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Los Valorizadores

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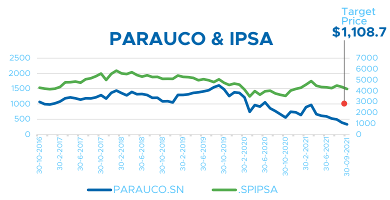
PARQUE ARAUCO S.A.

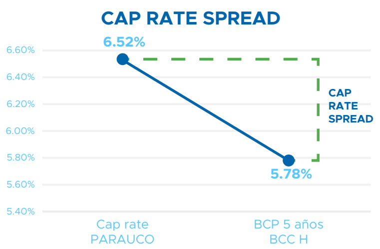
(Santiago Stock Exchange: PARAUCO.SN)

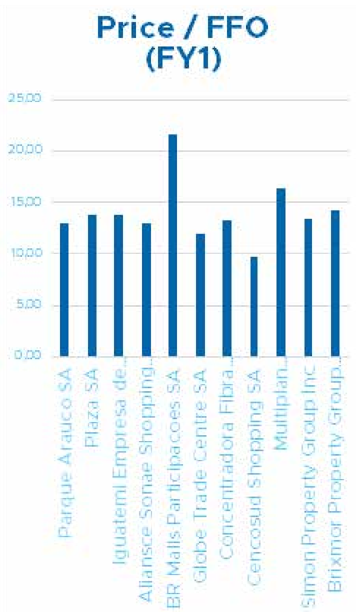
BUY

FIGURE:1

RECOMENDATION (CLP)	BUY
Date Credit Risk 52 Weeks High/Low Current Price Target Price Upside Industry Sector Ticker	30.09.2021 AA 1,430/630 810.33 1,108.7 36.82% Real Estate Retail PARAUCO
Stock Exchange	Bolsa de Santiago Bolsa Electrónica de Chile
Shares Outstanding Free Float	905,715,872 523,772,466
Market Capitalization (30.09.2021)	733,928,742,588
Estimate Market Capitalization (30.09.2021)	1,004,167,187,286







HIGHLITS

We issued a BUY recommendation for PARAUCO S.A with a target price of CLP$1,108.7. We calculated his price using 5 different valuation methods to which we assigned different weights. A 35% weight to the free cash flows to the firm (FCFF) model, 15% weight was assigned to the multiples method, 15% weight was assigned to the free cash flows to the equity (FCFE), 25% weight was assigned to the residual income model (RIM) and a 10% weight to the Gordon & Shapiro analysis. Our target price represents a return of 36.82% compared to the closing share price of September 30th, 2021.

This ponderation was applicated based in the logic that the income approach (FFCD, FCFE and Rim) incorporate the GLA growth rate, so they are the more precise, meanwhile, the market approach (multiples and Gordon & Shapiro) does not consider the different growth rates between the comparable companies, making the share price to be bias.

Investment Thesis:

Parque Arauco, from now on PA, is the company in the Real Estate Industry with the greatest diversification of its GLA in the Andean region. This year the company has new projects under development, which will start operating between 2021 and 2024. The EBITDA has a CAGR rate of approximately 4.31% for the projected years 2022-2026 of the valuation. On the other hand, the company's FFO Yield corresponds to 12.96%, while the cap rate is 6.52% and the median of the comparable companies is 4.878%. Those indicators make PA´s share attractive for the market.

As a hedge towards inflation risk investment in REITs has become increasingly attractive in the Andean region yielding a higher return than the 5-year BCPs rate. There are three key points keys that incentives our investment recommendation:

1.DEVELOPEMENT OF NEW PROJECTS AND LONG-TERM OVERVIEW:

PA currently has in the pipeline the incorporation of 133,505 new square meters of GLA. Among the largest projects are Parque Alegra with 50,000 meters and the expansion of Parque Arauco Kennedy, which total about 21,000 square meters.

PA's long-term views are reflected not only in current project management, but also in the planning and structuring the future projects which is based on PA available bank of land: present in Chile, Colombia and Peru, and which totals a value close to 1,295,300 square meters. Historically, anchor stores occupied a 60% of the immediate available GLA, this marks an important precedent for the new projects of PA where it is expected for the immediate leasing percentage maintains during the first years of developing of the projects. The current Parauco Kennedy expansion delivers a higher proportion of leases to the anchor store Falabella.

2.UNDERVALUED STOCK:

PA´s share is currently at its historical minimum since its opening on the stock market (1995). The lowest value during the last 52 trading weeks was CLP$630 and the highest value was CLP$1,430.

Given the distribution of a significant percentage of income to the fixed component (80%), and the average number of years of the lease contracts (approximately 6.4 years), it is possible to establish a comparison between the yield of a free risk bond and the company growth projections. We calculated the cap rate of PA, which was compared with a 5-year BCP of 5.78%. The results show a spread of 74 bp in favor of PA, contrary to what comparable companies show. In Chile, PA is the company with the highest cap industry rate, followed by Cencoshop with a cap rate of 5.8% and then by Mall Plaza with 3.62%.

Another ratio that is related to the certainty of the company's flows and the ability to generate future flows through operational management is P/FFO Forward (Price / Funds from Operations Forward). According to the comparable companies, PA has a P/FFO ratio of 12.96% that is just below the 13.44% median. This reinforces our idea that the stock is undervalued.

E-COMMERCE, A REAL STATE OPORTUNITY: The arrival of Covid-19 is considered one of the fundamental reasons for strengthening online sales. The actual market trend shows that customers will increasingly migrate to digital channels reducing visits to physical locations. However, for this to happen, it is important to have a solid foundation in terms of storage and operation management. It is in this area, of warehousing and logistics, that PA presents the greatest business and growth opportunities given that it also has an important land bank. Companies will need distribution centers that allow them to supply the demand for products generated by internet sales, which only during 2020 rose 66% in Latin America. The company presents an important competitive advantage in relation to its competitors in real estate matters.

RECENT NEWS: September 2021. PA assumed the administration of Fabricato in Colombia adding 54,000 square meters of leasing area, totaling a growth of GLA available in Colombia of 66%. This generates positive expectations regarding the company and the share price.
Contrarely, the political situation in Peru, Colombia and Chile have had a negative influence on the share price. The upcoming elections on November 21, the possible approval of the fourth withdrawal and inflationary pressures have generated political uncertainty in the local market. However, we consider that PA, given that most of its lease contracts are indexed in UF, generates an opportunity to hedge against rising inflation.

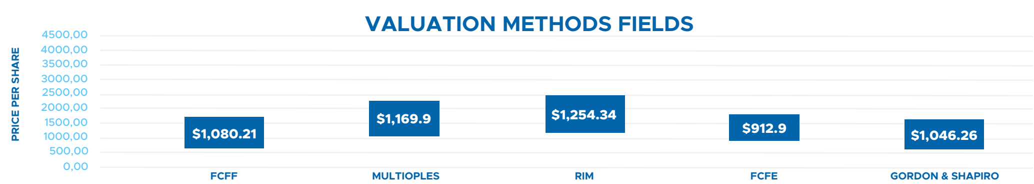


FIGURE:1

FIGURE:2

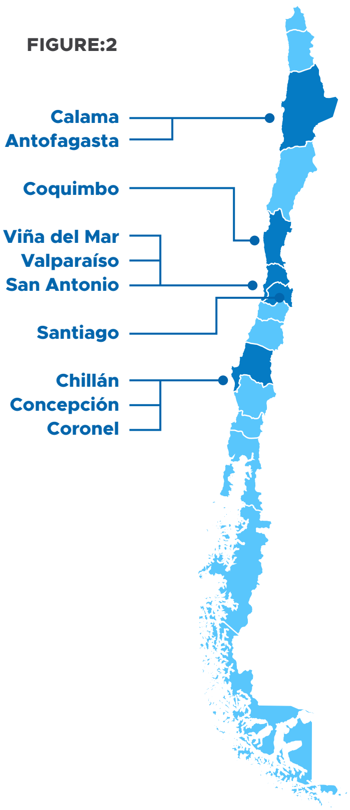
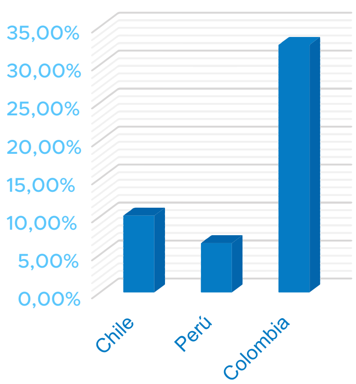


