all or part of such Taxes and the Company or the Guarantor, as applicable, has given the Holders at least 30 days prior notice that they will be required to comply with such requirements;

(iv) any estate, inheritance, gift, value added, sales, use, excise, transfer, capital gains, personal property or similar taxes, duties, assessments or other governmental charges;

(v) any Taxes that are payable otherwise than by deduction or withholding from payments on a Security;

(vi) any Taxes that would not have been so imposed if the Holder had presented a Security for payment (where presentation is required) to another paying agent;

(vii) any payment to a Holder of a Security that is a fiduciary or partnership (including an entity treated as a partnership for tax purposes) or any Person other than the sole beneficial owner of such payment or Security, to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such partnership or the beneficial owner of such payment or Security would not have been entitled to the Additional Amounts had such beneficiary, settlor, member or beneficial owner been the actual Holder of such Security;

(viii) any withholding or deduction imposed on a payment required to be made pursuant to European Council Directive 2003/48/EC or any other European Union directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 on the taxation of savings income, or any law implementing or complying with, or introduced in order to conform to, such a directive;

(ix) any Taxes imposed under Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended, any successor law or regulation implementing or complying with, or introduced in order to conform to, such sections or any intergovernmental agreement or any agreement entered into pursuant to section 1471(b)(1) of the U.S. Internal Revenue Code of 1986, as amended; or

(x) any combination of clauses (i) through (ix) above.

(b) For the purposes of this Section 5.05, "Relevant Date" means whichever is the later of (i) the date on which such payment first becomes due and (ii) if the full amount payable has not been received in The City of New York, New York by the Trustee on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Holders in accordance with this Indenture.

(c) All references to principal, premium, if any, and interest in respect of the Securities shall be deemed also to refer to any Additional Amounts which may be payable as set forth in this Indenture or in the Securities.

(d) Notwithstanding the foregoing, the limitations on the obligations of the Company and the Guarantor to pay Additional Amounts set forth in clause (a) (iii) above shall not apply if the provision of any certification, identification, information, documentation or other reporting requirement described in such clause (a)(iii) would be materially more onerous, in form, in procedure or in the substance of information disclosed, to a Holder or beneficial owner of a Security (taking into account any relevant differences between U.S. and Chilean law, rules, regulations or administrative practice) than comparable information or other reporting requirements imposed under U.S. tax law, regulations and administrative practice (such as IRS Forms W-8BEN, W-8BEN-E and W-9).

(e) At least 10 Business Days prior to the first Interest Payment Date (and at least 10 Business Days prior to each succeeding Interest Payment Date if there has been any

change with respect to the matters set forth in the Officer's Certificate referenced below), the Company or the Guarantor, as applicable, shall furnish to the Trustee and each Paying Agent an Officer's Certificate instructing the Trustee and each Paying Agent whether payments of principal of or interest on the Securities due on such Interest Payment Date shall be without deduction or withholding for or on account of any Taxes. If any such deduction or withholding shall be required, prior to such Interest Payment Date, such Officer's Certificate shall specify the amount, if any, required to be withheld on such payment to Holders and certify that the Company or the Guarantor, as applicable, shall pay such withholding or deduction to the relevant taxing authority. Any Officer's Certificate required by this Indenture to be provided to the Trustee and any Paying Agent for these purposes shall be deemed to be duly provided if telecopied to the Trustee and each Paying Agent.

(f) The Company or the Guarantor, as applicable, will furnish to the Holders, within 60 days after the date the payment of any Taxes so deducted or withheld is due pursuant to applicable law, either certified copies of tax receipts evidencing such payment by the Company or the Guarantor, as applicable, or, if such receipts are not obtainable, other evidence of such payments by the Company or the Guarantor, as applicable, reasonably satisfactory to the Holders.

(g) Upon written request, the Company or the Guarantor, as applicable, shall furnish to the Trustee documentation reasonably satisfactory to the Trustee evidencing payment of Taxes.

(h) The Company or the Guarantor, as applicable, shall promptly pay when due any present or future stamp, court or similar documentary taxes or any other excise or property taxes, charges or similar levies that arise in any jurisdiction from the execution, delivery or registration of each Security or any other document or instrument referred to herein or therein, excluding any such taxes, charges or similar levies imposed by any jurisdiction outside of Chile and except, in certain cases, for taxes, charges or similar levies resulting from certain registration of transfer or exchange of Securities.

SECTION 5.06. Rule 144A Information. So long as the Securities are not freely transferable under the Securities Act, the Company shall take all action necessary to provide information to permit resales of the Securities pursuant to Rule 144A under the Securities Act, including furnishing to any Holder of a Security or beneficial interest in a Global Security, or to any prospective purchaser designated by such Holder, upon written request of such Holder, financial and other information required to be delivered under Rule 144A(d)(4) (as amended from time to time and including any successor provision) unless, at the time of such request, the Company is subject to the reporting requirements of Section 13 or Section 15(d) of the Exchange Act or is exempt from such requirements pursuant to Rule 12g3-2(b) under the Exchange Act (as amended from time to time and including any successor provision).

SECTION 5.07. Further Instruments and Acts. Upon request of the Trustee, the Company and the Guarantor shall execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out the purpose of this Indenture.

SECTION 5.08. Statement as to Compliance. As promptly as practicable beginning with the fiscal year ending December 31, 2014 and in any event within 120 days after the end of such fiscal year, the Company shall deliver to the Trustee an Officer's Certificate stating whether or not to the best knowledge of the signer thereof the Company is in compliance (without regard to periods of grace or notice requirements) with all conditions and covenants under this Indenture, and if the Company shall not be in compliance, specifying such non-compliance and the nature and status thereof of which such signer may have knowledge.

SECTION 5.09. Corporate Existence. Subject to Article VI hereof, each of the Company and the Guarantor shall do or cause to be done all things necessary to preserve and keep in full force and effect:

(a) its existence as a corporation, and, in the case of the Company, the corporate, partnership, limited liability company or other existence of each Subsidiary, in accordance with the respective organizational documents (as the same may be amended from time to time) of the Company, the Guarantor or any such Subsidiary; and

(b) the rights (charter and statutory), licenses and franchises of the Company and the Subsidiaries; provided, however, that the Company shall not be required to preserve any such right, license or franchise, or the corporate, partnership or other existence of any Subsidiary (other than the Guarantor), if the Company shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and the Subsidiaries, taken as a whole, or would otherwise not have a material adverse effect on the business, properties, management, financial position, results of operations or prospects of the Company and its Subsidiaries, taken as a whole.

SECTION 5.10. Listing. In the event that the Securities are listed on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market, the Company shall use its reasonable best efforts to maintain such listing; provided that if, as a result of the European Union regulated market amended Directive 2001/34/EC (the "Transparency Directive") or any legislation implementing the Transparency Directive or other directives or legislation, the Company could be required to publish financial information either more regularly than it otherwise would be required to or according to accounting principles which are materially different from the accounting principles which the Company would otherwise use to prepare its published financial information, the Company may delist the Securities from the Official List of the Luxembourg Stock Exchange in accordance with the rules of the exchange and seek an alternative admission to listing, trading and/or quotation for the Securities on a different section of the Luxembourg Stock Exchange or by such other listing authority, stock exchange and/or quotation system inside or outside the European Union as the Board of Directors may decide.

ARTICLE VI

Successor Company or Guarantor

SECTION 6.01. When the Company or the Guarantor May Merge or Transfer Assets.

(a) Neither the Company nor, until the release of the Subsidiary Guarantee in accordance with the provisions of Section 11.07, the Guarantor, shall consolidate with or merge into any other Person or convey or transfer its properties and assets substantially as an entirety to any Person, unless:

(i) the successor Person (the “Surviving Person”) is a Person existing under the laws of Chile or the United States (or any State thereof or the District of Columbia) and expressly assumes, by a supplemental indenture, the due and punctual payment of the principal, premium, if any, and interest (and Additional Amounts, if any) on all the outstanding Securities and the performance of every covenant in this Indenture on the part of the Company or the Guarantor, as applicable, to be performed or observed;

(ii) immediately after giving effect to such transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, has occurred and is continuing; and

(iii) the Company or the Guarantor, as applicable, has delivered to the Trustee an Officer’s Certificate and Opinion of Counsel stating that such consolidation, merger, conveyance or transfer and such supplemental indenture comply with the provisions of this Section 6.01 relating to such transaction.

(b) In case of any consolidation, merger, conveyance or transfer (other than a lease) that complies with Section 6.01(a) hereof, the Surviving Person shall succeed to and be substituted for the Company, as obligor, or the Guarantor, as guarantor, as applicable, on the Securities, with the same effect as if it had been named in this Indenture as such obligor or guarantor, as applicable.

ARTICLE VII

Defaults and Remedies

SECTION 7.01. Events of Default. The following events shall be “Events of Default”:

(a) the Company defaults in the payment of the principal or premium, if any, of any Security at maturity, upon redemption or otherwise;

(b) the Company defaults in any payment of interest or Additional Amounts in respect of the Securities if such default continues for 30 days after any such interest or Additional Amount becomes due;

(c) the Company or the Guarantor fails to observe or perform any covenant or agreement contained in the Securities or in this Indenture (other than a payment default referred to in Section 7.01(a) or Section 7.01(b) hereof) and such failure continues for 60 days after notice is given by the Trustee to the Company or by the Holders of at least 25% of the aggregate principal amount of the outstanding Securities to the Company and the Trustee specifying such failure and requiring it to be remedied and stating that such notice is a "Notice of Default" under this Indenture;

(d) the Company or any Subsidiary fails to pay when due (whether at maturity, upon redemption or acceleration or otherwise) the principal of any Indebtedness in excess, individually or in the aggregate, of U.S.\$50 million (or the equivalent thereof in other currencies), if such failure continues for more than the period of grace, if any, applicable thereto and the period for payment has not been expressly extended;

(e) one or more final and non-appealable judgments or decrees for the payment of money in excess of U.S.\$50 million (or the equivalent thereof in other currencies) in the aggregate are rendered against the Company or any Subsidiary and are not paid (whether in full or in installments in accordance with the terms of the judgment) or otherwise discharged and, in the case of each such judgment or decree, either (i) an enforcement proceeding has been commenced by any creditor upon such judgment or decree and is not dismissed within 30 days following commencement of such enforcement proceedings or (ii) there is a period of 60 days following such judgment during which such judgment or decree is not discharged, waived or the execution thereof stayed;

(f) a decree or order by a court having jurisdiction has been entered adjudging the Company or any of its Significant Subsidiaries as bankrupt or insolvent, or approving as properly filed a petition seeking reorganization of or by the Company or any of its Significant Subsidiaries and such decree or order continues undischarged or unstayed for a period of 60 days; or a decree or order of a court having jurisdiction for the appointment of a receiver or liquidator or for the liquidation or dissolution of the Company or any of its Significant Subsidiaries has been entered, and such decree or order continues undischarged and unstayed for a period of 60 days; provided that any Significant Subsidiary may be liquidated or dissolved if, pursuant to such liquidation or dissolution, all or substantially all of its assets are transferred to the Company or another Significant Subsidiary of the Company;

(g) the Company or any of its Significant Subsidiaries institutes any proceeding to be adjudicated as voluntary bankrupt, or consents to the filing of a bankruptcy proceeding against it, or files a petition or answer or consent seeking reorganization, or consents to the filing of any such petition, or consents to the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of it or its property; or

(h) the Subsidiary Guarantee ceases to be in full force and effect or the Guarantor denies or disaffirms its obligations under the Subsidiary Guarantee (other than as provided under Sections 9.01(a), 11.01(f), 11.02 and 11.07).

The foregoing will constitute Events of Default whatever the reason for any such Event of Default and whether it is voluntary or involuntary or is effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body.

SECTION 7.02. Acceleration. If an Event of Default (other than an Event of Default specified in Section 7.01(f) or Section 7.01(g) hereof) occurs and is continuing, the Trustee by notice to the Company and the Guarantor, or the Holders of not less than 25% of the aggregate principal amount of the Securities then outstanding by written notice to the Company, the Guarantor and the Trustee, may declare the principal amount of the Securities, together with accrued and unpaid interest thereon, if any, immediately due and payable. Upon such a declaration, such principal and interest shall be immediately due and payable. If an Event of Default specified in Section 7.01(f) or Section 7.01(g) hereof occurs, the maturity of all outstanding Securities shall automatically be accelerated and the principal amount of the Securities, together with accrued and unpaid interest thereon, if any, shall be immediately due and payable. The right of the Holders to give such acceleration notice shall terminate if the event giving rise to such right has been cured before such right is exercised. The Holders of a majority in aggregate principal amount of the outstanding Securities by written notice to the Company and the Guarantor may annul and rescind any declaration of acceleration if (a) all amounts then due with respect to the Securities are paid (other than amounts due solely because of such declaration), (b) all other defaults with respect to the Securities are cured and (c) the Company or the Guarantor has deposited with the Trustee a sum sufficient to pay all amounts owed to the Trustee pursuant to Section 8.06 hereof. No such rescission shall affect any subsequent Default or impair any right consequent thereto.

SECTION 7.03. Other Remedies.

(a) If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of principal of or interest on the Securities or to enforce the performance of any provision of the Securities or this Indenture.

(b) The Trustee may maintain a proceeding even if it does not possess any of the Securities or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Holder in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. No remedy is exclusive of any other remedy. All available remedies are cumulative.

SECTION 7.04. Waiver of Past Defaults. Subject to Section 7.02, the Holders of a majority in aggregate principal amount of the Securities then outstanding by notice to the Trustee, the Company and the Guarantor may waive an existing Default and its consequences except (a) a Default in the payment of the principal of or interest on a Security or (b) a Default in respect of a provision that under Section 10.02 hereof cannot be amended without the consent of each Holder affected. When a Default is waived, it is deemed cured, but no such waiver shall extend to any subsequent or other Default or impair any consequent right.

SECTION 7.05. Control by Majority. The Holders of a majority in aggregate principal amount of the outstanding Securities may direct the time, method and place of

conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee with respect to the Securities. However, the Trustee may refuse to follow any direction that conflicts with applicable law or this Indenture or, subject to Section 8.01 hereof, that the Trustee determines is unduly prejudicial to the rights of other Holders or would involve the Trustee in personal liability; provided, however, that the Trustee may take any other action deemed proper by the Trustee that is not inconsistent with such direction. Prior to taking any action hereunder, the Trustee shall be entitled to security or indemnification satisfactory to it against all losses and expenses caused by taking or not taking such action.

SECTION 7.06. Limitation on Suits.