FIGURE:2

Two year CAGR by Country



BUSINESS DESCRIPTION

PA is a real estate investment company dedicated to the development and operation of mixed-used properties in the Andes region. In 1979 José Said, Orlando Sáenz and José Domingo Eluchans created the first shopping center in Chile, and at the same time introduced PA Kennedy, the first shopping center with department stores in 1982. This asset inspired the expansion to Argentina in 1994 (acquired by SAMAP in 1997), Peru in 2006 and then to Colombia in 2010. Nowadays, Parauco controls over 55 real estate assets in those three countries like: shopping centers (42%), outlets (11%), strip centers (33%), offices, medical centers, and hotels (14%). Total 1,068,500 of total Gross Leasable Area and owning over 87.3% of that area available for lease. Revenue growth achieved in Chile since the start of their activities helped with the consumption of retail and seeing the space for innovation in this new industry both nationally and internationally. PA started to pursue this new business to make a complete experience out of shopping contributing to cultural life and interaction. Nowadays, mixed goods and services can be found in the malls which gives a full view of all that is on the market.

PA operated as a private company until its IPO in year 1995, being part of the S&P IPSA (30 most liquid companies on Santiago Exchange) and S&P IGPA (measures the performance of Chile-based stocks). PA's competitive advantage is the knowledge of the industry of their team given the years of advantage they have been making a strong business model with the knowledge, professionalism and experience.

STRATEGY

PA's main strategy is to expand in countries other than Chile and to adapt to the changes that technology has brought to the modern shopping, which is their main source of income. Chile is position as the latinoamerican country with the greatest amount of square meters

Chile is positioned as the Latin American country with the highest number of square meters of retail per thousand inhabitants (222 m2), ranking well above the 108 and 92 meters administered by Colombia and Peru. This partially justifies the inorganic growth coming from the Chileans business and the need for the company to expand outside the country.

INNOVATION – ONLINE SHOPING AND FORMATS | It has been a challenge for the company to find ways to maintain the consumer interest in visiting the shopping centers as their main place of shopping, so they have been working on a digital transformation process which has helped them develop new projects: personal shopper in Peru (2020); Arauco Pick-up, Arauco Tag and Arauco foodie (2020) in Chile; and, Ticketless parking, Delivery Gastronómico and Compra y Recoge (2020) in Colombia. Now, to maintain the visitors coming, they are developing new ways to develop their anchor stores like the new flagship store of Falabella in Parque Arauco, which will be the biggest of the chain in South America.

RISK RATING | PA risk rating is a key element over their business which has maintained itself a stable AA from ICR and Feller Rate. PA has bought and prepared high-quality assets with dynamic spaces in diverse geographic properties. The Company currently has a portfolio with different formats and strategic areas on high urban growing potential in Chile, Colombia and Peru. They have maintained a robust liquidity position, even through 2020, and the costs of sales and expenses without including costs associated with bad debt was reduced. This has helped them issue two bonds in the Chilean capital market that sum up to UF7 million, to finance, refinance and reschedule its financial obligation to face their operational challenges.

BUSINESS LINE ANALYSIS

The new challenges that PA has faced, resulted in the discovering of new ways in the industry of real estate investment. Nowadays, their main source of revenues comes from shopping centers but given the decrease of the revenue's growth, PA has been trying new ways to diversify (Appendix 1). PA operates indifferent formats such as: Shopping centers, neighborhood shopping centers, outlets and strip-centers.

SHOPPING CENTERS | Are assets count with a large variety of tenants that vary from industry and incomes, having major anchor shops and common spaces whose objective it is to enlarge the time spent on the shopping centers. PA has 18 shopping malls across the Andean region, 8 of them are located in Chile, 7 in Peru and 3 in Colombia: having a 44.4%, 38.9% and 16.7% of participation over the revenues of PA. The total growth of GLA over the years has been decreasing but in terms of revenue over all other formats it maintains an 81% of representation (Appendix 4). This type of asset presents a challenge for PA nowadays due the rising popularity of e-commerce, adding to this, the geographical diversification has distributed the participation more proportionally over the years: in Chile on 2014 it represented a ≈62.6% of GLA, now for 2020 it is a ≈49.4% transferring relevance for Peru with a ≈33.4% and Colombia ≈17.2% (Appendix 3).

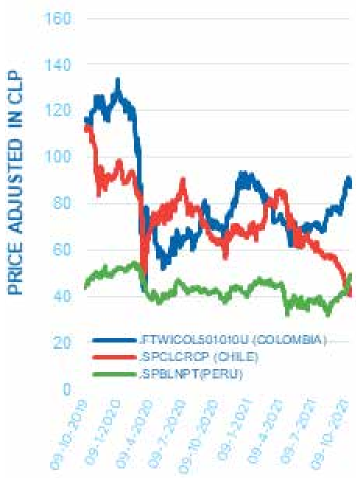
NEIGHBORHOOD SHOPPING CENTERS | | Are shopping centers with less GLA and whose main objective is to bring on residential areas, common shopping stores where you can find gyms, supermarkets, decoration stores and other convenient stores. PA owns 9 neighborhood shopping centers, 1 in Chile and 8 in Peru, the concept is newly applied in Chile being 2018 the first and they only have won a 9.1% of participation over revenues of neighborhood shopping centers of PA with this store, in two years. This line of business in comparison with all business lines of PA has gained ≈20% growth of GLA year by year, having their main growth on Peru (Appendix 3).

STRIP-CENTER | Are smaller groups of stores that are mainly focused on basic services such as pharmacies, food chains, convenience stores, and banks. They are usually closed to residential areas and their size is smaller. It requires less investment, and the profits are higher. The main problem is the easy entrance for new competitors and the war price that may happened. Currently in Chile PA owns 2 and in Peru 1 strip-center, making the less representative over the total revenues with a 6.41% for 2020 but it is the one with the biggest growth of GLA with an average of ≈24% by year, with Chile having a total of 60% over the revenues from the strip-center line of business and Peru a 40%, almost like the GLA where Chile has 64.4% and Peru 35.6% over the strip-center (Appendix 3).

OUTLETS | Are shopping malls with a medium variety of stores whose differentiation comes from the prices that are offered and the location of this shopping centers. Their focus is to capture clients that are looking for lower prices or discounts based on the remoteness of the stores. PA has 2 outlets, 1 in Chile and 1 in Colombia with 203.000 m2 of GLA in Chile and 52.000 m2 of GLA in Colombia, the first one has perceived an average annual growth of ≈ 12.83% and in Colombia their GLA increased 300% from 2017 to 2018 to then decrease (Appendix 3).

FIGURE:4

CONSTRUCTION EVOLUTION COUNTRY INDEX.



KEY METRICS

TOTAL GLA (M2) | GROSS LEASABLE AREA. Given their business, GLA is one of the fundamental drivers to monitor. Their financial results are aligned with the GLA levels getting an average of 60% GLA open in 2019, and with that a 66% in sales of tenants and 61% in revenue for PA.

OCCUPANCY COST | | Minimum rent plus variable rent, plus common expenses, plus a promotion fund that the tenants pay PA divided by the sales of the tenant that were open to public for at least one day during the period. It helps measuring the tenant's financial health by seeing how much tenants pay in rent in comparison to their sales. The different levels of occupancy cost by country are mainly due to differences in tenant mix, where Peru has the lower occupancy cost because of his higher proportion of anchor stores. The actual situation in comparison before pandemic we can see that Peru and Chile kept on increasing their occupancy levels quarter by quarter, but it is lower than 2Q19. This can be explained by the opening of essential services which have a lower occupancy cost. For Colombia there has been a decrease in occupancy cost because of an improvement in tenant sales levels.

NOI (MUS$) | | OPERATING INCOME. It shows how the real estate market assets are generating income, whether it comes from: rent, parking fees, servicing or maintenance fees. Due to pandemic, 2020's NOI for PA dropped 56.9%, this lower revenue can be explained by the cost saving efforts in cost sales and administration expenses.