(a) A Holder shall not have any right to institute any proceeding with respect to this Indenture or the Securities or for any remedy hereunder or thereunder unless:

(i) such Holder shall have previously given to the Trustee written notice of a continuing Event of Default;

(ii) the Holders of at least 25% in aggregate principal amount of the Securities then outstanding have made a written request to the Trustee to institute such proceeding in respect of such Event of Default in its own name as Trustee, and such Holders have offered security or indemnity to the Trustee satisfactory to it; and

(iii) the Trustee has failed to institute such proceeding for 60 days after the receipt of such notice and has not received from the Holders of at least a majority in aggregate principal amount of the Securities outstanding a direction inconsistent with such request, within 60 days after such notice.

(b) The foregoing limitations on the pursuit of remedies by a Holder shall not apply to a suit individually instituted by a Holder of Securities for the enforcement of payment of the principal, premium, if any, or interest on such Security on or after any respective due date specified in such Security. A Holder may not use this Indenture to prejudice the rights of another Holder or to obtain a preference or priority over another Holder.

SECTION 7.07. Rights of Holders To Receive Payment. Notwithstanding any other provision of this Indenture, the right of any Holder to receive payment of principal of and interest together with any Additional Amounts then due on the Securities held by such Holder, on or after the respective due dates expressed in the Securities, or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder.

SECTION 7.08. Collection Suit by Trustee. If an Event of Default specified in Section 7.01(a) or Section 7.01(b) hereof occurs and is continuing, the Trustee may recover judgment in its own name and as trustee of an express trust against the Company for the whole amount then due and owing (together with interest on any unpaid interest to the extent lawful) and the amounts provided for in Section 8.06 hereof.

SECTION 7.09. Trustee May File Proofs of Claim. The Trustee may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and the Holders allowed in any judicial proceedings relative to the Company or the Guarantor, their respective creditors or property and, unless prohibited by law or applicable regulations, may vote on behalf of the Holders in any election of a trustee in bankruptcy or other Person performing similar functions, and any custodian in any such judicial proceeding is hereby authorized by each Holder to make payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and its counsel, and any other amounts due to the Trustee under Section 8.06 hereof.

SECTION 7.10. Priorities.

(a) If the Trustee collects any money or property pursuant to this Article VII, it shall pay out the money or property in the following order:

FIRST: to the Trustee for amounts due under Section 8.06 hereof;

SECOND: to Holders for amounts due and unpaid on the Securities for principal, interest and Additional Amounts, if any, ratably, without preference or priority of any kind, according to the amounts due and payable on the Securities for principal, interest and Additional Amounts, if any, respectively; and

THIRD: to the Company or, to the extent the Trustee collects any amounts pursuant to the Subsidiary Guarantee, to the Guarantor.

(b) The Trustee may fix a special record date and payment date for any payment to Holders pursuant to this Section 7.10. At least 15 days before such special record date, the Company shall mail to each Holder and the Trustee a notice that states the special record date, the payment date and amount to be paid.

SECTION 7.11. Undertaking for Costs. In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 7.11 does not apply to a suit by the Trustee, a suit by a Holder pursuant to Section 7.07 hereof or a suit by Holders of more than 10% in aggregate principal amount of the Securities.

SECTION 7.12. Waiver of Stay or Extension Laws. Neither the Company nor the Guarantor (to the extent any of them may lawfully do so) shall at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Indenture; and each of the Company and the Guarantor (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any

such law, and shall not hinder, delay or impede the execution of any power herein granted to the Trustee, but shall suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE VIII

Trustee

SECTION 8.01. Duties of Trustee.

- (a) If an Event of Default has occurred and is continuing, the Trustee shall exercise the rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise as a prudent Person would exercise or use under the circumstances in the conduct of such Person's own affairs.
- (b) Except during the continuance of an Event of Default:
- (i) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture against the Trustee; and
 - (ii) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, the Trustee shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein).
- (c) The Trustee may not be relieved from liability for its own grossly negligent action, its own gross negligent failure to act or its own willful misconduct, except that:
- (i) this paragraph does not limit the effect of Section 8.01(b) hereof;
 - (ii) the Trustee shall not be liable for any error of judgment made in good faith by a Trust Officer unless it is proved that the Trustee was grossly negligent in ascertaining the pertinent facts;
 - (iii) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 7.05 hereof or exercising any trust or power conferred upon the Trustee under this Indenture with respect to the Securities; and
 - (iv) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers.

(d) Every provision of this Indenture that in any way relates to the Trustee is subject to Section 8.01(a), Section 8.01(b) and Section 8.01(c) hereof.

(e) The Trustee shall not be liable for interest on, or to invest, any money received by it except as the Trustee may agree in writing with the Company.

(f) Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

(g) Every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section 8.01 and the provisions of this Article VIII shall apply to the Trustee in its role as Registrar, Paying Agent and Transfer Agent.

(h) The Trustee shall not have any obligation or duty to monitor, determine or inquire as to compliance with any restriction on transfer imposed under this Indenture or under applicable law, with respect of any transfer of any interest in any Security (including any transfers between or among the depository, members or beneficial owners in any Global Security) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by, the terms of this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

SECTION 8.02. Rights of Trustee.

(a) The Trustee may rely conclusively on, and shall be protected in acting or refraining from acting upon, any document believed by it to be genuine and to have been signed or presented by the proper person. The Trustee need not investigate any fact or matter stated in such document. The Trustee may, however, in its discretion make such further inquiry or investigation into such facts or matters as it may see fit and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company, personally or by agent or attorney at the sole cost and expense of the Company and it shall not incur any liability by reason of such inquiry or investigation.

(b) Before the Trustee acts or refrains from acting hereunder, it may require an Officer's Certificate or an Opinion of Counsel. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on an Officer's Certificate or Opinion of Counsel.

(c) The Trustee may act through agents and attorneys and shall not be responsible for the acts or omissions of any agent appointed with due care.

(d) The Trustee shall not be liable for any action taken, suffered, or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture; provided that the Trustee's conduct does not constitute willful misconduct or gross negligence.

(e) The Trustee may consult with counsel of its choice, and the advice or Opinion of Counsel with respect to legal matters relating to this Indenture and the Securities shall be full and complete authorization and protection from liability in respect to any action taken, omitted or suffered by it hereunder in good faith and in accordance with the advice or opinion of such counsel.

(f) The permissive rights of the Trustee to do things enumerated in this Indenture shall not be construed as a duty unless so specified herein.

(g) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders pursuant to this Indenture, unless such Holders have offered to the Trustee indemnity or security satisfactory to the Trustee against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

(h) In no event shall the Trustee be responsible or liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(i) The Trustee shall not be deemed to have notice of any Default or Event of Default (other than a payment default of principal, premium or interest) unless a Trust Officer of the Trustee has actual knowledge thereof or unless written notice of any event which is in fact such a Default is received by the Trustee at the Corporate Trust Office of the Trustee, and such notice references the Securities and this Indenture.

(j) The rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and each agent, custodian and other Person employed to act hereunder.

(k) The Trustee may request that the Company and the Guarantor deliver an Officer's Certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture.

(l) The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Indenture arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including without limitation, acts of God; earthquakes; fires; floods; wars; civil or military disturbances; sabotage; epidemics; riots; interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications service; accidents; labor disputes; acts of civil or military authority or governmental actions; it being understood that the Trustee shall use its best efforts to resume performance as soon as practicable under the circumstances.

(m) The Trustee shall not be liable for any action taken or omitted by it in good faith and believed by it to be authorized or within the discretion, rights or powers conferred upon it by this Indenture.

SECTION 8.03. Individual Rights of Trustee. The Trustee in its individual or any other capacity may become the owner or pledgee of Securities and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Trustee. Any Paying Agent, Registrar or co-registrar may do the same with like rights. However, the Trustee must comply with Section 8.09 hereof.

SECTION 8.04. Trustee's Disclaimer. The Trustee shall not be responsible for, and makes no representation as to, the validity, priority, sufficiency or adequacy of this Indenture (including the Subsidiary Guarantee), any offering materials or the Securities. The Trustee shall not be accountable for the Company's use of the proceeds from the Securities, and it shall not be responsible for any statement of the Company or the Guarantor in this Indenture or in any document issued in connection with the sale of the Securities or in the Securities other than the Trustee's certificate of authentication.

SECTION 8.05. Notice of Defaults. If a Default or Event of Default occurs and is continuing and if it is known to a Trust Officer of the Trustee, the Trustee shall mail to each Holder notice of the Default or Event of Default within 90 days after it is known to a Trust Officer or written notice of it is received by the Trustee. Except in the case of a Default or Event of Default in payment of principal of or interest on any Security, the Trustee may withhold the notice if and so long as a committee of its Trust Officers in good faith determines that withholding the notice is in the interests of Holders.

SECTION 8.06. Compensation and Indemnity.

(a) The Company shall pay to each of the Trustee and the Luxembourg Paying Agent, as applicable, from time to time such compensation for its services as shall have been agreed upon between the Company and each of the Trustee and the Luxembourg Paying Agent. Neither the Trustee's nor the Luxembourg Paying Agent's compensation shall be limited by any law on compensation of a trustee of an express trust. The Company shall reimburse each of the Trustee and the Luxembourg Paying Agent, as applicable, upon request for all reasonable out-of-pocket expenses incurred or made by it, including reasonable costs of collection and the costs and expenses of its legal counsel, in addition to the compensation for its services. Such expenses shall include, as applicable, the commercially reasonable compensation and expenses, disbursements and advances of the Trustee's or the Luxembourg Paying Agent's agents, counsel, accountants and experts. The Company and the Guarantor jointly and severally agree to indemnify each of the Trustee and the Luxembourg Paying Agent, as applicable, against any and all loss, damages, claims, liability or expense (including commercially reasonable attorneys' fees and costs) incurred by it in connection with the acceptance and administration of this trust, as applicable, and the performance of its duties and/or the exercise of its rights hereunder. Each of the Trustee and the Luxembourg Paying Agent, as applicable, shall notify the Company and the Guarantor promptly of any claim for which it may seek indemnity. Failure by the Trustee or the Luxembourg Paying Agent to so notify the Company and the Guarantor shall not relieve the Company or the Guarantor of their respective obligations hereunder. Neither the Company nor the Guarantor need to reimburse any expense or indemnify against any loss, liability or expense incurred by the Trustee or the Luxembourg Paying Agent, as applicable, through the Trustee's or the Luxembourg Paying Agent's own willful misconduct, gross negligence or bad faith. Neither the Company nor the Guarantor need to pay for any settlement made by the Trustee or the

Luxembourg Paying Agent, as applicable, without the consent of the Company and the Guarantor, such consent not to be unreasonably withheld. All indemnifications and releases from liability granted hereunder to the Trustee and the Luxembourg Paying Agent, as applicable, shall extend to each of their respective officers, directors, employees, agents, successors and assigns.

(b) To secure the payment obligations of the Company and the Guarantor in this Section 8.06, the Trustee shall have a lien prior to the Securities on all money or property held or collected by the Trustee other than money or property held in trust to pay principal of and interest and Additional Amounts, if any, on particular Securities.

(c) The payment obligations of the Company and the Guarantor pursuant to this Section 8.06 shall survive the payment of the Securities, the resignation or removal of the Trustee and the satisfaction and discharge of this Indenture. When the Trustee incurs expenses after the occurrence of a Default specified in Section 7.01 (f) or Section 7.01(g) hereof, the expenses are intended to constitute expenses of administration under bankruptcy law.

SECTION 8.07. Replacement of Trustee.

(a) The Trustee may resign at any time by so notifying the Company and the Guarantor. The Holders of a majority in aggregate principal amount of the Securities then outstanding may remove the Trustee by so notifying the Company, the Guarantor and the Trustee in writing. The Company may remove the Trustee if:

- (i) the Trustee fails to comply with Section 8.09 hereof;
- (ii) the Trustee is adjudged bankrupt or insolvent;
- (iii) a receiver or other public officer takes charge of the Trustee or its property; or
- (iv) the Trustee otherwise becomes incapable of acting.

(b) If the Trustee resigns, is removed by the Company or by the Holders of a majority in aggregate principal amount of the Securities then outstanding, or if a vacancy exists in the office of Trustee for any reason (the Trustee in such event being referred to herein as the retiring Trustee), the Company by a Board Resolution shall promptly appoint a successor Trustee.

(c) A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee, to the Company and to the Guarantor. Thereupon the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers, duties, protections, indemnities and immunities of the Trustee under this Indenture. The successor Trustee shall mail a notice of its succession to Holders. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee, subject to the lien provided for in Section 8.06 hereof and the payment of its charges.

(d) If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Company or the Holders of 10% in aggregate principal amount of the Securities then outstanding may, at the expense of the Company, petition any court of competent jurisdiction for the appointment of a successor Trustee or the retiring Trustee may itself appoint a successor Trustee.

(e) If the Trustee fails to comply with Section 8.09 hereof, any Holder who has been a bona fide Holder of a Security for at least six months may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(f) Notwithstanding the replacement of the Trustee pursuant to this Section 8.07, the obligations of the Company and the Guarantor under Section 8.06 hereof shall continue for the benefit of the retiring Trustee.

SECTION 8.08. Successor Trustee by Merger.

(a) If the Trustee consolidates with, merges or converts into, or transfers all or substantially all its corporate trust business or assets (including its rights and obligations hereunder) to, another corporation or banking association, the resulting, surviving or transferee corporation or banking association without any further act shall be the successor Trustee.

(b) In case at the time such successor or successors by merger, conversion or consolidation to the Trustee shall succeed to the trusts created by this Indenture any of the Securities shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor trustee, and deliver such Securities so authenticated; and in case at that time any of the Securities shall not have been authenticated, any such successor to the Trustee may authenticate such Securities in the name of the successor to the Trustee; and in all such cases such certificates shall have the full force which it is anywhere in the Securities or in this Indenture provided that the certificate of the Trustee shall have.

SECTION 8.09. Eligibility; Disqualification. The Trustee shall have (or, in the case of a corporation included in a bank holding company system, the related bank holding company shall have) a combined capital and surplus of at least U.S.\$50,000,000 as set forth in its (or its related bank holding company's) most recent published annual report of condition.

SECTION 8.10. Appointment of Co-Trustee.

(a) Notwithstanding any other provisions of this Indenture, at any time, for the purpose of meeting any legal requirement of any jurisdiction in which any part of the trust may at the time be located, the Trustee shall have the power and may execute and deliver all instruments necessary to appoint one or more Persons to act as a co-trustee or co-trustees, or separate trustee or separate trustees, of all or any part of the trust, and to vest in such Person or Persons, in such capacity and for the benefit of the Holders, such title to the trust, or any part hereof, and subject to the other provisions of this Section 8.10, such powers, duties, obligations, rights and trusts as the Trustee may consider necessary or desirable. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under Section 8.09 hereof and no notice to Holders of the appointment of any co-trustee or separate trustee shall be required under Section 8.07 hereof.