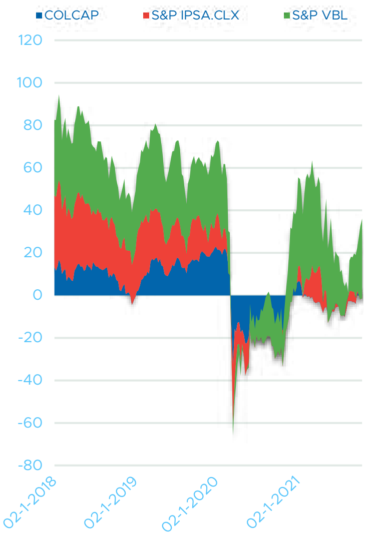
FFO (MUS$) | FUNDS FROM OPERATIONS. This ratio helps assessing the risk of PA showing the amount of cash flow generated in the business operations which is key given that they primarily operate on income-generating real estate transactions. Due to higher financial expenses because of the new debt taken on the second quarter, and debt prepayments in Peru and Colombia on 4Q20, EBITDA decreased to a lesser extent.

SSS (MUS$) | SAME STORE SALES, Percentage change in sales from tenants that reported revenue via selling to the public or via delivery at least one day during the period in both dates compared. This indicator shows us how is their revenue advancing and how every type of shop is doing. It can help locate the more profitable location inside the shopping centers and see how the anchor shops are doing. Due to the pandemic Chile, Peru and Colombia had positive SSS growth of 133%, 109% and 397% respectively, with anchor stores as the main contributor compared to shops related to entertainment or food, which were the less benefited, as restrictions soften it will keep on increasing achieving a more stable growth rate.

SSR (MUS$) | SAME STORE RENT, Percentage change in rent collected from tenants that reported sales via selling to the public or via delivery at least one day during the period that paid rent in both periods compared. The relevance of this comes in the capability of payments that the tenants have. Like SSS for 2Q21 there has been an improvement because of the increase on the rents achieved with a 167% in Chile, 194% in Colombia and 198% in Peru, which can be explained by the higher GLA operating in comparison with 2Q20.

FIGURE:5

FALL IN BENCHMARK INDEX BY COUNTRY



INDUSTRY OVERVIEW & COMPETITIVE POSTIONING

INDUSTRY OVERVIEW

ECONOMIC GROWTH

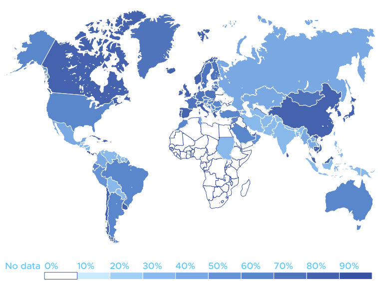
The economic scenario in the last two years has been marked with uncertainty of the markets and economies of the world because of the Covid-19 pandemic, an uncertainty of interest rates. The Real-State industry dedicated to the rental of commercial spaces affected by the considerable drops in sales in the retail industry worldwide, mainly explained by the closure of physical stores and quarantines. The current scenario is one of growth, and it is expected that the return of the industry in the real state will return to its pre-pandemic levels reached in 2019, while this year the effects of the pandemic will still be incorporated into the results of the industry with a gradual rebound in the next one.

According to the latest monetary policy reports of the countries in which PA operates, the growth of the economy for the Chilean market is close to 11% by 2022, while in Colombia it is expected to be 8% and in Peru it is 10%, with which the future situation is positive and growing for the industry in the Andean region.

Regarding future expectations of growth, PA sees in Peru and Colombia as the protagonist of their future principal sources of growth, this is because of the level of competence and the number of properties which opposes to the Chilean market whom it's considered to have a lower level compared to future expectative of concentration in the real estate industry. According to our estimations, the growth of the Peruvian, Colombian and Chilean market will be of 12.06%, 11.19% and 10.59%, respectively.

FIGURE:6

EVOLUCIÓN DE LA PANDEMIA 30 DE SEPTIEMBRE 2021



COVID-19 AND REAL ESTATE

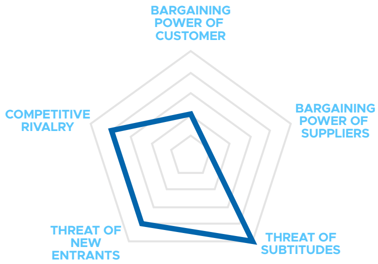
The recent Covid -19 pandemic has imposed important challenges for the real estate industry. The foregoing based on the "required" strengthening of online commerce, the increase in mobilization restrictions, and the decreases in the capacity of the stores, being Chile the most affected by the health ministry mandates. This has had a direct impact on the amount of GLA available for lease. Despite the above, Parauco has make efforts to face this problem, increasing hygiene requirements for its tenants, promoting the use of deliveries system (mentioned in strategy) and expanding its real estate business structure outside of retail.

CHILEAN, PERUVIAN AND COLOMBIAN MARKET UNCERTAINTY

The elections this 21th of November in Chile, the fourth pension withdrawal discussion on the congress, the possibility of a new wave of contagion and the inflationary pressures in the country have taken the politic and economic agenda. The performance of stock markets has been affected, with a negative performance -18.26% since March 2021.

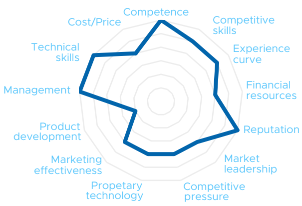
CAP RATE	939	984
(Revenue)	868	1.371
(EBIT)	7.689	1.921
(GLA)	942	1.035
(EBITDA FDW)	562	538,5

5 FORCES OF PORTER

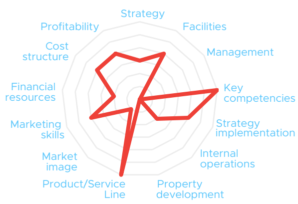


DISCOMPOSED SWOT ANALYSIS

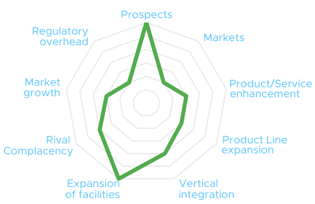
STRENGHT RATING



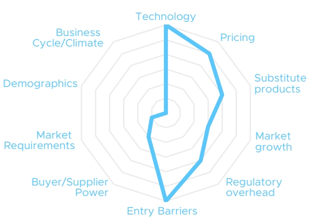
WEAKNESS RATING



OPPORTUNIY RATING



THREAT RATING



In Perú, the arrival of Pedro Castillo to the power and the controversies generated by the presidential cabinet have caused diverse opinions in the financial market, that questions the capability of leadership and maintenance of a proper climate for the development of real estate. The Peruvian president has done a call to rest during this last weeks, giving signs of reciliation and effort to better the communication with the investors. It is important to maintain an attentive and critical look respecting the new developments.

In Colombia, a social outburst occurred at the start of the year because of the budgetary changes realized by Iván Duque, together with immigration troubles being increase by the last period of the pandemic, has awaken various questionings to the president abilities. This has affected Colombia's CDS where, since March 2021, the credits by default have increased in approximately 41 base points.

COMPETITIVE POSITIONING

As seen in appendix 2, PA competes in the real estate investment industry and participates in different formats which allows them to have a wide range of clients from different industries such as retailing, food, pharmacy, hypermarkets and entertainment. This has allowed them to diversify their risk, especially in 2020 thanks mostly to basic services. PA major objective is to make more people attend and consume, through well located assets and a good use of their spaces, they have made, yearly, a better shopping experience.

The pandemic has forced new ways of shopping for the consumer, making enterprises run to adapt to the new needs of the market. These new trends were noticed by PA which responded by creating and facilitating spaces to help the online business to arise. It seems that new generations appreciate couch shopping and find it less time consuming.

Because of their assets strategic location, and the variety of good and services they offer, their customer are price acceptor, they always have their stores at use or in construction creating business alliances to expand and help them refinance their debts. Nonetheless, giving the new scenario that the global pandemic has brought in the consumption of good and services, it is key for PA to find new ways to keep visitors on their shopping centers or they could start having problems negotiating future contracts if they cannot transfer the value of visiting their shopping centers.

Recently shopping centers are getting to a mature revenue stage whereas smaller commercial buildings are growing in sales Given this situation, PA is getting ahead building more strip centers, even though, the construction of those assets is less expensive, which makes easier the entrance for new competitors, given the amount of resources that is been moved for the construction of past projects. PA counts with the trust of their suppliers, forming strategic alliances that will help them in future projects.

DIVERSIFICATION

Although physical sales still play a key role, online sales are becoming more and more important in the industry. There is a risk of shopping center sales falling because of e-commerce, which is why we have diversified into different formats, including outlets and new, non-retail projects, although still representing a small portion of our portfolio. It is important to consider that PA clients are commercial shops that lease and not the shopping malls visitors, this gives more certainty over the future revenues.

GEOGRAPHIC | PA has 31 assets in Chile, 20 in Peru and 4 in Colombia. Nowadays the Chilean market in this industry it is reaching a maturity stage and as consequence the Company is considering its expansion to other markets with the Colombian market being one target since its higher CAGR over 305 for the last 2 years (Appendix 1).

FORMAT | Innovation in formats started because of the deceleration of the shopping centers in Chile due to the pandemic and most of the new assets have found more space to grow. Almost as is local shopping is getting more popular and shopping centers are new spaces for costumers to recreate of different life experiences, favoring e-commerce. PA is developing for Falabella a flagship store which focus is to exhibit the products having different spaces for visitors to interact with (Appendix 3).

INVESTMENT SUMMARY

We issued a BUY recommendation for PA is based on our target price ("TP") of CLP$1,108.7 for the 30th of September, which represents an upside of 36.82% in the market (CLP$810.33). This TP was obtained by the weighted average of 35% value assigned to the income approach free cash flow to the firm (FCFF) (CLP$1,080.21), 15% weight was assigned to the market approach (CLP$1,169.9). 25% was assigned to the RIM approach (CLP$ 1,254.3), 15% was assigned to the equity approach free cash flow to the equity (FCFE) (CLP$912,9) and Gordon & Shapiro con un ponderation de 10% (CLP$1,046.26).

FUTURE PROJECTS

The addition of Arauco Kennedy Expansion phase I and II has positively considered in our analysis, because it adds 21.000 square meters of available GLA, that will be dedicated mostly to the anchor store Falabella. This translated into a significant increase in the level of revenues since PA has fixed revenue politic that consists of at least an 80% of the leased space. In addition, the bigger penetration of the Colombian market with the addition of Parque Alegra and Parque Fabricato center which will translate into an increase of 104.000 square meters, generates positive expectations about the future of the company. Our analysis shows that for June of 2026 PA will count with 1.202.005 available square meters for lease which means a growth rate of 6.76% in the total amount of available GLA compared to 2021 (Appendix 4).

		CLP
INCOME MODEL	35%	1,080.21
MARKET MODEL	15%	1,161.9
GORDON & SHAPIRO	10%	1,046.26
RIM	25%	1,254.3
EQUITY APROACH	15%	912.9

BUY

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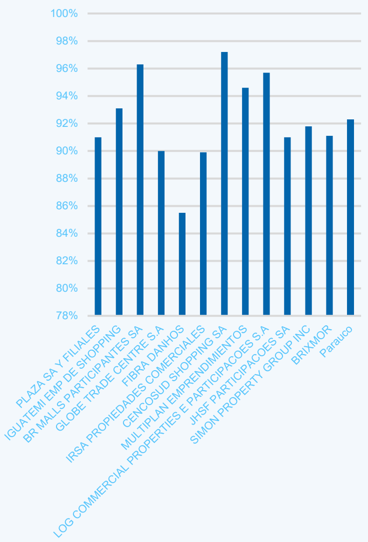


PARAUCO S.A.	
Risk-Free Rate USA	1.61%
Equility Risk Premium	4.72%
Cost of Equility	7.8%
Size Premium	1.58%
Country Risk Premium	1.38%
Relative Equity Volatility	1,1
Cost of Equity Capital	10.87%
Pre-Taxi Cost of Debit Capital	8.1%
Tax Rate	27.0%
After-Tax Cost of Debt	5.9%
Net Debt (MM CLP)	942,482
Market cap (MM CLP)	632,569
EV (MM CLP)	1,575,051
D/V	60%
E/V	40%
WACC	7,9%
Chilean inflation	3.0%
USA inflation	2.0%
WACC UF	5.73%
WACC CLP	**8.9%**

POLITICS

Chile | The presidential race, the possible fourth pension retirement of AFP (obligatory administrators of pension funds), the discussions for the new constitution and the inflationary pressures in the country have conformed an unstable political climate. This could decrease closer to 21st of November due to the proximity to the voting day.

Peru | The Peruvian presidential cabinet cause different opinions in the financial markets that questions the capability of a proper climate development for real estate.

Colombia | Due to budgetary changes Colombia started a social outburst, also incentivized with immigration troubles increase due to the pandemic, awakening various questionings to the president abilities. This has affected Colombia's CDS where, since March 2021, the credits by default have increased in approximately 41 base points.

COVID – 19

The countries in which PA operates are Chile, Peru and Colombia. Those countries have reached a complete vaccination scheme of 74.81%, 53.55% and, 55.98% respectively, giving a hint of possible decrease of the chances of partial closing of PA assets, starting the recovery of the pre-pandemic SSS for all tenants and their open GLA.

GLOBAL UNCERTAINTY

The VIX index global markets is postulated as a great tool to measure uncertainty, since Oct-20 this global index has decreased from 41.16 to 15.03 base points. This can be explained by the greater access to vaccination and the fewer fear of the Delta variant in the population.

VALUATION OF PARAUCO S.A

To estimate the target price for PA we used the income approach, a market approach, RIM, Equity approach and Gordon Shapiro models. ***The Income approach*** focus was to establish a growth by the incorporation of GLA and sectorial inflation, having a 50% of relevance over the price because of the precision level of key metrics projection up to 2026. For the ***Market Approach*** we focused on stablishing 13 comparable enterprises that operated in real estate investment, analyzing six ratios that helped us sensibilize the results, this approach has a 15% of relevance over our price per share. ***For the Residual Income Model (RIM)***, it was evaluated from 2021 to 2026, we added the present value of the residual income beyond 2026 with the start of year shareholders equity to obtain the market equity value. For the ***Equity Approach***, which shows the future revenues that the investor will have, due to its imprecision because of the discount rate (WACC) that includes the cost of debt, it has a 15% of relevance over the price per share.

Finally, we used ***Gordon & Shapiro,*** a model to which we gave 15% importance. To obtain it, we finalize the last dividend delivered by the company, and then make it grow until 2026 with the expected growth rate and brought to present value through the cost of equity

INCOME APPROACH | DCF Model 5 Year

We developed a Discounted Cash Flow to the Firm (DCF) model estimating the cash flows for the next 5 years (including the third quarter of 2021), together with a terminal value. We also used the mid-year discount convention to derive the present value of future cash flows on September 30th (Appendix 7).

WACC

To derive the WACC rate (Table XX) we calculated the Cost of Equity (Ke), Cost of Debt (Kd) after Tax and the Capital Structure.

Cost of Equity of 7.8%. We used the US free risk rate as the starting point; a leverage beta and the market risk premium, and we used a modified CAPM model. The first one was taken from a 10-year maturity (10th of October) treasury bond of 161 base points. The equity risk premium of 4.72% for US was obtained from Damodaran's web page. Lastly, for the 1.31 leverage equity beta we used 13 comparable companies. We obtained each unlevered beta by the Hamada formula using data such as D/E ratio of each company and the respective corporate tax of each country. We calculated a median of the different beta values and leverage, using the assumption that the median capital structure and the comparable companies constituted an optimal financing structure to re-leverage the Company Beta (Appendix 5).

We also considered idiosyncratic risks of the company and country risk to arrive at our Ke obtaining a final value of 10.10% nominal in US dollars. Those risks are the size premium factor that was obtained by the size of PA market-cap which corresponds to the mid-cap category (1.58%), country risk premium of Chile (1.38%) obtained from a Chilean CDS and relative equity volatility of 1.1.