(b) Every separate trustee and co-trustee shall, to the extent permitted by law, be appointed and act subject to the following provisions and conditions:

(i) all rights, powers, duties and obligations conferred or imposed upon the Trustee shall be conferred or imposed upon and exercised or performed by the Trustee and such separate trustee or co-trustee jointly (it being understood that such separate trustee or co-trustee is not authorized to act separately without the Trustee joining in such act), except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the trust or any portion thereof in any such jurisdiction) shall be exercised and performed singly by such separate trustee or co-trustee, but solely at the direction of the Trustee;

(ii) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder; and

(iii) the Trustee may at any time accept the resignation of or remove any separate trustee or co-trustee.

(c) Any notice, request or other writing given to the Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Indenture and the conditions of this Article VIII. Each separate trustee and co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Trustee or separately, as may be provided therein, subject to all the provisions of this Indenture, specifically including every provision of this Indenture relating to the conduct of, affecting the liability of, or affording protection or rights (including the rights to compensation, reimbursement and indemnification hereunder) to, the Trustee. Every such instrument shall be filed with the Trustee.

(d) Any separate trustee or co-trustee may at any time constitute the Trustee, its agent or attorney-in-fact with full power and authority, to the extent not prohibited by law, to do any lawful act under or in respect of this Indenture on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Trustee, to the extent permitted by law, without the appointment of a new or successor trustee.

ARTICLE IX

Defeasance; Discharge of Indenture

SECTION 9.01. Legal Defeasance and Covenant Defeasance.

(a) The Company may, at its option, at any time, elect to have the obligations of the Company and the Guarantor with respect to all outstanding Securities discharged upon compliance with the conditions set forth in Section 9.02 hereof as provided in this Section 9.01. If the Company exercises its Legal Defeasance (as defined below) option, payment of the Securities may not be accelerated because of an Event of Default with respect thereto.

(b) Upon the Company's exercise under such option, the Company shall, subject to the satisfaction of the conditions set forth in Section 9.02 hereof, be deemed to have paid and discharged the entire indebtedness represented by the outstanding Securities after the deposit specified in Section 9.02(a) hereof (hereinafter, "Legal Defeasance"). For this purpose, Legal Defeasance means that the Company shall be deemed to have paid and discharged the entire Indebtedness represented by the outstanding Securities, which shall thereafter be deemed to be outstanding only for the purposes of Section 9.03 hereof and the other Sections of this Indenture referred to in clause (i) or (ii) of this Section 9.01(b), and to have satisfied all its other obligations under such Securities and hereunder (and the Trustee, on written demand of and at the expense of the Company, shall execute instruments acknowledging the same), except for the following provisions, which shall survive until otherwise terminated or discharged hereunder:

- (i) the rights of Holders to receive payments of the principal, premium, if any, and interest on the Securities when such payments are due;
- (ii) the Company's obligations with respect to the Securities concerning issuing temporary Securities, registration of Securities, mutilated, destroyed, lost or stolen Securities and the maintenance of an office or agency for payments;
- (iii) the rights, powers, trusts, duties, protections, benefits, indemnities and immunities of the Trustee hereunder and the obligations of the Company and the Guarantor in connection therewith; and
- (iv) this Article IX.

(c) Upon the Company's exercise under Section 9.01(a) hereof of the option applicable to this Section 9.01(c), the Company shall, subject to the satisfaction of the conditions set forth in Section 9.02 hereof, be released from each of its obligations under the covenants contained in Section 5.02, Section 5.03, Section 5.04, Section 7.01(c) and Section 7.01(d) hereof with respect to the outstanding Securities on and after the date the conditions set forth in Section 9.02 hereof are satisfied (hereinafter, "Covenant Defeasance"), and the Securities will thereafter be deemed not "outstanding" for the purposes of any direction, waiver, consent or declaration or act of Holders (and the consequences of any thereof) in connection with such covenants, but will continue to be deemed "outstanding" for all other purposes hereunder (it being understood that such Securities will not be deemed outstanding for accounting purposes). For this purpose, Covenant Defeasance means that, with respect to the outstanding Securities, the Company may omit to comply with, and the Company shall have no liability in respect of, any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply will not constitute a Default or an Event of Default under Section 7.01 hereof, but, except as specified above, the remainder of this Indenture and such Securities will be unaffected thereby. In addition, upon the Company's exercise under Section 9.01(a) hereof of the option applicable to this Section 9.01(c), subject to the satisfaction of the conditions set forth in Section 9.02, Section 7.01(c) and Section 7.01(d) hereof will not constitute Events of Default.

(d) Subject to compliance with this Article IX, the Company may exercise its option under this Section 9.01(b) notwithstanding the prior exercise of its option under Section 9.01(c) hereof.

SECTION 9.02. Conditions to Defeasance. The Company may exercise its Legal Defeasance option or its Covenant Defeasance option only if:

(a) the Company has irrevocably deposited with the Trustee, in trust for the benefit of the Holders, cash in U.S. dollars, U.S. Government Obligations, or a combination thereof, in such amounts as will be sufficient without reinvestment, in the opinion of an internationally recognized investment bank, appraisal firm or firm of independent public accountants, to pay the principal, premium, if any, and interest (including Additional Amounts) on the Securities on the stated date for payment thereof;

(b) in the case of Legal Defeasance, the Company has delivered to the Trustee an Opinion of Counsel from counsel in the United States independent of the Company to the effect that (subject to customary exceptions and exclusions):

(i) the Company has received from, or there has been published by, the U.S. Internal Revenue Service a ruling; or

(ii) since the Issue Date, there has been a change in the applicable U.S. Federal income tax law,

in either case to the effect that, and based thereon such Opinion of Counsel shall state that, the Holders will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(c) in the case of Covenant Defeasance, the Company has delivered to the Trustee an Opinion of Counsel from counsel in the United States independent of the Company (subject to customary exceptions and exclusions) to the effect that the Holders will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(d) in the case of Legal Defeasance or Covenant Defeasance, the Company has delivered to the Trustee an Opinion of Counsel from counsel in Chile independent of the Company (subject to customary exceptions and exclusions) to the effect that, based upon Chilean law then in effect, Holders will not recognize income, gain or loss for Chilean tax purposes, including withholding tax except for withholding tax then payable on interest payments due, as a result of such Legal Defeasance or Covenant Defeasance, as the case may be, and will be subject to Chilean taxes on the same amounts and in the same manner and at the same time as would have been the case if such Legal Defeasance or Covenant Defeasance, as the case may be, had not occurred;

(e) no Default or Event of Default has occurred and is continuing on the date of the deposit pursuant to Section 9.02(a) hereof (other than a Default or Event of Default arising in connection with the grant of any Lien securing a borrowing of funds to be applicable to such deposit);

(f) the Company has delivered to the Trustee an Officer's Certificate stating that the deposit was not made by the Company with the intent of preferring the Holders over any other creditors of the Company or any Subsidiary of the Company or with the intent of defeating, hindering, delaying or defrauding any other creditors of the Company or others;

(g) the Company has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel from counsel independent of the Company (subject to customary exceptions and exclusions), each stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance have been complied with; and

(h) the Company has delivered to the Trustee Opinions of Counsel from counsel in the United States and Chile independent of the Company (subject to customary exceptions and exclusions and to assumptions as to factual matters, including the absence of an intervening bankruptcy, insolvency or reorganization during the applicable preference period following the date of such deposit and that no Holder or the Trustee is deemed to be an "insider" of the Company under the U.S. Bankruptcy Code and any equivalent law of Chile), to the effect that the transfer of trust funds pursuant to such deposit will not be subject to avoidance as a preferential transfer pursuant to the applicable provisions of the U.S. Bankruptcy Code or any successor statute and any equivalent law of Chile.

SECTION 9.03. Application of Trust Money. The Trustee shall hold in trust U.S. dollars or U.S. Government Obligations deposited with it pursuant to this Article IX. It shall apply the deposited money and the U.S. dollars from U.S. Government Obligations through the Paying Agent and in accordance with this Indenture to the payment of principal of and interest on the Securities.

SECTION 9.04. Repayment to Company.

(a) The Trustee and each Paying Agent shall promptly turn over to the Company upon request of the Company any excess money or securities held by any of them upon payment of all the obligations under this Indenture.

(b) Subject to any applicable abandoned property law, the Trustee and each Paying Agent shall pay to the Company upon request any money held by any of them for the payment of principal of or interest on the Securities that remains unclaimed for two years, and, thereafter, Holders entitled to the money must look to the Company for payment as general creditors.

SECTION 9.05. Indemnity for U.S. Government Obligations. The Company and the Guarantor jointly and severally agree to pay and to indemnify the Trustee against any tax, fee or other charge imposed on or assessed against deposited U.S. Government Obligations or the principal and interest received on such U.S. Government Obligations.

SECTION 9.06. Reinstatement. If the Trustee or a Paying Agent is unable to apply any U.S. dollars or U.S. Government Obligations in accordance with this Article IX by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the obligations of the Company and the Guarantor under this Indenture and the Securities shall be revived and reinstated as though no deposit had occurred pursuant to this Article IX until such time as the Trustee or such Paying Agent is permitted to apply all such U.S. dollars or U.S. Government Obligations in accordance with this Article IX; provided, however, that, if the Company or the Guarantor has made any payment of principal or interest on any Securities because of the reinstatement of its obligations, the Company or the Guarantor, as applicable, shall be subrogated to the rights of the Holders of such Securities to receive such payment from the U.S. dollars or U.S. Government Obligations held by the Trustee or a Paying Agent.

SECTION 9.07. Satisfaction and Discharge. This Indenture will be discharged and will cease to be of further effect (except as to surviving rights and registration of transfer or exchange of the Securities, as expressly provided for herein and except as to the rights, powers, trusts, duties, protections, benefits, indemnities and immunities of the Trustee hereunder) as to all outstanding Securities when:

(a) either:

(i) all the Securities theretofore authenticated and delivered (except lost, stolen or destroyed Securities which have been replaced or paid and Securities for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust) have been delivered to the Trustee for cancellation; or

(ii) all Securities not theretofore delivered to the Trustee for cancellation have become due and payable or will become due and payable at their Stated Maturity within one year or will be called for redemption within one year, and the Company has irrevocably deposited or caused to be deposited with the Trustee funds or U.S. Government Obligations sufficient without reinvestment, in the opinion of an internationally recognized investment bank, appraisal firm or firm of independent public accountants, to pay and discharge the entire Indebtedness on the Securities not theretofore delivered to the Trustee for cancellation, for principal of, premium, if any, and interest on the Securities to the date of deposit (in the case of Securities which have become due and payable) or to the date such Securities will become due and payable or to the date of redemption, as the case may be (in the case of Securities which will become due and payable at their Stated Maturity within one year or which will be called for redemption within one year), together with irrevocable instructions from the Company directing the Trustee to apply such funds to the payment;

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- (b) the Company has paid all other sums payable under this Indenture and the Securities by the Company; and
- (c) the Company has delivered to the Trustee an Opinion of Counsel and an Officer's Certificate each stating that all conditions precedent under this Indenture relating to the satisfaction and discharge of this Indenture have been complied with.

ARTICLE X

Amendments

SECTION 10.01. Without Consent of Holders.

(a) The Company, the Guarantor and the Trustee may amend, modify or supplement this Indenture (including, without limitation, the Subsidiary Guarantee) and the Securities without notice to or consent of any Holder:

(i) to cure any ambiguity, or to cure, correct or supplement any defect herein or therein;

(ii) to comply with Article VI hereof;

(iii) to provide for uncertificated Securities in addition to or in place of certificated Securities; provided that the uncertificated Securities shall be issued in registered form for purposes of Section 163(f) of the U.S. Internal Revenue Code of 1986, as amended, or in a manner such that the uncertificated Securities are described in Section 163(f)(2)(B) of the U.S. Internal Revenue Code of 1986, as amended;

(iv) to add Guarantees with respect to the Securities or to secure the Securities;

(v) to add to the covenants of the Company or the Guarantor for the benefit of the Holders or to surrender any right or power herein conferred upon the Company or the Guarantor;

(vi) to issue Securities after the Issue Date in accordance with Section 2.01 hereof; and

(vii) in any manner which does not adversely affect the interests of any Holder in any material respect.

(b) After an amendment under this Section 10.01 becomes effective, the Company shall mail to Holders a notice briefly describing such amendment. The failure to give such notice to all Holders, or any defect therein, shall not impair or affect the validity of an amendment under this Section 10.01.

SECTION 10.02. With Consent of Holders.

(a) The Company, the Guarantor and the Trustee may modify or amend this Indenture or the terms and conditions of the Securities, and future compliance therewith or past Default by the Company or the Guarantor (other than a Default in the payment of any amount, including in connection with a redemption, due on the Securities or in respect of a covenant or provision which cannot be modified and amended without the consent of the Holders of all Securities so affected) with the written consent of the Holders of at least a majority in aggregate principal amount of the Securities then Outstanding (including consents obtained in connection with a tender offer or exchange offer for the Securities) or by the adoption of resolutions at a meeting of Holders of Securities by, or the consent of, the Holders of at least a majority of the outstanding Securities. However, without the consent or affirmative vote of each Holder affected thereby, an amendment may not:

(i) change the interest rate with respect to any Security or reduce the principal amount of any Securities or change the time for payment thereof;

(ii) modify the obligation to pay Additional Amounts;

(iii) change the prices at which any Security may be redeemed by the Company or change the time at which any Security may be redeemed in accordance with Article III or Article IV hereof;

(iv) change the currency in which, or change the required place at which, payment on principal, premium, if any, or interest on any Security is payable;

(v) impair the right to institute suit for the enforcement of any payment obligation on or with respect to any Security; or

(vi) reduce the percentage of principal amount of outstanding Securities whose Holders are required to consent to modify or amend this Indenture or the terms or conditions of the Securities or to waive any future compliance or past Default;

(b) It shall not be necessary for the consent of the Holders under this Section 10.02 to approve the particular form of any proposed amendment, but it shall be sufficient if such consent approves the substance thereof.

(c) After an amendment under this Section 10.02 becomes effective, the Company shall mail to Holders a notice briefly describing such amendment. The failure to give such notice to all Holders, or any defect therein, shall not impair or affect the validity of an amendment under this Section 10.02.

SECTION 10.03. Revocation and Effect of Consents and Waivers.