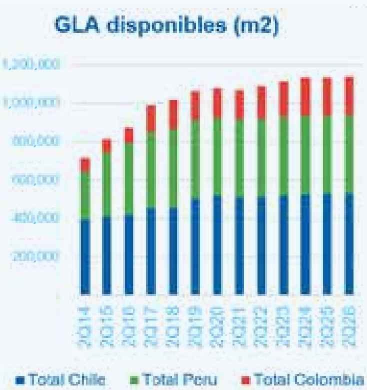
After cost of debt of 5.9%. PA in its latest corporate presentation refers to the decrease in the real cost of debt to 2.4%. To this rate is necessary to add a spread that represents the inflationary expectations for 2021 (5.7%) of the Central Bank of Chile.

The pasts results gave us a resulting WACC rate in USD of 7.6% and when used the Fischer parity to derive a WACC rate denominated in Chilean pesos using Chile's long-term inflation of 3% and add the projected US inflation of 2%. We derived a WACC rate denominated in CLP of 8.59% and 5.43% in UF.

SEASONALITY ANALYSIS (ANEXO)

This analysis was developed to identify the distribution of quarterly income from PA. This resulted in a 24.27% for the first quarter and 22.37% for the second quarter, being the lowest of them all. The third quarter represents 23.77% of revenues and the highest of all is the fourth one (29.59%), with this we completed 2021, our base year to calculate the revenue of the last 5 years, removing the outlier data from the year 2020 due to its bias because the effects of the pandemic (Appendix 6).

Share Price (CLP)	810.33
Target Price (CLP)	1,108.7
Upside	36.82%



REVENUE GROWTH

To obtain the total revenue of the firm, we separated these flows by country, making a precise estimation of the revenue growth for each country has different expected inflation rates and different company projects that are or will be developed on each of the territories. The growth rate used for each year was made up of three variables that were multiplied: a seasonality analysis (valid only for Q3 and Q4 of the fiscal year 2021), the average income that will be generated by the new m2 available for rent (GLA) that will be added to the company as a result of future projects (table 2) and the expected inflation for each one of the countries (table 1).

TERMINAL GROWTH RATE

Long-term growth rate of 3.11% for PA, We used a long-term growth rate of 3%. This rate was determined using the company's reinvestment rate and multiplying it by the return on capital (ROC). The first of these multiples was constructed by adding CAPEX, subtracting depreciation, and adding the change in working capital. Then, this result was divided by the NOPAT, yielding a final multiple of 59%. For the return on capital, we used the NOPAT, which was divided by the debt plus, yielding a ROC of 5%.

TERMINAL VALUE

The terminal value was calculated using the Gordon and Shapiro formula, considering the FCA obtained of taking the EBIT without taxes, then we subtracted the Depreciation & Amortization, and CAPEX and adding the change in working capital. The result of 2026 was the base to determine our terminal value: using a perpetual growth of 3.11% we calculated the FCA to 2027 and discounted it to a rate of put WACC (8.89%) minus the long-term growth rate (3.11%).

DEPRECIATION AND CAPEX

Since revenues from the leasing activity represents on average 90% of the total revenue, we know that there is a positive correlation between the revenue growth and the level of investment of the company in PPE (as seen in revenue growth). We took the growth rates obtained from the inflation of each country and the increase in the GLA.

According to our projections, the investment will peak between the years 2022 and 2023, that we called the “strong” years in terms of expansion and project execution, and therefore will decline slowly towards inflation rate weighted (weighted of each country, which is close to 3%).

Capital expenditures were calculated projecting the PPE with its growth rates and then determining the annual change. We also considered the reinvestment to account for annual for depreciation and amortization (Appendix 8).

INVESTMENT IN NET WORKING CAPITAL

Working capital was determined to be 1.54 times of annual revenues during the last 2 years. The above-mentioned ratio was obtained as the difference between current operating assets and current operating liabilities, excluding financial debt and considering cash (Appendix 9).

MARKET APPROACH

This model resulted in a target price of CLP$1,169.9 per share. To valuate PA through this approach we determined thirteen European (1), American (2) and Latin American (10) companies whose main source of revenues was buying or leasing shopping centers, which are comparable to ours, and at the same time are listed publicly. To calculate the six multiples: cap rate (FFO/Market Cap); EV/Revenues; EV/EBIT; EV/GLA and EV/EBITDA FWD (1Y), the net debt of each company for fiscal year 2020 was used for the peers. Finally, the median of each multiple was estimated and then multiplied by the corresponding PA parameters to obtain the company´s value (EV).

To determine the share price, PA´s net debt was subtracted and then we divided the estimated value of equity by the number of shares. We obtained five different stock prices corresponding to each one of the multiples, therefore we calculated an equally weighted average between the five types of multiples (Appendix 10).

RIM RESIDUAL INCOME MODEL

This model resulted in a share price of CLP$1,254.3 We projected the residual income for the next 5 years, adding the net income to common shareholders and subtracting the charge for equity capital. We then discounted it with the Ke of investors through the mid-discount year convention (having in mind, our valorization in September 2021). We then added the present value of the residual income beyond year 5 to the initial balance of equity. Finally, we divided the value by the total number of shares (Appendix 11).

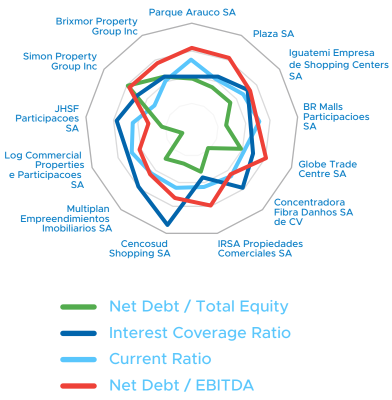
INCOME APPROACH – FREE CASH FLOW TO EQUITY

This model resulted in a price of CLP$ 1,080.21 per share. we calculated EBIT after tax (NOPAT), added non-financial expenses (depreciation and amortization), subtracted after-tax financial expenses, considered change in net debt, CAPEX and change in working capital. The terminal value was also calculated. We used the Ke adjusted by the Fischer parity to derive the present value of dividends and divided that value by the number of shares issued to get the stock price (Appendix 12).

GORDON & SHAPIRO

This model resulted in a price of CLP$1,046.26. To calculate the growth rate, is necessary to have the company's Payout Ratio and its ROE. The payout ratio was calculated as dividends/net profit. On the other hand, ROE corresponds to the ratio between profit/equity. Based on this, the CAGR for the years 2014 to 2019 was estimated as 7%. Next, PA´s total annual dividends of 2019 were divided by the outstanding shares giving a CLP $44 dividend per year. This value was projected for 2 periods according to the growth rate to obtain the year 2021 dividend of to CLP$51. Then, these data were considered according to Gordon and Shapiro´s discounted dividend formula, which yielded a price of CLP $1,076.01 as of December 30, 2021. Finally, we transformed the growth rate from annual to quarterly using the conversion formula and discounted this price for a quarter in order to obtain it to the third quarter of 2021, having a final price of CLP $ 1,046.26 per share (Appendix 13).

FINANCIAL ANALYSIS



REVENUE STRUCTURE

PA has three main sources of revenues: operating, financial, and other income by function.

Operating income comes from the billing of leases, basic services and others, which is distributed between fixed and variable. In figure number 19, we can see a projection of this account that depends on the level of income and sales of the different tenants. This projection is consistent with the analysis carried out by the Deloitte company which shows us the gradual recovery in the shape of the famous “Nike” symbol that PA's income will suffer after the Covid-19 crisis.

Financial income accounts correspond to the company's cash surplus, which is invested in terms deposits, fund managers and mutual funds. The effective rates of return generated by the different financial entities vary between 0.49% and 2.52%.

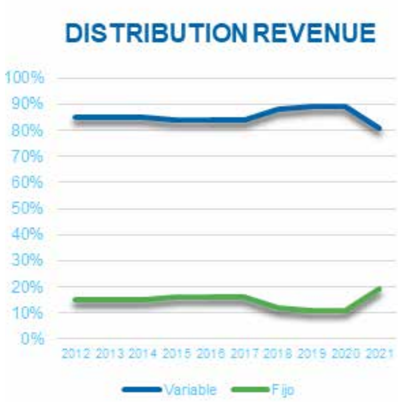
Income by function account corresponds mainly to cash inflows corresponding to the profit generated by the sale of some fixed asset.

COST STRUCTURE

It is important to mention that PA presents an operational and not operational cost structure. Operational cost structure can be break into 3 key points: Depreciation, amortization, remunerations, provision for bad debts.

Depreciation, amortization, and salaries are directly affected with the changes in the available GLA of PA (table 5). But the projection in terms of remunerations the global pandemic has been a source of incidence in the amount and quality of costs. PA has been forced to restructure and to increase their levels of efficiency with a lesser personal.

Provision for bad debts has increased by 10 times. If this issue is not handled by the company it could end up reflecting in a source of risk regarding covenants and payment capacity. It results relevant to improve the efficiency in the collectability of provisions disclosed by the company.

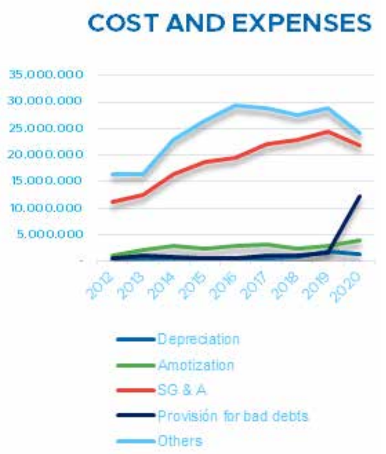


Non-operational costs, financial costs, which are derivate principally from interests accumulated for the contracted obligations on bonds; changes on inflationary rates that discount the asset value and losses associated with the conversion of the exchange rate.

The structure change of costs it’s explicated in the xx table in which we can observe the different variations that the cost structure has taken in the analyzed period and the importance of uncollectible provisions in the structure expenses.

PROFITABILITY

EBITDA margin has an historical average between 2014 and 2018 of approximately 70%. In 2019 there were no problems with this indicator, because it was above the historical average. Nevertheless, there was an account called “other income by function” which was greatly inflating the EBITDA result. The following year the impact of the pandemic on the company caused this ratio to drop to 52.12%. This happened even though the same account mentioned above inflated the company´s EBITDA. For the year 2021 we conclude that it was expected to reach an EBITDA margin of 63.66%. From 2022 to 2026, a higher growth of the ratio was estimated, reaching an EBITDA margin of 87.88% due to the new projects that are underway. The reason why this ratio dropped so much in 2020 was because the EBITDA fell substantially by a higher percentage than the revenue. With these year-over-year EBITDA growth, the CAGR (2021-2026) is estimated to be 6.64%. Regarding EBIT, the average for the years 2014 to 2018 is 73.77% based on income. In 2019, this ratio was 73.23%, which was also not affected due to the account of other income by function, though the following year (2020) it fell to 52.12%. However, given the growth that new projects will bring towards revenue, it is estimated that the company will post a 65.55% EBIT margin by 2021, which will increase to 73.97% until 2026. The table below shows that since 2014 the company has been growing its net profits in a stable way, between 12% and 24% approximately, however, in 2019 and 2020 this changed due to the pandemic. Despite the above, we forecast a stable future growth (Appendix 14).



LIQUIDITY AND SOLVENCY ANALYSIS

Real estate investment is characterized by the high level of debt for the realization of its projects, that is why we will analyze how PA is doing in comparison with the comparable, the same as market approach, analyzing liquidity and solvency.

LIQUIDITY

Interest coverage EBIT/Interest Expenses this shows the enterprise capacity to generate operating cash flows and it gives a full view on the debt negotiation that PA has, their interest coverage ratio is 1.01 being the second worst qualification, being passed by IRSA, who has 0.69 times the EBIT.

Current ratio Current assets/Current liabilities this shows if the enterprise has the capacity to meet his short-term obligations. PA has the best current ratio of our sample, where the current assets are close to 4.6 of current liabilities, they are followed by Iguatemi with a 2.33, showing great liquidity.

SOLVENCY

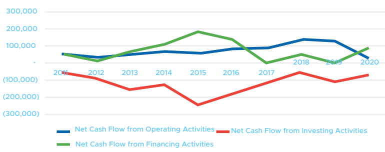
Cash flows were evaluated between 2011 and 2021, the growth of PA during this last 9 years of study have been organic, with positive operating flows, a negative investment flow and a positive financing flow (Appendix 21).

Operating cash flows. They have been positive during the analysis period reaching a peak on 2015 with CLP$186,519 million and ending the period with CLP$93,815 million.

Investment cash flows have been negative during all the period, this can be justified with the constant investment of long-term assets like land and PPE, that is a positive sign for the long-term of the company. The largest investment of PA was on 2015 with the buy of a CLP$244,961 fixed asset.

Financing cash flows have been positive during all this period given the issuance of new debt, the movement between the investment and financing curves, there is a mirror effect between both accounts, which indicates that most of the previous amounts of shares and of long-term loans are inverted in the enterprise.

LIQUITY FROM NET CASH FLOW LINES

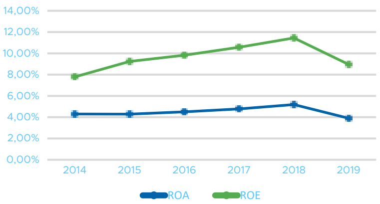


DUPONT ANALYSIS

When we analyze the return on equity (ROE) (Appendix 15), we can see that between 2014 and 2020 it has hovered between 7.79% and 11.45%. In 2019, there was a large drop in this parameter, since in the last quarter (the one with the best performances according to the seasonal analysis (Appendix 15), the so-called “social outbreak” occurred in Chile, which strongly affected companies and the labor sector of the country, experiencing sharp falls in its productivity. Therefore, this affected PA's efficiency, generating a large reduction in net income. In 2020 the net revenues suffered a drop of 8.57%, causing a 0.39% ROE that is strongly related to the lower sales due to the pandemic.

On the other hand, regarding the return on assets ratio (ROA), PA has maintained its levels over the years at around 4.29% and 5.2%. However, it can be seen in the table (Appendix 15) that in 2019 this ratio was reduced to 3.9%, and then, the following year (2020) it ended at only 0.16%. These changes in both years are due to the same two reasons: the social outbreak, and the pandemic.

ROA V/S ROE



DUPONT METHOD

The average net margin between the years 2014 and 2018 was 54.44%, however, due to the social outbreak in 2019 it fell to 50.89%. In the following period (2020), this ratio dropped drastically to 3.38%, this was caused by the sharp decline in net income, as it was not possible to generate a higher SSS.

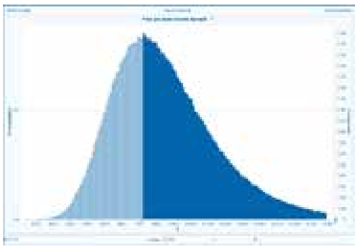
Regarding inventory rotation, between stable years it met an average of 8.51%, however, in 2019 it fell to 7.66%. For the following year, this ratio had a sharp change, falling to only 4.68% because of the drop in sales without a decrease in assets.

The capital multiplier in both years had a slight change, in 2019, it increased from 2,206 to 2,298, experimenting a growth of only 4.15%. In the following period it increased to 2,471, which represents a growth of 7.55% compared to the previous year. This low variation was because of changes that the company experimented in the crisis years (2019-2020) mainly affected the operating business (sales and profit), however, the company did not have much need to vary the assets, nor liabilities, therefore equity was also somewhat stable.

The capital multiplier will show how in debt is the company. As bigger the indicator, the bigger will be the difference between ROA and ROE, which shows more leverage. In this case, during the last two years PA hasn’t change much (4.15% and 7.55% increase compared to the previous year), demonstrating that there was no great change in its debt compared to its equity.

SENSITIVITY ANALYSIS

We performed 3 different sensitivities analysis. The first analysis considered a change in the WACC rate and the LTGR. We move WACC to 9.5% with the fixed terminal growth rate it results on a minimum price of CLP$891.93. When WACC decreases to 7% the stock price will be CLP$2,064.12. When terminal growth rate reaches 3.75%, the stock price was CLP$1,276.50, and when the LTGR was 2.25% the stock price was CLP$874.91. This shows how sensitive the share price is to the WACC; a 1% variation of the discount rate generates a greater change in the share price compared to the sensitivity to LTGR (Appendix 16).