(a) A consent to an amendment or a waiver by a Holder of a Security shall bind the Holder and every subsequent Holder of that Security or portion of the Security that evidences the same debt as the consenting Holder's Security, even if notation of the consent or

waiver is not made on the Security. However, any such Holder or subsequent Holder may revoke the consent or waiver as to such Holder's Security or portion of the Security if the Trustee receives the notice of revocation before the date the amendment or waiver becomes effective. After an amendment or waiver becomes effective, it shall bind every Holder. An amendment or waiver becomes effective upon the execution of such amendment or waiver by the Trustee.

(b) The Company may, but shall not be obligated to, fix a special record date for the purpose of determining the Holders entitled to give their consent or take any other action described above or required or permitted to be taken pursuant to this Indenture. If a special record date is fixed, then notwithstanding the immediately preceding paragraph, those Persons who were Holders at such special record date (or their duly designated proxies), and only those Persons, shall be entitled to give such consent or to revoke any consent previously given or to take any such action, whether or not such Persons continue to be Holders after such special record date. No such consent shall be valid or effective for more than 120 days after such special record date.

SECTION 10.04. Notation on or Exchange of Securities. If an amendment changes the terms of a Security, the Trustee may require the Holder of the Security to deliver such Security to the Trustee. The Trustee may place an appropriate notation on the Security regarding the changed terms and return such Security to the Holder. Alternatively, if the Company or the Trustee so determines, the Company in exchange for the Security shall issue and the Trustee shall authenticate a new Security that reflects the changed terms. Failure to make the appropriate notation or to issue a new Security shall not affect the validity of such amendment.

SECTION 10.05. Trustee To Sign Amendments. The Trustee shall sign any modification, amendment or supplement authorized pursuant to this Article X if the modification, amendment or supplement does not adversely affect the rights, duties, liabilities or immunities of the Trustee. If it does, the Trustee may but need not sign it. In signing such modification, amendment or supplement the Trustee shall be entitled to receive indemnity or security satisfactory to it and to receive, and (subject to Section 8.01 hereof) shall be fully protected in relying upon, in addition to the documents required by Section 12.02 hereof, an Officer's Certificate and an Opinion of Counsel, upon which the Trustee may conclusively rely, each stating that such modification, amendment or supplement is authorized or permitted by this Indenture and complies with the provisions of this Indenture.

ARTICLE XI

Subsidiary Guarantee

SECTION 11.01. Subsidiary Guarantee.

(a) The Guarantor hereby irrevocably and unconditionally guarantees on a general unsecured and unsubordinated basis (the "Subsidiary Guarantee"), as a primary obligor and not merely as a surety, to each Holder and to the Trustee and its successors and assigns, the full and punctual payment when due, whether by acceleration, by redemption or otherwise, of all obligations of the Company under this Indenture (including obligations to the Trustee) and the

Securities, whether for payment of principal of, interest and Additional Amounts, if any, on, or liquidated damages, if any, in respect of, the Securities and all other monetary obligations of the Company under this Indenture and the Securities (all the foregoing being hereinafter collectively called the "Guaranteed Obligations"). The Guarantor further agrees that the Guaranteed Obligations may be extended or renewed, in whole or in part, without notice or further assent therefrom, and that it shall remain bound under this Article XI notwithstanding any extension or renewal of any Guaranteed Obligation.

(b) The Guarantor waives, to the fullest extent permitted by law, presentation to, demand of payment from and protest to the Company of any of the Guaranteed Obligations and also waives notice of protest for nonpayment. The Guarantor waives notice of any Default under the Securities or the Guaranteed Obligations. The obligations of the Guarantor hereunder shall not be affected by (i) the failure of any Holder or the Trustee to assert any claim or demand or to enforce any right or remedy against the Company or any other Person under this Indenture, the Securities or any other agreement or otherwise; (ii) any extension or renewal of any thereof; (iii) any rescission, waiver, amendment or modification of any of the terms or provisions of this Indenture, the Securities or any other agreement; (iv) the release of any security held by any Holder or the Trustee for the Guaranteed Obligations or any of them; or (v) any change in the ownership of the Guarantor.

(c) The Guarantor hereby waives, to the fullest extent permitted by law, any right to which it may be entitled to have the assets of the Company first be used and depleted as payment of the Company's or the Guarantor's obligations hereunder prior to any amounts being claimed from or paid by the Guarantor hereunder. The Guarantor hereby waives any right to which it may be entitled to require that the Company be sued prior to an action being initiated against it. The Guarantor hereby irrevocably waives the benefits to which it is entitled under articles 2357, 2339 and 2355 of the Chilean Civil Code.

(d) The Guarantor further agrees that the Subsidiary Guarantee herein constitutes a guarantee of payment, performance and compliance when due (and not a guarantee of collection) and waives any right to require that any resort be had by any Holder or the Trustee to any security held for payment of the Guaranteed Obligations.

(e) Except as expressly set forth in Sections 9.01(a), 11.01(f), 11.02 and 11.07, the obligations of the Guarantor hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason, including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to any defense of setoff, counterclaim, recoupment or termination whatsoever or by reason of the invalidity, illegality or unenforceability of the Guaranteed Obligations or otherwise. Without limiting the generality of the foregoing, the obligations of the Guarantor herein shall not be discharged or impaired or otherwise affected by the failure of any Holder or the Trustee to assert any claim or demand or to enforce any remedy under this Indenture, the Securities or any other agreement, by any waiver or modification of any thereof, by any Default, failure or delay, willful or otherwise, in the performance of the obligations, or by any other act or thing or omission or delay to do any other act or thing which may or might in any manner or to any extent vary the risk of the Guarantor or would otherwise operate as a discharge of the Guarantor as a matter of law or equity.

(f) The Guarantor agrees that the Subsidiary Guarantee shall remain in full force and effect until payment in full of all the Guaranteed Obligations. The Guarantor further agrees that the Subsidiary Guarantee herein shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of principal of or interest or liquidated damages, if any, on any Guaranteed Obligation is rescinded or must otherwise be restored by any Holder or the Trustee upon the bankruptcy or reorganization of the Company or otherwise.

(g) In furtherance of the foregoing and not in limitation of any other right which any Holder or the Trustee has at law or in equity against the Guarantor by virtue hereof, upon the failure of the Company to pay the principal of or interest or liquidated damages, if any, on any Guaranteed Obligation when and as the same shall become due, whether by acceleration, by redemption or otherwise, or to perform or comply with any other Guaranteed Obligation, the Guarantor hereby promises to and shall, upon receipt of written demand by the Trustee, forthwith pay, or cause to be paid, in cash, to the Paying Agent for the benefit of Holders or the Trustee or any agent appointed hereunder an amount equal to the sum of (i) the unpaid principal amount of such Guaranteed Obligations, (ii) accrued and unpaid interest and Additional Amounts, if any, on such Guaranteed Obligations and (iii) all other monetary obligations of the Company to the Holders, the Trustee and any agent appointed hereunder.

(h) The Guarantor agrees that it shall not be entitled to any right of subrogation in relation to the Holders in respect of any Guaranteed Obligations guaranteed hereby until payment in full of all Guaranteed Obligations. The Guarantor further agrees that, as between it, on the one hand, and the Holders and the Trustee, on the other hand, (i) the maturity of the Guaranteed Obligations guaranteed hereby may be accelerated as provided in Article VII for the purposes of the Subsidiary Guarantee herein, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the Guaranteed Obligations guaranteed hereby, and (ii) in the event of any declaration of acceleration of such Guaranteed Obligations as provided in Article VII, such Guaranteed Obligations (whether or not due and payable) shall forthwith become due and payable by the Guarantor for the purposes of this Section 11.01.

(i) Upon request of the Trustee, the Guarantor shall execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture.

SECTION 11.02. Limitation on Liability. Any term or provision of this Indenture to the contrary notwithstanding, the maximum aggregate amount of the Guaranteed Obligations guaranteed hereunder by the Guarantor shall not exceed the maximum amount that can be hereby guaranteed without rendering this Indenture, as it relates to the Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally.

SECTION 11.03. Successors and Assigns. This Article XI shall be binding upon the Guarantor and its successors and assigns and shall inure to the benefit of the successors and assigns of the Trustee and the Holders and, in the event of any transfer or assignment of rights by any Holder or the Trustee, the rights and privileges conferred upon that party in this Indenture and in the Securities shall automatically extend to and be vested in such transferee or assignee, all subject to the terms and conditions of this Indenture.

SECTION 11.04. No Waiver. Neither a failure nor a delay on the part of either the Trustee or the Holders in exercising any right, power or privilege under this Article XI shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise of any right, power or privilege. The rights, remedies and benefits of the Trustee and the Holders herein expressly specified are cumulative and not exclusive of any other rights, remedies or benefits which either may have under this Article XI at law, in equity, by statute or otherwise.

SECTION 11.05. Modification. No modification, amendment or waiver of any provision of this Article XI, nor the consent to the departure by the Guarantor therefrom, shall in any event be effective unless the same shall be in writing and signed by the Trustee, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on the Guarantor in any case shall entitle the Guarantor to any other or further notice or demand in the same, similar or other circumstances.

SECTION 11.06. Non-Impairment. The failure to endorse a guarantee on any Security shall not affect or impair the validity thereof.

SECTION 11.07. Release of Subsidiary Guarantor. The Guarantor shall be released from its obligations under its Subsidiary Guarantee upon:

(a) subject to Section 9.06 hereof, satisfaction and discharge of this Indenture in compliance with Section 9.07 hereof;

(b) subject to Section 9.06 hereof, Legal Defeasance in compliance with Sections 9.01 and 9.02 hereof;

(c) a sale or disposition of the Guarantor, whether by merger, consolidation, the sale of its Capital Stock or the sale of all or substantially all of its assets (other than by lease or to the Company) or otherwise and whether or not the Guarantor is the surviving corporation in such transaction, in compliance with Section 6.01 hereof; and

(d) repayment in full by the Company of all principal, interest and other amounts due on both the 2021 Notes and the 2023 Notes; provided, however, that under this Section 11.07(d), the Company shall be required to provide to the Trustee an Officer's Certificate and, if requested by the Trustee, an Opinion of Counsel, to the effect that both the 2021 Notes and 2023 Notes have been paid in full and all conditions precedent relating to such release under the Indenture have been satisfied;

in each case, upon delivery by the Company of written notice thereof to the Trustee in accordance with Section 12.01 hereof.

ARTICLE XII

Miscellaneous

SECTION 12.01. Notices.

(a) Any notice, request, demand, instruction or communication shall be in English and in writing and delivered in person or mailed by first-class mail, postage prepaid, or sent by facsimile (with a hard copy delivered in person or by mail promptly thereafter) or other electronic transmission and addressed as follows:

if to the Company and/or the Guarantor :

Cencosud S.A.
Av. Kennedy 9001, 6th floor, Las Condes
Santiago, Chile
Attention: Juan Manuel Parada
Telephone: +56 (2) 2959-0000
Fax: +56 (2) 2959-0625

With a copy to :

Servicios Legales Baker McKenzie Limitada,
Nueva Tajamar 481, Torre Norte, piso 21,
Santiago, Chile
Attention: Jaime Munro
Telephone: +56 (2) 2367-7000
Fax: +56 (2) 2362-9876

if to the Trustee, the Paying Agent, the Registrar or the Transfer Agent :

The Bank of New York Mellon
101 Barclay Street, Floor 7E
New York, New York 10286
USA
Attention: International Corporate Trust
Fax: 212-815-5603

if to the Luxembourg Paying Agent or the Luxembourg Transfer Agent :

The Bank of New York Mellon (Luxembourg) S.A.
2-4 rue Eugene Ruppert
Vertigo Building - Polaris
L-2453 Luxembourg
Attention: Corporate Trust Services

(b) The Company, the Guarantor or the Trustee by notice to the other parties may designate additional or different addresses for subsequent notices or communications.

(c) Any notice or communication mailed to a Holder of a certificated, non-Global Security shall be mailed to the Holder at the Holder's address as it appears on the Securities Register maintained by the Registrar. Any notice or communication to a Holder of a Global Security shall be given to the Depository for such Global Security in accordance with its applicable procedures.

(d) Failure to deliver a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. All notices to Holders shall be deemed to have been given (whether or not the addressee receives it) upon the mailing by first class mail, postage prepaid, of such notices (in English) at the registered addresses of such Holders as they appear on the register of the Registrar not later than the latest date, and not earlier than the earliest date, prescribed in the Securities for the giving of such notice. Notices delivered to the Trustee shall only be effective upon actual receipt.

(e) In respect of this Indenture, the Trustee shall not have any duty or obligation to verify or confirm that the Person sending instructions, directions, reports, notices or other communications or information by electronic transmission is, in fact, a Person authorized to give such instructions, directions, reports, notices or other communications or information on behalf of the party purporting to send such electronic transmission; and the Trustee shall not have any liability for any losses, liabilities, costs or expenses incurred or sustained by any party as a result of such reliance upon or compliance with such instructions, directions, reports, notices or other communications or information. Each other party agrees to assume all risks arising out of the use of electronic methods to submit instructions, directions, reports, notices or other communications or information to the Trustee, including without limitation, the risk of the Trustee acting on unauthorized instructions, notices, reports or other communications or information, and the risk of interception and misuse by third parties.

(f) For as long as the Securities are listed on the Official List of the Luxembourg Stock Exchange and the rules of the exchange so require, notices to Holders shall also be published in a leading newspaper having general circulation in Luxembourg, which is expected to be "*Luxemburger Wort*." If such publication is not practicable, notice to Holders shall be considered to be validly given if otherwise made in accordance with the rules of the Luxembourg Stock Exchange. Any such notice will be deemed to have been delivered on the date of first publication. Any notice to Holders may also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

SECTION 12.02. Certificate and Opinion as to Conditions Precedent. Upon any request or application by the Company to the Trustee to take or refrain from taking any action under this Indenture, the Company shall furnish to the Trustee:

(a) an Officer's Certificate in form and substance reasonably satisfactory to the Trustee stating that, in the opinion of the signers, all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with; and

(b) an Opinion of Counsel in form and substance reasonably satisfactory to the Trustee stating that, in the opinion of such counsel, all such conditions precedent have been complied with.

SECTION 12.03. Statements Required in Certificate or Opinion . Each certificate or opinion with respect to compliance with a covenant or condition provided for in this Indenture shall include:

- (a) a statement substantially to the effect that the individual making such certificate or opinion has read such covenant or condition;
- (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;
- (c) a statement substantially to the effect that, in the opinion of such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and
- (d) a statement as to whether or not, in the opinion of such individual, such covenant or condition has been complied with.

SECTION 12.04. When Securities Disregarded . In determining whether the Holders of the required principal amount of Securities have concurred in any direction, waiver or consent, Securities owned by the Company or the Guarantor or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company or the Guarantor shall be disregarded and deemed not to be outstanding, except that, for the purpose of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent, only Securities that a Trust Officer of the Trustee knows are so owned shall be so disregarded. Also, subject to the foregoing, only Securities outstanding at the time shall be considered in any such determination.