For the second analysis, we analyzed the Kd rate movement leaving the Ke rate constant, and we obtain that with a rate of 7.25% we would arrive at a price of CLP 1218.15 With a rate of 8.75% the stock price would be CLP986.03. When altering Ke to 12% we would arrive to a price of CLP933.61 but if we decreased Ke to 9% the stock price is CLP1,379.90. As a consequence, the Ke was the more relevant parameter for PA, compared to Kd (Appendix 16).

Lastly, for the third analysis, given the uncertainty of the presidential results we analyzed the capital structure rate movement [51%-69%] leaving fixed the tax rate it results on a minimum price of CLP$938.49 and a maximum of CLP$1,251.49. If the capital structure (D/V) remains constant with a tax rate movement of 17% to 37%, the minimum value we obtained was CLP$ 936.81 while the maximum value was CLP$ 1,201.25 (Appendix 16).

ESTADÍSTICA	VALORES DE PREVISIÓN
Pruebas	1.000.000
Caso base	654,2
Media	717,8
Mediana	655,0
Modo	---
Desviación estándar	353,3
Varianza	124.808,7
Sesgo	1,81
Curtosis	13,66
Coeficiente de varación	0,4922
Mínimo	-177,6
Máximo	12.878,9
Error estándar medio	0,4

MONTE CARLO SIMULATION

We performed a Monte Carlo simulation to test for the robustness of the model, subjecting it to a million different scenarios (1,000,000 simulations) by modifying the most relevant variables of our model for which a normal distribution was assumed. These simulations were carried out for a confidence level of 95%. The results show that with a probability of 62.5% the share price will be equal to or above the current market price. In terms of the sensitivity analysis, we could notice that the new GLA added by new projects is a key element that determines the price of PA. The change in the share price is explained with a bu94% for the WACC and a 6% because of the terminal growth rate.

INVESTMENT RISKS

EXCHANGE RATE RISK: PARAUCO biggest exposure is the USD / CLP, USD / PEN and USD / COP exchange rates because of its currency assets and liabilities in the countries in which it operates, and the cash flows received from the subsidiaries in Peru and Colombia as dividends.
|
INFLATION RISK: The risk of inflation arises mainly from the sources of financing of the company. The main exposure is in bonds denominated in UF with fixed interest rates. As of December 31, 2020, the Company has a total debt of CLP $855,572,440 M at rates linked to inflation. However, most of the company's income is also indexed for inflation, which creates a natural match. The company does not actively hedge against possible changes in expected cash flows due to fluctuations in inflation.

INTEREST RATE RISK: The main risk is financial debt, however, since December 2020, no new obligations with variable rates have been established, the financing structure is currently 100% hedged at a fixed rate.

CREDIT RISK: PA is exposed to accounts receivable risks established with clients that are managed by the Credit and Collection Committee.

BUSINESS RISK: There are risks that economic conditions do not fully accompany the market and harm the level of income from operations, lower the level of sales and therefore the results of the company.

TECHNOLOGICAL RISK: Regarding online sales, they are increasingly taking a more important role in the national economy, which significantly affects PA's business model.

PANDEMIC RISK: Due to the establishment of quarantines and possible new outbreaks, they could force the company to close its facilities for prolonged periods, reducing income and damaging the financial statements.

CLIMATE CHANGE RISK: The effects of global warming could increase the level of droughts, which will affect water and energy network, inflating prices of resources such as water and electricity for the residential areas and PA.

REGULATORY AND SOCIOPOLITICAL RISK: These could affect the company's financial results, as well as the value of its real estate assets.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

PA manages its investments in a socially responsible manner taking into consideration the environmental, social and corporate governance standards (ESG) that affect the short and long-term of the company. ESG is a discipline within finance that has been enjoying greater relevance in recent years.

ENVIRONMENTAL

Given the characteristics of the industry, it is necessary to have a long-term vision that is friendly to the environment, something that has been in mind of the executives of PA for a long time. The company's efforts to develop and grow sustainably are focused in two directions. The first of them is to generate a sustainable design and construction in their projects, as well as to focus them on the well-being of people and an efficient use of resources . The second approach is making operations sustainable, this is achieved by managing environmental indicators, generating continuous improvements in terms of energy and water use, and finally raising awareness among stakeholders through own initiatives. A certification have been obtained in environmental and energy management systems that was granted by the ISO 14001 certification for assets in Colombia and Chile due to the cause they include the implementation of rainwater capture systems, the use of 100% LED lighting, comprehensive waste management that includes a composting and material recycling system and a reduced carbon footprint. The most relevant measures that have been taken by the company in 2020 regarding environmental sustainability are:

ENERGY 71% of the energy used by Parauco in its facilities comes from renewable sources and Energy intensity (kWh/m^2) has decreased -32% in 2020. PA received a four-energy efficiency gold seal certification granted by the Chilean Ministry of Energy for Mall Arauco Maipu as well as Arauco Coronel, Arauco Estación and PA Kennedy, which received the bronze seal.

WATER 10,316 m^3 of water were recycled. The company has 2 rain capture systems to supply the operation of some of the assets it operates. Also, 3 shopping centers have a wastewater treatment system.

WASTE 1,879 tons of waste with social impact were valued and 28.6 tons of compost were processed. The processed organic waste was destined for orchards and agricultural projects with social organizations in some areas where the company operates.

SUSTAINABILITY INDICES The company participates in different indices that measures ESG performance. For the fifth consecutive year, PA is the only Chilean real estate company in the Emerging Markets Dow Jones Sustainability Index ("DJSI"), Dow Jones Sustainability Chile Index ("DJSI Chile") and Dow Jones Sustainability MILA Pacific Alliance Index ("DJSI MILA"). Also, for the second year they are part of the S&P Global Sustainability Yearbook 2021.

RECYCLING +70,137 toys have been recovered with the "Give your toys a second life" campaign. This was an initiative promoted by PA in collaboration with COANIQUEM. This initiative made it possible to finance the treatments of more than 2,000 children cared for by this NGO.

CARBON FOOTPRINT 63% reduction in emissions intensity compared to 2019, with a total emission intensity of 2.54 Kg CO2 e/m2. This corresponds to the greenhouse gases produced by the diesel consumed in emergency generators and to operate fire extinguisher systems.

SOCIAL

Although the activities that the company develops to move towards a future with more positive social impact are very diverse and varied. They could be classified into 3 fundamental pillars.

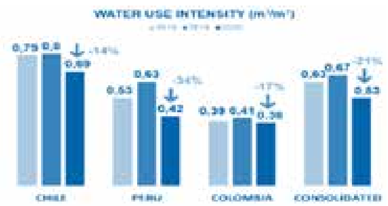
COMMUNITY OUTREACH Their objective is to establish good relationships and active communication with neighbors by creating spaces designed for interaction. Places that are connected to their surroundings and that work with the various social groups. 100% of the shopping centers has a team in charge of continuously reviewing the status of each property in terms of social impact, as well as keeping records, conducting analyzes and delivering progress reports. The focus on specific actions to help people and their well-being is key to great results. Therefore, 424 free activities executed with local organizations were held at different locations during 2020. At the same time, there where over +115 collaborations with different social organizations on social support programs in all the three countries.

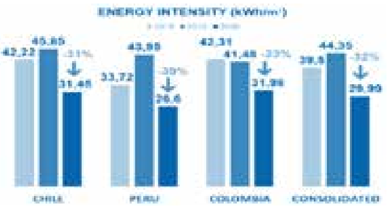
SOCIAL INCLUSION PA is optimizing social inclusion in each of its projects and activities, generating continuously a greater level of accessibility to people in its shopping centers. The location of the assets of the company is very important, since some of them are in areas where the level of commerce, services and entertainment is limited. In addition, all the shopping centers are in places that facilitate connectivity to public transport or to different alternatives such as bicycles or scooters.

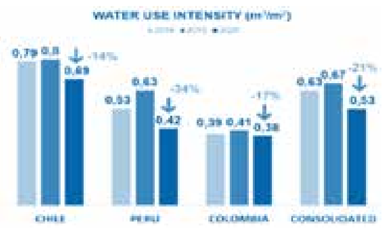
SUPPORT FOR LOCAL ENTREPENEURS There are several instances that PA gives to small businesses and entrepreneurs to offer them support, either through training or by giving them a space to generate sales in shopping centers to promote the different projects. On the other hand, PA has generated alliances with 21 different organizations of the public sector, NGOs, and universities throughout the three countries that promote entrepreneurship.