SECTION 12.05. Rules by Trustee, Paying Agent and Registrar . The Trustee may make reasonable rules for action by or at a meeting of Holders. The Registrar and any Paying Agent or co-registrar may make reasonable rules for their functions.

SECTION 12.06. Legal Holidays . A "Legal Holiday" is a Saturday, a Sunday or a day on which banking institutions in The City of New York, New York or Santiago, Chile are authorized or required by law to close. If a payment date is a Legal Holiday in the place of payment, payment shall be made on the next succeeding day that is not a Legal Holiday, and no interest shall accrue on such payment for the intervening period on account of such delay. If a Record Date or a special record date is a Legal Holiday, such Record Date or special record date shall not be affected.

SECTION 12.07. Governing Law; Consent to Jurisdiction and Service of Process.

(a) THIS INDENTURE (INCLUDING THE SUBSIDIARY GUARANTEE PROVIDED HEREIN) AND THE SECURITIES SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

(b) Each of the parties hereto:

(i) agrees that any suit, action or proceeding against it arising out of or relating to this Indenture (including the Subsidiary Guarantee provided herein) or the Securities, as the case may be, may be instituted in any U.S. Federal or New York State court in the Borough of Manhattan, The City of New York, New York;

(ii) waives to the fullest extent permitted by applicable law, any objection which it may now or hereafter have to the laying of venue of any such suit, action or proceeding, any claim that any suit, action or proceeding in such a court has been brought in an inconvenient forum and any right to which it may be entitled on account of place of residence or domicile;

(iii) irrevocably submits to the non-exclusive jurisdiction of such courts in any suit, action or proceeding;

(iv) agrees that final judgment in any such suit, action or proceeding brought in such a court shall be conclusive and binding and may be enforced in the courts of the jurisdiction of which it is subject by a suit upon judgment; and

(v) agrees, with respect to the Company and the Guarantor, that service of process by mail to the addressed specified herein shall constitute personal service of such process on it in any such suit, action or proceeding.

(c) Each of the Company and the Guarantor has appointed CT Corporation System with offices currently at 111 Eight Avenue, 13th floor, New York, New York 10011, as its authorized agent (the "Authorized Agent") upon whom all writs, process and summonses may be served in any suit, action or proceeding arising out of or based upon this Indenture (including the Subsidiary Guarantee provided herein) or the Securities which may be instituted in any U.S. Federal or New York State court in the Borough of Manhattan, The City of New York, New York. Each of the Company and the Guarantor hereby represents and warrants that the Authorized Agent has accepted such appointment and has agreed to act as said agent for service of process, and each of the Company and the Guarantor agrees to take any and all action, including the filing of any and all documents, that may be necessary to continue each such appointment in full force and effect as aforesaid so long as the Securities remain outstanding. Each of the Company and the Guarantor agrees that the appointment of the Authorized Agent shall be irrevocable so long as any of the Securities remain outstanding or until the irrevocable appointment by the Company or the Guarantor, as applicable, of a successor agent in the Borough of Manhattan, The City of New York, New York as its authorized agent for such purpose and the acceptance of such appointment by such successor. Service of process upon the Authorized Agent shall be deemed, in every respect, effective service of process upon the Company or the Guarantor, as applicable.

(d) If for the purpose of obtaining judgment in any court it is necessary to convert a sum due hereunder to the Holder of a Security from U.S. dollars into another currency, each of the Company and the Guarantor has agreed, and each Holder by holding such Security will be deemed to have agreed, to the fullest extent that the Company, the Guarantor and they may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures such Holder could purchase U.S. dollars with such other currency in The City of New York, New York on the day two Business Days preceding the day on which final judgment is given.

(e) The obligation of each of the Company and the Guarantor in respect of any sum payable by it to a Holder or to the Trustee shall, notwithstanding any judgment in a currency (the "judgment currency") other than U.S. dollars, be discharged only to the extent that on the Business Day following receipt by the Trustee or the Holder of a Security of any sum adjudged to be so due in the judgment currency, the Trustee or the Holder of such Security may in accordance with normal banking procedures purchase U.S. dollars with the judgment currency; if the amount of the U.S. dollars so purchased is less than the sum originally due to the Trustee or the Holder in the judgment currency (determined in the manner set forth in the preceding paragraph), each of the Company and the Guarantor agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Trustee or the Holder of such Security against such loss, and if the amount of the U.S. dollars so purchased exceeds the sum originally due to the Trustee or such Holder, each of the Trustee and such Holder agrees to remit to the Company or the Guarantor, as applicable, such excess; provided that the Trustee and such Holder shall have no obligation to remit any such excess as long as the Company or the Guarantor shall have failed to pay the Trustee or such Holder any obligations due and payable under such Security, in which case such excess may be applied to the Company's obligations under such Security in accordance with the terms thereof.

SECTION 12.08. Waiver of Immunity. To the extent that the Company, the Guarantor, the Subsidiaries or any of their respective properties, assets or revenues may have or may hereafter become entitled to, or have attributed to the Company, the Guarantor or the Subsidiaries, any right of immunity, on the grounds of sovereignty or otherwise, from any legal action, suit or proceeding, from the giving of any relief in any such legal action, suit or proceeding, from setoff or from counterclaim from the jurisdiction of any Chilean, U.S. Federal or New York State court, from service of process, from attachment upon or prior to judgment, from attachment in aid of execution of judgment, or from execution of judgment, or other legal process or proceeding for the giving of any relief or for the enforcement of any judgment, in any such court in which proceedings may at any time be commenced, with respect to the obligations and liabilities of the Company, the Guarantor, or the Subsidiaries, or any other matter under or arising out of or in connection with, the Securities, the Subsidiary Guarantee or this Indenture, the Company, the Guarantor and the Subsidiaries irrevocably and unconditionally waive or will waive such right, and agree not to plead or claim any such immunity and consents to such relief and enforcement.

SECTION 12.09. No Recourse Against Others . No director, officer, employee or stockholder, as such, of the Company or the Guarantor shall have any liability for any obligations of the Company or the Guarantor, as applicable, under the Securities or this Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Security, each Holder shall waive and release all such liability. The waiver and release shall be part of the consideration for the issue of the Securities.

SECTION 12.10. Successors . All agreements of the Company and the Guarantor in this Indenture and the Securities shall bind their respective successors. All agreements of the Trustee in this Indenture shall bind its successors.

SECTION 12.11. Multiple Originals . The parties may sign any number of copies of this Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. One signed copy is enough to prove this Indenture.

SECTION 12.12. Table of Contents: Headings . The table of contents, cross-reference sheet and headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not intended to be considered a part hereof and shall not modify or restrict any of the terms or provisions hereof.

SECTION 12.13. Waiver of Jury Trial . EACH OF THE COMPANY, THE GUARANTOR, THE TRUSTEE AND EACH HOLDER BY ITS ACCEPTANCE OF A SECURITY HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS INDENTURE (INCLUDING THE SUBSIDIARY GUARANTEE), THE SECURITIES OR THE TRANSACTIONS CONTEMPLATED HEREBY.

SECTION 12.14. Severability . In case any provision in this Indenture or in the Securities shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 12.15. USA Patriot Act . The parties hereto acknowledge that, in accordance with Section 326 of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (as amended, modified or supplemented from time to time, the "USA Patriot Act"), the Trustee, like all financial institutions, is required to obtain, verify, and record information that identifies each person or legal entity that opens an account. The parties to this Indenture agree that they will provide the Trustee with such information as the Trustee may request in order for the Trustee to satisfy the requirements of the USA Patriot Act.

(Signature page follows)

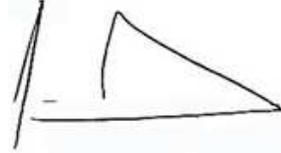
IN WITNESS WHEREOF, the parties have caused this Indenture to be duly executed as of the date first written above.

CENCOSUD S.A., as Issuer



By _____

Name: Juan Manuel Parada
Title: CFO



By _____

Name: Dario Amenabar
Title: Regional Finance Manager

CENCOSUD RETAIL S.A., as Guarantor



By _____

Name: Juan Manuel Parada
Title: CFO



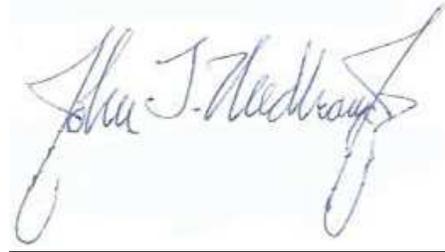
Dario Amenabar
Regional Finance Manager

THE BANK OF NEW YORK MELLON, as
Trustee, Paying Agent, Registrar and Transfer Agent



By _____
Name: John T. Needham Jr.
Title: Vice President

THE BANK OF NEW YORK MELLON
(LUXEMBOURG) S.A., as Luxembourg Paying Agent and
Luxembourg Transfer Agent



By _____
Name: John T. Needham Jr.
Title: Attorney-in-fact

RULE 144A/REGULATION S APPENDIX A
PROVISIONS RELATING TO SECURITIES

1. Definitions

The terms defined in Article I of the Indenture shall have the meaning assigned to such terms therein and, in addition, for the purposes of this Appendix A, the following additional terms shall have the meanings indicated below:

“Certificated Security” means a definitive, non-Global Security.

“Clearstream” means Clearstream Banking, *société anonyme* .

“Depository” means, with respect to the Securities issuable or issued in whole or in part in the form of one or more Global Securities, the Person designated as Depository by the Company pursuant to the Indenture, which must be a clearing agency registered under the Exchange Act and any successor to such Person and which shall initially be DTC.

“Distribution Compliance Period” means, with respect to any Regulation S Security (or beneficial interest therein), the 40 consecutive days beginning on and including the issue date of such Regulation S Security, as notified by the Company to the Trustee in writing; provided that the Company may, in its discretion and upon written notice to the Trustee, extend the termination of the Distribution Compliance Period.

“DTC” means The Depository Trust Company.

“Euroclear” means Euroclear Bank S.A./N.V.

“Global Securities” means the Regulation S Global Security and the Restricted Global Security.

“Non-U.S. Person” has the meaning given to it in Regulation S.

“Regulation S” means Regulation S as promulgated by the Commission under the Securities Act, as it may be amended from time to time.

“Regulation S Global Security” means one or more Regulation S Securities in definitive, fully registered book-entry form without interest coupons, representing a Regulation S Security.

“Regulation S Security” means a Security sold outside the United States to a Non-U.S. Person in reliance upon the exemptions from registration contained in Regulation S.

“Resale Restriction Termination Date” means, for any Restricted Security (or beneficial interest therein), one year (or such other period specified in Rule 144(d)) from the Issue Date or, if any Securities that are not Original Securities, but are Restricted Securities, have been issued before the Resale Restriction Termination Date for any Restricted Securities, from the latest such original issue date of such Restricted Securities; provided that the Company may, in its discretion and upon written notice to the Trustee, extend the Resale Restriction Termination Date.

“Restricted Global Security” means one or more global Securities in definitive, fully registered book-entry form without interest coupons, representing a Restricted Security.

“Restricted Securities Legend” has the meaning set forth in Section 2.1(b) of this Appendix A.

“Restricted Security” means a Security sold to QIBs in reliance upon the exemption from registration contained in Rule 144A.

“Rule 144A” means Rule 144A as promulgated by the Commission under the Securities Act, as it may be amended from time to time.

2. The Securities

2.1 Form and Registration.

(a) Form and Registration. The certificates representing the Securities shall be issued in fully registered form without interest coupons.

(b) Regulation S Global Securities. Securities sold in reliance on the exemption from registration contained in Regulation S shall initially be represented by one or more Regulation S Global Securities, which shall be deposited with the Trustee as custodian for, and registered in the name of a nominee of, DTC. Each Regulation S Global Security shall bear a Restricted Securities Legend in the form set forth in Exhibit 1 to this Appendix A (the “Restricted Securities Legend”).

(c) Restricted Global Securities. Securities sold in reliance on the exemption from registration contained in Rule 144A shall be represented by one or more Restricted Global Securities and shall be deposited with the Trustee as custodian for, and registered in the name of a nominee of, DTC. Each Restricted Global Security shall bear the Restricted Securities Legend.

(d) Ownership. Each Global Security shall be subject to certain restrictions on transfer, set forth in the Indenture and in Section 2.2 and Section 2.3 of this Appendix A. Ownership of beneficial interests in a Global Security shall be limited to Persons who have accounts with DTC or Euroclear and Clearstream, as indirect participants in DTC (“participants”) or Persons who hold interests through participants. Ownership of beneficial interests in a Global Security shall be shown on, and the transfer of that ownership shall be effected only through, records maintained by DTC or its nominee (with respect to interests of participants) and the records of participants (with respect to interests of Persons other than participants). Beneficial owners of interests in a Global Security may hold their interests in such Global Security directly through DTC, if they are participants in such system, or indirectly through organizations that are participants in such system, including Clearstream and Euroclear. So long as DTC or its nominee is the registered owner or Holder of a Global Security, DTC or such nominee, as the case may be, shall be considered the sole owner or Holder of the Securities represented by such Global Security for all purposes under the Indenture and the Securities. No

beneficial owner of an interest in a Global Security shall be able to transfer that interest except in accordance with DTC's applicable procedures, in addition to those provided for under the Indenture. Payments of the principal, premium, if any, and interest on a Global Security shall be made to DTC or its nominee, as the registered owner thereof. Neither the Company, the Trustee, nor any Paying Agent, Registrar or Transfer Agent shall have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a Global Security or for maintaining, supervising, or reviewing any records relating to such beneficial ownership interests.

(e) No Responsibility for Clearing System Actions. None of the Company, the Guarantor, the Trustee, any Paying Agent, Registrar or Transfer Agent shall have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

(f) Successors; Certificated Securities. If (i) DTC is at any time unwilling or unable to continue as a Depository for the Global Securities and a successor Depository is not appointed by the Company within 90 days, (ii) the Company elects to discontinue use of the system of book-entry transfers through DTC or a successor Depository or (iii) an Event of Default has occurred and is continuing and the Registrar and the Company have received a written request from a beneficial owner of Securities to issue Certificated Securities in respect of its proportionate interest in the Global Security, the Company shall issue Certificated Securities which may bear a Restricted Securities Legend to such requesting beneficial owner, in exchange for their beneficial interests in Global Securities. Holders of an interest in a Global Security may receive Certificated Securities, which may bear the Restricted Securities Legend, in accordance with DTC's rules and procedures in addition to those provided for under the Indenture; provided, however, that if the Company is issuing Certificated Securities pursuant to the foregoing clause (iii), the Company shall only be required to issue Certificated Securities to the beneficial owners of the Securities who request Certificated Securities.

(g) Certificated Securities. Except as provided in this Section 2.1, owners of beneficial interests in Global Securities shall not be entitled to receive physical delivery of Certificated Securities. In the event of transfer of Global Security to the beneficial owners thereof in the form of Certificated Securities, the Company shall promptly make available to the Trustee a reasonable supply of Certificated Securities in definitive, fully registered form without interest coupons.

2.2 Global Securities.

(a) Each Global Security shall (i) be registered in the name of DTC or its nominee, (ii) be delivered by the Trustee to DTC or pursuant to DTC's instruction and (iii) bear a legend substantially to following effect:

THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE OF A DEPOSITARY. THIS SECURITY IS EXCHANGEABLE FOR SECURITIES REGISTERED IN THE NAME

OF A PERSON OTHER THAN THE DEPOSITARY OR ITS NOMINEE ONLY IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE, AND NO TRANSFER OF THIS SECURITY (OTHER THAN A TRANSFER OF THIS SECURITY AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY) MAY BE REGISTERED EXCEPT IN LIMITED CIRCUMSTANCES.

UNLESS THIS GLOBAL SECURITY IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY (“DTC”) TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY DEFINITIVE SECURITY ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

(b) Members of, or participants in, DTC, Euroclear or Clearstream shall have no rights under the Indenture with respect to any Global Security held on their behalf by DTC or its nominee, or under a Global Security, and DTC may be treated by the Company, the Guarantor, the Trustee and any agent of the Company, the Guarantor or the Trustee as the absolute owner of each Global Security for all purposes whatsoever under the Indenture. Notwithstanding the foregoing, nothing herein shall prevent the Company, the Guarantor, the Trustee or any agent of the Company, the Guarantor or the Trustee from giving effect to any written certification, proxy or other authorization furnished by DTC or impair, as between DTC and its participants, the operation of customary practices governing the exercise of the rights of a Holder of any Security.

(c) Interests of beneficial owners in Global Securities may only be transferred or exchanged for Certificated Securities in accordance with the rules and procedures of DTC and the provisions of the Indenture, including this Appendix A. In addition, certificated Securities shall be transferred to all beneficial owners, in exchange for their beneficial interests in Global Securities in accordance with Section 2.1(f) of this Appendix A.

(d) Transfers between participants in DTC shall be effected in accordance with DTC’s procedures, and shall be settled in same-day funds. Transfers between participants in Euroclear and Clearstream shall be effected in the ordinary way in accordance with their respective rules and operating procedures.

(e) DTC has advised the Company that it will take any action permitted to be taken by a Holder (including the presentation of Securities for exchange) only at the direction of one or more participants to whose account the interest in a Global Security is credited and only in respect of such portion of the Securities as to which such participant or participants has or have given such direction. However, if there is an Event of Default under the Securities, DTC may exchange the applicable Global Securities for Certificated Securities which it shall distribute to its participants and which may bear the Restricted Securities Legend.

(f) Subject to compliance with the transfer restrictions applicable to the Global Securities, cross-market transfers between the participants in DTC, on the one hand, and Euroclear or Clearstream participants, on the other hand, shall be effected through DTC in accordance with DTC's rules on behalf of each of Euroclear or Clearstream by its common depository; however, such cross-market transactions shall require delivery of instructions to Euroclear or Clearstream by the counterparty in such system in accordance with the rules and procedures and within the established deadlines (Brussels, Belgium time) of such system. Euroclear or Clearstream shall, if the transaction meets its settlement requirements, deliver instructions to its common depository to take action to effect final settlement on its behalf by delivering or receiving interests in the Global Securities in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the common depositories for Euroclear or Clearstream.

(g) In connection with any transfer or exchange of a portion of the beneficial interest in any Global Security to beneficial owners pursuant to Section 2.1(f) of this Appendix A the Registrar shall (if one or more Certificated Securities are to be issued) reflect on its books and records the date and a decrease in the principal amount of the Global Security in an amount equal to the principal amount of the beneficial interest in the Global Security to be transferred, and the Company shall execute, and the Trustee shall authenticate and deliver, one or more certificated Securities of like tenor and principal amount of authorized denominations.

(h) Any beneficial interest in one of the Global Securities that is transferred to a Person who takes delivery in the form of an interest in the other corresponding Global Security will, upon transfer, cease to be an interest in such Global Security and become an interest in the other corresponding Global Security and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interest in such other Global Security for as long as it remains such an interest.

(i) In connection with the transfer of Global Securities as an entirety to beneficial owners pursuant to Section 2.1(f) of this Appendix A, such Global Securities shall be deemed to be surrendered to the Trustee for cancellation, and the Company shall execute, and the Trustee shall authenticate and deliver, to each beneficial owner identified by DTC in exchange for its beneficial interest in the Global Securities, an equal aggregate principal amount at maturity of Certificated Securities of authorized denominations.

(j) Any Certificated Security constituting a Restricted Security delivered in exchange for an interest in a Global Security pursuant to this Section 2.2 shall bear a Restricted Securities Legend.

(k) The registered Holder of any Global Security may grant proxies and otherwise authorize any Person, including participants in DTC and Persons that may hold interests through participants in DTC to take any action which a Holder is entitled to take under the Indenture or the Securities.

2.3 Special Transfer Provisions.

The following provisions shall apply with respect to the Securities:

(a) Transfers to Non-U.S. Persons. The following provisions shall apply with respect to the registration of any proposed transfer of any Security bearing the Restricted Securities Legend to a Non-U.S. Person:

(i) if the Security to be transferred consists of (A) a Certificated Security, the Registrar shall register the transfer if such transfer is being made by a proposed transferor who has delivered to the Trustee a certification substantially in the form of Exhibit 2 to this Appendix A or (B) an interest in the Regulation S Global Security, the transfer of such interest may be effected only through the book entry system maintained by DTC after delivery to the Trustee of a certification substantially in the form of Exhibit 2 to this Appendix A;

(ii) if the Security to be transferred consists of a Certificated Security, upon receipt by the Registrar of instructions given in accordance with DTC's and the Registrar's procedures therefor, the Registrar shall reflect on its books and records the date and an increase in the principal amount of the Regulation S Global Security in an amount equal to the principal amount of the Certificated Security, to be transferred, and the Trustee shall cancel the Certificated Security so transferred; and

(iii) if the proposed transferor is a participant in DTC seeking to transfer an interest in a Global Security, upon receipt by the Registrar of written instructions given in accordance with DTC's and the Registrar's procedures, the Registrar shall register the transfer and reflect on its books and records the date and (A) a decrease in the principal amount of the Global Security from which interests are to be transferred in an amount equal to the principal amount of the Securities to be transferred and (B) an increase in the principal amount of the Regulation S Global Security in an amount equal to the principal amount of the Global Security to be transferred.

(b) Transfers to QIBs. The following provisions shall apply with respect to the registration of any proposed transfer of any Security bearing the Restricted Securities Legend to a QIB:

(i) if the Security to be transferred consists of (A) a Certificated Security, the Registrar shall register the transfer if such transfer is being made by a proposed transferor who has delivered to the Trustee a certification substantially in the form of Exhibit 3 to this Appendix A or (B) an interest in the Restricted Global Security, the transfer of such interest may be effected only through the book entry system maintained by DTC after delivery to the Trustee of a certification substantially in the form of Exhibit 3 to this Appendix A;

(ii) if the Security to be transferred consists of a Certificated Security, upon receipt by the Registrar of instructions given in accordance with DTC's and the Registrar's procedures therefor, the Registrar shall reflect on its books and records the date and an increase in the principal amount of the Restricted Global Security in an amount equal to the principal amount of the Certificated Security, to be transferred, and the Trustee shall cancel the Certificated Security so transferred; and

(iii) if the proposed transferor is a participant in DTC seeking to transfer an interest in a Global Security, upon receipt by the Registrar of written instructions given in accordance with DTC's and the Registrar's procedures, the Registrar shall register the transfer and reflect on its books and records the date and (A) a decrease in the principal amount of the Global Security from which interests are to be transferred in an amount equal to the principal amount of the Securities to be transferred and (B) an increase in the principal amount of the Restricted Global Security in an amount equal to the principal amount of the Global Security to be transferred.

(c) Restricted Securities Legend. Upon the registration of transfer, exchange or replacement of Securities not bearing the Restricted Securities Legend, the Registrar shall deliver Securities that do not bear the Restricted Securities Legend. Upon the registration of transfer, exchange or replacement of Securities bearing the Restricted Securities Legend, the Registrar shall deliver only Securities that bear the Restricted Securities Legend unless either (i) in the case of the Regulation S Security, the Distribution Compliance Period has terminated, or, in the case of a Restricted Security, the Resale Restriction Termination Date has occurred, (ii) there is delivered to the Registrar an Opinion of Counsel reasonably satisfactory to the Company to the effect that neither such legend nor the related restrictions on transfer are required in order to maintain compliance with the provisions of the Securities Act or (iii) such Security has been sold pursuant to an effective registration statement under the Securities Act. Notwithstanding the foregoing sentence, the Company may, in its sole discretion, by delivery of a Company Order to the Trustee, instruct the Trustee to remove the Restricted Securities Legend from a Security after determining that the Restricted Securities Legend is no longer required under applicable securities laws.

(d) Securities Purchased by the Company or the Guarantor. All Securities which are purchased or otherwise acquired by the Company, the Guarantor, any Subsidiary or any subsidiary of the Guarantor may not be resold or otherwise transferred, except in accordance with applicable requirements or exemptions under the relevant securities laws; provided, however, that none of the Trustee, any Paying Agent, the Registrar or any Transfer Agent shall have any obligation to monitor or ensure compliance therewith.

(e) Other Transfers. If a Holder proposes to transfer a Security constituting a Restricted Security pursuant to any exemption from the registration requirements of the Securities Act other than as provided for by this Section 2.3, the Registrar shall only register such transfer or exchange if such transferor delivers an Opinion of Counsel reasonably satisfactory to the Company that such transfer is in compliance with the Securities Act and the terms of the Indenture; provided, however, that the Company may, based upon the opinion of its counsel, instruct the Registrar by a Company Order not to register such transfer in any case where the proposed transferee is not a QIB or a Non-U.S. Person.

(f) General.

(i) By its acceptance of any Security (or any beneficial interest in any Global Security) bearing the Restricted Securities Legend, each Holder of such a Security or Holder of such beneficial interest acknowledges the restrictions on transfer of such Security set forth in Section 2.07(a) of the Indenture, this Appendix A and in the Restricted Securities Legend and agrees that it will transfer such Security only as provided in Section 2.07(a) of the Indenture and this Appendix A. The Registrar shall not register a transfer of any Security unless such transfer complies with the restrictions on transfer of such Security set forth in Section 2.07(a) of the Indenture and this Appendix A.

(ii) The Registrar shall retain copies of all certificates, letters, notices and other written communications received pursuant to this Section 2.3. The Company shall have the right to inspect and make copies of all such certificates, letters, notices or other written communications at any reasonable time upon the giving of reasonable prior written notice to the Registrar.

2.4 Cancellation or Adjustment of Global Security.

At such time as all beneficial interests in a Global Security have either been exchanged for Certificated Securities, redeemed, purchased or canceled, such Global Security shall, upon written request by the Company to the Trustee, be returned to DTC for cancellation or retained and canceled by the Trustee. At any time prior to such cancellation, if any beneficial interest in a Global Security is exchanged for Certificated Securities, redeemed, purchased or canceled, the principal amount of Securities represented by such Global Security shall be reduced and an adjustment shall be made on the books and records of the Trustee (if it is then the custodian for such Global Security) with respect to such Global Security, by the Trustee or the custodian, to reflect such reduction.

[FORM OF FACE OF SECURITY]

[[RESTRICTED]][REGULATION S] GLOBAL SECURITY]

Include the following legend on all Securities that are Global Securities

THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE OF A DEPOSITARY. THIS SECURITY IS EXCHANGEABLE FOR SECURITIES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITARY OR ITS NOMINEE ONLY IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE, AND NO TRANSFER OF THIS SECURITY (OTHER THAN A TRANSFER OF THIS SECURITY AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY) MAY BE REGISTERED EXCEPT IN LIMITED CIRCUMSTANCES.

UNLESS THIS GLOBAL SECURITY IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY ("DTC") TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY DEFINITIVE SECURITY ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

Include the following Restricted Securities Legend on all Securities that are Restricted Securities or Regulation S Securities.

NEITHER THIS GLOBAL SECURITY NOR ANY BENEFICIAL INTEREST HEREIN HAS BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). NEITHER THIS GLOBAL SECURITY NOR ANY BENEFICIAL INTEREST HEREIN MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO CENCOSUD S.A. OR A SUBSIDIARY THEREOF, (2) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER OR BUYERS IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT, (3) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (4) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (IF

Exhibit 1

AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, AND, IN EACH CASE, IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND OTHER JURISDICTIONS. AS A CONDITION TO REGISTRATION OF TRANSFER OF THIS GLOBAL SECURITY AS SET FORTH IN CLAUSE (4) ABOVE, CENCOSUD S.A. MAY REQUIRE DELIVERY OF ANY DOCUMENTS OR OTHER EVIDENCE THAT IT, IN ITS ABSOLUTE DISCRETION, DEEMS NECESSARY OR APPROPRIATE TO EVIDENCE COMPLIANCE WITH SUCH EXEMPTION.

THIS LEGEND MAY BE REMOVED SOLELY IN THE DISCRETION AND AT THE DIRECTION OF CENCOSUD S.A.

Include the following legend on all Securities that are Certificated Securities

IN CONNECTION WITH ANY TRANSFER, THE HOLDER WILL DELIVER TO THE REGISTRAR AND ANY TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AS SUCH REGISTRAR OR TRANSFER AGENT MAY REASONABLY REQUIRE TO CONFIRM THAT THE TRANSFER COMPLIES WITH THE FOREGOING RESTRICTIONS.

Exhibit 1

No.

Principal Amount U.S.\$[]
[If the Security is a Global Security, include the following two lines:
as revised by the Schedule of Increases and
Decreases attached hereto]

CENCOSUD S.A.
6.625% Senior Notes due 2045

[If the Security is a Restricted Security, insert

CUSIP NO. 15132HAG6

ISIN NO. US15132HAG65

COMMON CODE 118935543]

[If the Security is a Regulation S Security, insert

CUSIP NO. P2205J AL4

ISIN NO. USP2205JAL46

COMMON CODE 118935551]

[CENCOSUD S.A., a *sociedad anónima* organized under the laws of Chile, promises to pay to Cede & Co., or registered assigns, the principal amount of] Dollars [as revised by the Schedule of Increases and Decreases attached hereto]* on February 12, 2045.

Maturity Date: February 12, 2045

Interest Payment Dates: February 12 and August 12.

Record Dates: January 28 and July 28.

Additional provisions of this Security are set forth on the reverse of this Security.

* Insert for Global Securities

Exhibit 1

IN WITNESS WHEREOF, the parties have caused this instrument to be duly executed.

CENCOSUD S.A.

By _____
Name:
Title:

Date:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

THE BANK OF NEW YORK MELLON,
as Trustee, certifies that this is one of the Securities referred to in
the Indenture.

By: _____
Authorized Signatory

Exhibit 1

[FORM OF REVERSE OF SECURITY]

CENCOSUD S.A.
6.625% Senior Notes due 2045

1. Interest

Cencosud S.A., a *sociedad anónima* organized under the laws of Chile (such entity, and its successors and assigns under the Indenture hereinafter referred to, being herein called the “Company”), promises to pay interest on the principal amount of this Security at the rate per annum shown above, plus Additional Amounts, if any. The Company will pay interest semi-annually in arrears on February 12 and August 12 of each year, or if any such day is not a Business Day, on the next succeeding Business Day, commencing August 12, 2015. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

2. Method of Payment

The Company shall pay interest and Additional Amounts, if any, on the Securities (except defaulted interest) to the Persons who are registered Holders of Securities at the close of business on the January 28 or July 28 next preceding the Interest Payment Date even if Securities are canceled after the Record Date and on or before the Interest Payment Date. Holders must surrender Securities to a Paying Agent to collect principal payments. The Company shall pay principal and interest in U.S. dollars. Payments in respect of the Securities represented by a Global Security (including principal, premium, if any, and interest) shall be made by wire transfer of immediately available funds to the account specified by The Depository Trust Company. Payments on non-Global Securities shall be made at the office or agency of the Paying Agent and Registrar within The City of New York, New York unless the Company elects to make interest payments by check mailed to the Holders at their address set forth in the Securities Register; provided, however, that payments on non-Global Securities may also be made, in the case of a Holder of at least U.S.\$10,000,000 in aggregate principal amount of Securities, by wire transfer to a U.S. dollar account maintained by the payee with a bank in the United States if such Holder elects payment by wire transfer by giving written notice to the Company and the Trustee to such effect designating such account no later than 30 days immediately preceding the relevant due date for payment (or such other date as the Trustee may accept in its discretion).

3. Paying Agent and Registrar

Initially, The Bank of New York Mellon, a corporation duly authorized and existing under the laws of the State of New York authorized to conduct a banking business (the “Trustee”), will act as Registrar, Paying Agent and Transfer Agent and The Bank of New York Mellon (Luxembourg) S.A. will act as the Luxembourg Paying Agent (the “Luxembourg Paying Agent”) and Luxembourg Transfer Agent (the “Luxembourg Transfer Agent”). The Company may appoint and change any Paying Agent, Registrar or co-registrar without notice. The Company or any Subsidiary may act as Paying Agent or Registrar.

Exhibit 1

4. Indenture

The Company issued the Securities under an Indenture dated as of February 12, 2015 (the “Indenture”), among the Company, Cencosud Retail S.A., as guarantor (the “Guarantor”) the Trustee, as Trustee, Registrar, Paying Agent and Transfer Agent, the Luxembourg Paying Agent and the Luxembourg Transfer Agent. The terms of the Securities include those stated in the Indenture. Terms defined in the Indenture and not defined herein have the meanings ascribed thereto in the Indenture. The Securities are subject to all such terms, and Holders are referred to the Indenture for a statement of those terms.

The Securities are unsecured and unsubordinated obligations of the Company unlimited in principal amount. [This Security is one of the Original Securities referred to in the Indenture issued in an aggregate principal amount of U.S.\$[]. The Securities include the Original Securities and any Additional Securities that may be issued under the Indenture.] [This Security is one of the Additional Securities referred to in the Indenture. The Securities include such Additional Securities and the Original Securities in an aggregate principle amount of U.S.\$[] previously issued under the Indenture.] The Indenture imposes certain limitations on the ability of the Company and the Subsidiaries to, among other things, create or incur Liens and enter into Sale and Leaseback Transactions. The Indenture also imposes limitations on the ability of each of the Company and the Guarantor to consolidate or merge with or into any other Person or convey or transfer its assets substantially as an entity.

To guarantee the due and punctual payment of the principal and interest on the Securities and all other amounts payable by the Company under the Indenture and the Securities (including the payment of Additional Amounts) when and as the same shall be due and payable, the Guarantor has irrevocably and unconditionally guaranteed the Guaranteed Obligations on a senior unsecured basis. Neither the Company nor the Guarantor shall be required to make any notation on this Security to reflect any guarantee or any release, termination or discharge thereof.

5. Optional Redemption

(a) Except as set forth below, the Securities may not be redeemed prior to their Stated Maturity. Neither the Company nor the Guarantor is, however, prohibited from acquiring the Securities by means other than a redemption, whether pursuant to a tender offer, open market purchase or otherwise, so long as the acquisition does not otherwise violate the terms of the Indenture.

(b) At any time prior to August 12, 2044, the Securities may be redeemed, in whole but not in part, at the Company’s option, by the giving of notice as provided in Article III of the Indenture, at a redemption price equal to the greater of (i) 100% of the outstanding principal amount of the Securities to be redeemed and (ii) the sum of the present values of the Remaining Scheduled Payments of principal and interest on the Securities to be redeemed discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the applicable Treasury Rate plus 50 basis points, in each case plus accrued and unpaid interest on the principal amount of the Securities being redeemed to the date of redemption and Additional Amounts, if any. Notwithstanding the foregoing, payments of interest on the Securities will be payable to the Holders of those Securities registered as such at the close of business on the relevant Record Dates according to the terms and provisions of the Indenture.

Exhibit 1

(c) At any time on or after August 12, 2044, the Securities may be redeemed, in whole but not in part, at the Company's option, by the giving of notice as provided in Article III hereof, at a redemption price equal to 100% of the outstanding principal amount of the Securities to be redeemed, plus accrued and unpaid interest on the principal amount of the Securities being redeemed to the redemption date and Additional Amounts, if any

(d) The Securities may be redeemed, in whole but not in part, at the Company's option, by the giving of notice as provided in Article III of the Indenture, at a redemption price equal to 100% of the outstanding principal amount of the Securities, together with accrued and unpaid interest to the redemption date and Additional Amounts, if any, if, as a result of any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of a Relevant Jurisdiction or any political subdivision or taxing authority thereof or therein, or any change in the official application, administration or interpretation of such laws, regulations or rulings (including a holding by a court of competent jurisdiction) in a Relevant Jurisdiction, or any other jurisdiction with the power to impose, levy or assess a Tax, the Company has or will become obligated to pay Excess Additional Amounts, if such change or amendment is announced or occurs on or after the date of the Indenture and such obligation cannot be avoided by the Company taking reasonable measures available to it; ~~provided that no such notice of redemption shall be given earlier than 60 days prior to the earliest date on which the Company would be obligated to pay such Excess Additional Amounts, were a payment in respect of the Securities then due.~~ For the avoidance of doubt, reasonable measures shall include a change in the jurisdiction of the paying agent. Prior to the giving of notice of redemption of Securities pursuant to the Indenture, the Company will deliver to the Trustee (i) an Officer's Certificate to the effect that the Company is or at the time of the redemption will be entitled to effect such a redemption pursuant to the Indenture and (ii) a written opinion of recognized counsel admitted to practice in the applicable Relevant Jurisdiction and independent of the Company to the effect that the Company is, or is expected to become, obligated to pay Excess Additional Amounts as a result of such change or amendment, as described above, and setting forth in reasonable detail the circumstances giving rise to such right of redemption.

6. Notice of Redemption

Notice of redemption shall be given in accordance with Section 12.01 of the Indenture at least 30 days, but not more than 60 days, before a redemption date to each Holder of Securities to be redeemed. Any notice to Holders of Securities of such a redemption pursuant to paragraph 5(b) shall include the appropriate calculation of the redemption price, but is not required to include the redemption price itself. The actual redemption price, calculated as described in such paragraph 5 (b), must be set forth in an Officer's Certificate delivered to the Trustee no later than two Business Days prior to the redemption date. If money sufficient to pay the redemption price of and accrued and unpaid interest, if any, on all Securities (or portions thereof) to be redeemed on the redemption date is deposited with a Paying Agent at least one Business Day prior to the redemption date and certain other conditions are satisfied, on and after such date interest shall cease to accrue on such Securities (or such portions thereof) called for redemption.

Exhibit 1

7. Sinking Fund

The Securities are not subject to any sinking fund.

8. Denominations; Transfer; Exchange

The Securities are in registered form without coupons in denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof. A Holder may transfer or exchange Securities in accordance with the Indenture. Upon any transfer or exchange, the Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements or transfer documents and to pay any taxes required by law or permitted by the Indenture. Neither the Trustee nor any Registrar or Transfer Agent need register the transfer of or exchange definitive Securities for a period from the Record Date to the due date for any payment of principal of or interest on the Securities or register the transfer of or exchange any Securities for 15 days prior to selection for redemption through the redemption date.

9. Persons Deemed Owners

The registered Holder of this Security may be treated as the owner of it for all purposes.

10. Unclaimed Money

If money for the payment of principal or interest remains unclaimed for two years, the Trustee or Paying Agent shall pay the money back to the Company at the Company's written request unless an abandoned property law designates another Person. After any such payment, Holders entitled to the money must look only to the Company and not to the Trustee for payment.

11. Discharge and Defeasance

Subject to certain conditions, the Company at any time may terminate some of or all its obligations under the Securities and the Indenture if the Company deposits with the Trustee cash or U.S. Government Obligations as specified in the Indenture for the payment of principal, interest and Additional Amounts, if any, on the Securities to redemption or maturity, as the case may be.

12. Amendment; Waiver

(a) Subject to certain exceptions and conditions set forth in the Indenture, without the consent of any Holder, the Company, the Guarantor and the Trustee may, among other things, amend, modify or supplement the Indenture or the Securities to cure any ambiguity, or to cure, correct or supplement any defect therein or herein, or in any manner which does not adversely affect the interests of any Holder in any material respect.

(b) Subject to certain conditions set forth in the Indenture, the Company, the Guarantor and the Trustee may modify or amend the Indenture or the terms and conditions of the Securities, and future compliance therewith or past Default by the Company or the Guarantor

(other than a default in the payment of any amount, including in connection with a redemption, due on the Securities or in respect of covenant or provision which cannot be modified and amended without the consent of the Holders of all Securities so affected) with the written consent of the Holders of at least a majority in aggregate principal amount of the Securities then Outstanding (including consents obtained in connection with a tender offer or exchange offer for the Securities) or by the adoption of resolutions at a meeting of Holders of Securities by the Holders of at least a majority of the outstanding Securities; *provided, however*, that without the consent or affirmative vote of each Holder affected thereby, an amendment may not: (i) change the interest rate with respect to the Securities or reduce the principal amount of the Securities or change the time for payment thereof; (ii) modify the obligation to pay Additional Amounts; (iii) change the prices at which the Securities may be redeemed by the Company or change the time at which the Securities may be redeemed in accordance with the Indenture; (iv) change the currency in which, or change the required place at which, payment on principal, premium, if any, or interest on the Securities is payable; (v) impair the right to institute suit for the enforcement of any payment obligation on or with respect to the Security; or (vi) reduce the percentage of principal amount of outstanding Securities whose Holders are required to consent to modify or amend the Indenture or the terms or conditions of the Securities or to waive any future compliance or past default.

13. Defaults and Remedies

If an Event of Default occurs and is continuing, the Trustee or the Holders of not less than 25% of the aggregate principal amount of the Securities then outstanding, subject to certain limitations, may declare all the Securities to be immediately due and payable. Certain events of bankruptcy or insolvency are Events of Default and shall result in the Securities being immediately due and payable upon the occurrence of such Events of Default without any further act of the Trustee or any Holder.

Holders of Securities may not enforce the Indenture or the Securities except as provided in the Indenture. The Trustee may refuse to enforce the Indenture or the Securities unless it receives indemnity or security satisfactory to it. Subject to certain limitations, Holders of a majority in aggregate principal amount of the Securities then outstanding may direct the Trustee in its exercise of any trust or power under the Indenture. The Trustee or the Holders of a majority in aggregate principal amount of the outstanding Securities by written notice to the Company may annul and rescind any declaration of acceleration if all amounts then due with respect to the Securities are paid (other than amounts due solely because of such declaration) and all other defaults with respect to the Securities are cured. No such rescission shall affect any subsequent Default or impair any right consequent thereto.

14. Trustee Dealings with the Company

The Trustee under the Indenture, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Trustee.

Exhibit 1

15. No Recourse Against Others

No director, officer, employee or stockholder, as such, of the Company or the Guarantor shall have any liability for any obligations of the Company or the Guarantor, as applicable, under the Securities or the Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Security, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Securities.

16. Authentication

This Security shall not be valid until an authorized signatory of the Trustee (or an authenticating agent) manually signs the certificate of authentication on the face of this Security.

17. Abbreviations

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with rights of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

18. Governing Law

THIS SECURITY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

19. CUSIP and ISIN Numbers

Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused CUSIP or ISIN numbers to be printed on the Securities and has directed the Trustee to use CUSIP or ISIN numbers in notices of redemption as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Securities or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

20. Currency of Account; Conversion of Currency

U.S. dollars is the sole currency of account and payment for all sums payable by the Company under or in connection with the Securities or the Indenture, including damages. The Company shall indemnify the Holders as provided in respect of the conversion of currency relating to the Securities and the Indenture.

21. Agent for Service; Submission to Jurisdiction; Waiver of Immunities

Each of the Company and the Guarantor has appointed CT Corporation System with offices currently at 111 Eight Avenue, 13th floor, New York, New York 10011 as its authorized agent upon whom all writs, process and summonses may be served in any suit, action or proceeding arising out of or based upon the Indenture or the Securities which may be instituted in any U.S. Federal or New York State court in the Borough of Manhattan, The City of New York, New York. Each of the Company and the Guarantor has agreed that any suit, action

or proceeding against the Company or the Guarantor, as applicable, brought by any Holder or the Trustee arising out of or based upon the Indenture or the Securities may be instituted in any U.S. Federal or New York State court in the Borough of Manhattan, The City of New York, New York. Each of the Company and the Guarantor has irrevocably submitted to the non-exclusive jurisdiction of such courts for such purpose and waived, to the fullest extent permitted by law, trial by jury, any objection it may now or hereafter have to the laying of venue of any such suit, action or proceeding, any claim that any suit, action or proceeding in such a court has been brought in an inconvenient forum and any right to which it may be entitled on account of place of residence or domicile. The Company shall furnish to any Holder of Securities upon written request and without charge to the Holder a copy of the Indenture which has in it the text of this Security.

Exhibit 1

[FORM OF] ASSIGNMENT FORM

To assign this Security, fill in the form below and have your signature guaranteed: (I) or (we) assign and transfer this Security to:

(Insert assignee's soc. sec. or tax I.D. no.)

(Print or type assignee's name, address and zip code)

and irrevocably appoint _____ to transfer this Security on the books of the Company. The agent may substitute another to act for him.

Dated: _____

Your Name: _____
(Print your name exactly as it appears on the face of this Security)

Your Signature: _____
(Sign exactly as your name appears on the face of this Security)

Signature Guarantee: _____
(Signature must be guaranteed)

The signature(s) should be guaranteed by an eligible guarantor institution (banks, stockbrokers, savings and loan associations and credit unions with membership in an approved signature guarantee medallion program), pursuant to Exchange Act Rule 17Ad-15.

Exhibit 1

[TO BE ATTACHED TO GLOBAL SECURITIES]

SCHEDULE OF INCREASES OR DECREASES IN GLOBAL SECURITY

The following increases or decreases in this Global Security have been made:

<u>Date of increase or decrease</u>	<u>Amount of decrease in principal amount of this Global Security</u>	<u>Amount of increase in principal amount of this Global Security</u>	<u>Principal amount of this Global Security following such decrease or increase</u>	<u>Signature of authorized officer of Trustee</u>
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Exhibit 1

NOTATION OF GUARANTEE

Pursuant to the Indenture, dated as of February 12, 2015 (the "Indenture"), among Cencosud S.A., as issuer (the "Company"), Cencosud Retail S.A., as guarantor (the "Guarantor"), The Bank of New York Mellon, as trustee (the "Trustee"), Registrar, Paying Agent and Transfer Agent, and The Bank of New York Mellon (Luxembourg) S.A., as Luxembourg paying agent and transfer agent, the Guarantor, subject to the provisions of Article XI of the Indenture, hereby irrevocably and unconditionally guarantees, to each Holder of a Security authenticated and delivered by the Trustee and to the Trustee and its successors and assigns and to any agent appointed thereunder and its successors and assigns, irrespective of the validity and enforceability of the Indenture, the Securities or the obligations of the Company thereunder, that: (a) the principal of and interest, Additional Amounts, if any, and premium, on the Securities, shall be promptly paid in full when due, whether at stated maturity, by acceleration, redemption or otherwise, and interest on the overdue principal of and interest and Additional Amounts on the Securities, if any, if lawful, and all other obligations of the Company to the Holders or the Trustee hereunder or thereunder or any agent appointed under the Indenture, shall be promptly paid in full or performed, all in accordance with the terms hereof and thereof; and (b) in case of any extension of time of payment or renewal of any Securities or any of such other obligations, the same shall be promptly paid in full when due or performed in accordance with the terms of such extension or renewal, whether at stated maturity, by acceleration or otherwise. Failing payment when due of any amount so guaranteed or any performance so guaranteed for whatever reason, the Guarantor shall be obligated to pay or perform the same immediately. The Guarantor agrees that this is a guarantee of payment and not a guarantee of collection. The obligations of the Guarantor to the Holders of Securities and to the Trustee and any such agents pursuant to the Subsidiary Guarantee and the Indenture are expressly set forth in Article XI of the Indenture and reference is hereby made to the Indenture for the precise terms of the Subsidiary Guarantee. Each Holder of a Security, by accepting the same, agrees to and shall be bound by such provisions. Capitalized terms used but not defined herein will have the meaning given them in the Indenture.

THIS NOTATION OF GUARANTEE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK

CENCOSUD RETAIL S.A., as Guarantor

By _____
Name:
Title:

By _____
Name:
Title:

Exhibit 1

FORM OF CERTIFICATE TO BE DELIVERED
BY TRANSFERORS IN CONNECTION WITH TRANSFERS
PURSUANT TO REGULATION S

[Date]

Cencosud S.A.
Av. Kennedy 9001, 6th floor, Las Condes
Santiago, Chile
Attention: Juan Manuel Parada
Telephone: +56 (2) 2959-0000
Fax: +56 (2) 2959-0625

The Bank of New York Mellon
101 Barclay Street, Floor 7E
New York, New York 10286
USA
Attention: International Corporate Trust
Fax: 212-815-5603

Re: Cencosud S.A. (the "Company")
6.625% Senior Notes due 2045 (the "Securities")

Ladies and Gentlemen:

Reference is hereby made to the Indenture dated as of February 12, 2015 in regard of the Securities among the Company, as issuer, Cencosud Retail S.A., as guarantor, The Bank of New York Mellon, as Trustee, Registrar, Paying Agent and Transfer Agent and The Bank of New York Mellon (Luxembourg) S.A., as Luxembourg Paying Agent and Luxembourg Transfer Agent (the "Indenture"). Capitalized terms used but not defined herein will have the meaning given them in the Indenture.

In connection with our proposed transfer of U.S.\$ _____ aggregate principal amount of Securities, which are held in [the form of a beneficial interest in the Regulation S Global Security (CUSIP No. P2205J AL4; ISIN Number USP2205JAL46) with DTC in the name of the undersigned] [certificated form], we confirm that such transfer has been effected pursuant to and in accordance with Regulation S under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and, accordingly, we represent that:

- (a) the offer of the Securities was not made to a Person in the United States;
- (b) either (i) at the time the buy offer was originated, the transferee was outside the United States or we and any Person acting on our behalf reasonably believed that the transferee was outside the United States or (ii) the transaction was executed in, on or through the facilities of a designated off-shore securities market and neither we nor any Person acting on our behalf knows that the transaction has been pre-arranged with a buyer in the United States;

Exhibit 2

(c) no directed selling efforts have been made in the United States in contravention of the requirements of Rule 903(b) or Rule 904(b) of Regulation S, as applicable;

(d) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act;

(e) we have advised the transferee of the transfer restrictions applicable to the Securities; and

(f) if the offer of the Securities was made prior to the expiration of the Distribution Compliance Period, the offer of the Securities was not made to a U.S. Person or for the account or benefit of a U.S. person.

You and the Company are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby. Terms used in this certificate have the meanings set forth in Regulation S.

Very truly yours,
[Name of Transferor]

By: _____
Authorized Signature

Exhibit 2

FORM OF TRANSFER CERTIFICATE TO BE DELIVERED
BY TRANSFERORS IN CONNECTION WITH TRANSFERS
PURSUANT TO RULE 144A

[Date]

Cencosud S.A.
Av. Kennedy 9001, 6th floor, Las Condes
Santiago, Chile
Attention: Juan Manuel Parada
Telephone: +56 (2) 2959-0000
Fax: +56 (2) 2959-0625

The Bank of New York Mellon
101 Barclay Street, Floor 7E
New York, New York 10286
USA
Attention: International Corporate Trust
Fax: 212-815-5603

Re: Cencosud S.A. (the "Company")
6.625% Senior Notes due 2045 (the "Securities")

Ladies and Gentlemen:

Reference is hereby made to the Indenture dated as of February 12, 2015 in regard of the Securities among the Company, as issuer, Cencosud Retail S.A., as guarantor, The Bank of New York Mellon, as Trustee, Registrar, Paying Agent and Transfer Agent and The Bank of New York Mellon (Luxembourg) S.A., as Luxembourg Paying Agent and Luxembourg Transfer Agent (the "Indenture"). Capitalized terms used but not defined herein will have the meaning given them in the Indenture.

This letter relates to U.S.\$ aggregate principal amount of the Securities which are held in [the form of a beneficial interest in the Regulation S Global Security (CUSIP No. P2205J AL4; ISIN Number USP2205JAL46) with DTC in the name of the undersigned] [certificated form].

Exhibit 3

The undersigned has requested transfer of such Securities to a Person who will take delivery thereof in the form of a beneficial interest in the Restricted Global Security (CUSIP No. 15132HAG6; ISIN Number US15132HAG65). In connection with such transfer, the undersigned does hereby confirm that such transfer has been effected in accordance with the transfer restrictions set forth in the Indenture and on the Securities and pursuant to and in accordance with Rule 144A under the U.S. Securities Act of 1933, as amended, and accordingly, the undersigned represents that:

a. the Securities are being transferred to a transferee that the undersigned reasonably believes is purchasing the Securities for its own account or one or more accounts with respect to which the transferee exercises sole investment discretion; and

b. the undersigned reasonably believes that transferee and any such account is a "qualified institutional buyer" within the meaning of Rule 144A, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

[NAME OF TRANSFEROR]

By: _____
Name:
Title:

Dated: _____

Exhibit 3

Subsidiaries

<u>Company name</u>	<u>Country</u>	<u>Controlling Stake</u>
Cencosud Retail S.A.	Chile	99.9%
Jumbo Administradora Norte S.A.	Chile	99.9%
Jumbo Administradora Temuco S.A.	Chile	99.9%
Santa Isabel Administradora Norte Ltda.	Chile	99.9%
Santa Isabel Administradora Sur Ltda.	Chile	99.9%
Santa Isabel Administradora S.A.	Chile	99.9%
Paris Administradora Sur Ltda.	Chile	99.9%
Paris Administradora Ltda.	Chile	99.9%
Logística y Distribución Paris Ltda.	Chile	99.9%
Jumbo Supermercados Administradora Ltda.	Chile	99.9%
Cencosud Corredores de Seguros y Servicios S.A.	Chile	99.9%
Administradora de Servicios Cencosud Ltda.	Chile	99.9%
Viajes Paris S.A.	Chile	99.9%
Eurofashion Ltda.	Chile	99.9%
Administradora TMO S.A.	Chile	99.9%
Meldar Capacitación Ltda.	Chile	99.9%
Sociedad Comercializadora de Vestuarios FES Ltda.	Chile	99.9%
MegaJohnsons Puente Alto S.A.	Chile	99.9%
MegaJohnsons S.A.	Chile	99.9%
MegaJohnsons Maipú S.A.	Chile	99.9%
MegaJohnsons Puente S.A.	Chile	99.9%
MegaJohnsons Viña del Mar S.A.	Chile	99.9%
Johnson Administradora Ltda.	Chile	99.9%
MegaJohnsons Quilin S.A.	Chile	99.9%
Johnsons Mega San Bernardo S.A.	Chile	99.9%
Cencosud Retail Administradora Ltda.	Chile	99.9%
Easy S.A.	Chile	99.6%
Easy Administradora Norte S.A.	Chile	99.6%
Cencosud Administradora de Tarjetas S.A.	Chile	99.9%
Cencosud Servicios Integrales S.A.	Chile	99.9%
Cencosud Shopping Centers S.A.	Chile	99.9%
Sociedad Comercial de Tiendas S.A.	Chile	99.9%
Inmobiliaria Bilbao Ltda.	Chile	99.9%
ACC Alto las Condes Ltda.	Chile	44.9%
Costanera Center S.A.	Chile	99.9%
Inmobiliaria Santa Isabel S.A.	Chile	99.9%
Comercializadora Costanera Center S.P.A.	Chile	99.9%
Banco Paris S.A.	Chile	99.9%
Banparis Corredores de Seguros Ltda.	Chile	99.9%
Cencosud Internacional Ltda.	Chile	99.9%
Jumbo Argentina S.P.A.	Chile	99.9%
Cencosud Internacional Argentina S.P.A	Chile	99.9%
Cencosud S.A. (Argentina)	Argentina	99.9%
Unicenter S.A.	Argentina	99.9%
Jumbo Retail Argentina S.A.	Argentina	99.9%
Agrojumbo	Argentina	87.4%
Blaisten S.A.	Argentina	99.9%
Cavas y Viñas El Acequion S.A.	Argentina	99.9%
Carnes Huinca S.A.	Argentina	50.0%
Agropecuaria Anjullon S.A.	Argentina	99.9%
Corminas S.A	Argentina	99.9%
Invor S.A.	Argentina	99.9%
Pacuy S.A.	Argentina	99.9%
Supermercados Dave S.A.	Argentina	99.9%
SUDCO Servicios Regionales S.A.	Uruguay	100%
Cencosud Colombia S.A.	Colombia	99.9%
Cencosud Brasil S.A.	Brazil	99.9%
Gbarbosa Holding LLC	U.S.A	99.9%

<u>Company name</u>	<u>Country</u>	<u>Controlling Stake</u>
Gbarbosa Holding S.A	Brazil	99.9%
Cencosud Brasil Comercial Ltda.	Brazil	99.9%
Mercantil Rodrigues Comercial Ltda	Brazil	99.9%
Perini Comercial de Alimentos Ltda.	Brazil	99.9%
Cencosud Perú	Peru	99.9%
Teledistribución S.A.	Peru	99.9%
Almacenes Metro S.A.	Peru	99.9%
E. Wong S.A.	Peru	99.9%
Cencosud Retail Peru S.A.	Peru	99.9%
Tres Palmeras S.A.	Peru	99.9%
Las Hadas Inversionistas S.A.	Peru	99.9%
Cinco Robles SAC	Peru	99.9%
ISMB Supermercados S.A.	Peru	99.9%
Travel International Partners Perú S.A.	Peru	99.9%
Banco Cencosud S.A.	Peru	99.9%

CERTIFICATION PURSUANT TO
RULE 13a-14(a)/RULE 15d-14(a) UNDER
THE EXCHANGE ACT

I, Jaime Soler, certify that:

1. I have reviewed this annual report on Form 20-F of Cencosud S.A.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 30, 2015

By: /s/ Jaime Soler
Jaime Soler
Chief Executive Officer

CERTIFICATION PURSUANT TO
RULE 13a-14(a)/RULE 15d-14(a) UNDER
THE EXCHANGE ACT

I, Juan Manuel Parada, certify that:

1. I have reviewed this annual report on Form 20-F of Cencosud S.A.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 30, 2015

By: /s/ Juan Manuel Parada
Juan Manuel Parada
Chief Financial Officer

Certification

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of Title 18, United States Code), each of the undersigned officers of Cencosud S.A. (the "Company"), does hereby certify, to such officer's knowledge, that:

The Annual Report on Form 20-F for the year ended December 31, 2014 of the Company (the "Form 20-F") fully complies with the requirements of section 13 (a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 20-F fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Jaime Soler

Name: Jaime Soler
Title: Chief Executive Officer
Date: April 30, 2015

/s/ Juan Manuel Parada

Name: Juan Manuel Parada
Title: Chief Financial Officer
Date: April 30, 2015