SUSTAINABLE DESIGN AND CONSTRUCTION	
Connectivity and low-emission transportation	
86% of the assets are located less than 150 meters from public transportation.	**95%** of the shopping centers are less than a 10-minute walk from public transportation.
1,326 bicycle parking spaces	**361,255** customers used our bicycle parking spaces at our properties in 2020.

SUSTAINABLE OPERATIONES	
Energy Efficiency	
71% of total energy consumed at the shopping center comes from renewable resources.	**65%** of the shopping center have LED lighting in common areas.
31% of total facilities in Chile have an Energy Efficiency Seal.	**23%** of total shopping centers in Chile have ISO 50001 Certification of the energy management system.







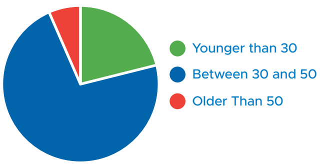
	Chile	Peru	Colombia
Men	88%	88%	90%
Woman	87%	80%	98%
Total	88%	84%	96%

86%
of the shooping centers are located less than 150 meters from public transportation system.

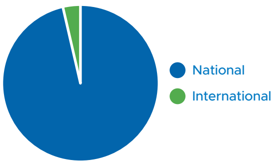
1,326
bicycle parking spaces wew used in 2020 by 361,225 people.

52
Civiv organizations were supported through our shopping centers in order to develop actions focused on social inclusion.

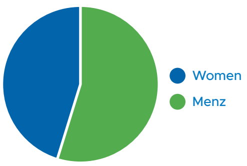
AGE (YEARS)



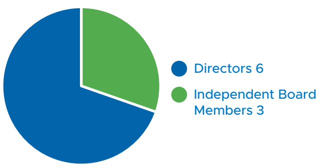
PLURALISM



GENDER



BOARD OF DIRECTORS



PA biggest responsibility is to know their employees, that is why in their integrated reports they give a lot of information about the characteristics of them, in which they detail:

GENDER AND NATIONALITY According to shown reports, also shown in the graph, 55% of employees are male and 45% are females, adding to this, the majority are from a national origin compared to the 3% of foreign.

SATISFACTION Through certain indicators that the company has installed, it has been possible to understand and study the satisfaction of the employees within the company. In all three countries, this index is quite high, which shows that the company is concerned about the working life of its workers. In the case of Chile, there is a satisfaction level of 88%, this being the second-best evaluated country after Colombia (Appendix 17).

AGE The largest number of employees are between 30 to 50 years old, adding a total of 372 people (71.82%). Then there are those under 30 years old, who contribute 112 (21.62%), and finally the over 50 years old are only 34 in total (6.56%).

ANTIQUITY The company has 50,58% employees who have been in business for less than 3 years, which indicates that they normally rotate very frequently.

CHARGE The company has many workers who have professional positions (399), the number of executives goes lower (98), and finally the administrative and auxiliary positions have 15 people, while the main managers are only 6. However, Chile is the only country that has employees dedicated to administrative and auxiliary work, because it is where the company has the greatest presence (Appendix 17).

GOVERNANCE

BOARD OF DIRECTORS has nine members, three of whom are independent (FigureXX). The members are individually elected by the Ordinary Shareholders Meeting for a period of three years, having the possibility of being re-elected indefinitely. The Said Somavía family, the Eluchans family and Orlando Sáenz jointly control 40% of the company's shares and secure 5 directors. In 2019, they selected José Said Saffie, Salvador Said Somavia, Rodrigo Muñoz (General Manager of the Family Office), Orlando Sáenz and José Domingo Eluchans. Today, Said Somavía, Muñoz, Sáenz and Eluchans have been re-elected. More recently, its fifth candidate was defined: Rafael Aldunate, a commercial engineer who served as independent director of PA itself. Aldunate is a commercial engineer and has served as general manager of the Electronic Exchange. The sixth candidate is Guillermo Said Yarur, who is not part of the control group, but is an ally of Said Somavía. The AFP´s nominate two other candidates, Ana Holuigue and Ana María Orellana. Jack Mosa, who owns 13.2% of the shares, has so far proposed only one candidate: Paul Fontaine (Appendix 19: Board of Directors). The board meets monthly to hold ordinary sessions, but it also holds extraordinary sessions when necessary. In 2020 there were 12 ordinary and 2 extraordinary sessions, both with 100% attendance.

THE DIRECTOR´S COMMITTEE is made up of three members which main function is to review balances and financial statements of the company, recommend the external auditors and risk classifying agencies to the board and analyze information related to the relevant operations, among other things relevant to the business.

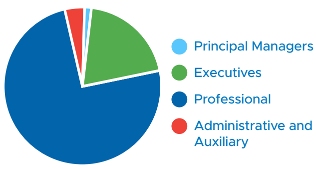
CORPORATE MANAGEMENT

The corporate management oversees functions across the company accompanies the management of the business units as described in the organization chart beside . The organizational chart and executives consist also of nine charges headed by Juan Antonio Álvarez as Executive Vice President (Appendix 19: Organizational Chart and Executives).

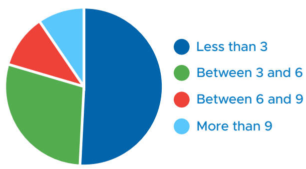
ETHICS AND COMMITMENTS

The company cares about following business ethics and commitments in accordance with the laws and regulations of each of the countries in which operates. The ethical culture is very strong, and it is expressed through the policies and procedures throughout the organization. The Code of Business Conduct, the Whistleblower Channel, the Crime Prevention Model and finally the Internal Control Management are the main elements that regulate the company's actions. The Code of Business Conduct defines the framework for the employees to interact with stakeholders, as well as the obligations that each worker, executive and director must fulfill (Appendix 19: Code of Business Conduct). The Whistleblower Channel called "EthicsPoint" is a channel opened to our stakeholders: customers, tenants, users, workers, suppliers, investors, shareholders, neighbors, and the community in general. Through it the company receives anonymous information on irregularities of many types. In 2020, there were 38 total complaints in EthicsPoint and 97% of the complaints received were resolved taking different actions such as termination of contracts with suppliers or blocking them, among others.

CHARGES



YEARS



ANEXOS

ANEXO:1

TOTAL	2014	2015	2016	2017	2018	2019	2020
Shopping	90,75%	88,67%	86,69%	86,65%	85,92%	84,56%	81,00%
Neighbour	3,29%	3,77%	4,15%	3,82%	4,08%	4,61%	4,68%
Stripcenter	3,00%	3,54%	4,40%	4,49%	4,80%	5,37%	6,41%
Outlet	2,96%	4,03%	4,76%	5,03%	5,20%	5,46%	7,90%
CHILE	**2.014**	**2.015**	**2.016**	**2.017**	**2.018**	**2.019**	**2.020**
Shopping	92,37%	90,25%	88,38%	87,03%	86,29%	84,71%	80,02%
Neighbour	0,00%	0,00%	0,00%	0,00%	0,32%	1,14%	1,40%
Stripcenter	3,16%	3,35%	3,97%	4,43%	4,84%	5,48%	7,10%
Outlet	4,47%	6,40%	7,65%	8,55%	8,55%	8,67%	11,47%
PERU	**2.014**	**2.015**	**2.016**	**2.017**	**2.018**	**2.019**	**2.020**
Shopping	64,01%	83,23%	79,03%	79,31%	78,37%	78,11%	75,13%
Neighbour	9,06%	12,15%	13,13%	13,28%	14,05%	14,22%	16,96%
Stripcenter	2,51%	4,62%	6,08%	6,56%	7,13%	7,67%	7,91%
COLOMBIA	**2.014**	**2.015**	**2.016**	**2.017**	**2.018**	**2.019**	**2.020**
Shopping	100,00%	100,00%	100,00%	100,00%	98,42%	97,72%	97,29%
Outlet	0,00%	0,00%	0,00%	0,00%	1,58%	2,28%	2,71%

ANEXO:2

SWOT ANALYSIS	
STRENGTHS (+)	**WEAKNESSES (-)**
Its strong commercial position, consolidated image and long experience in business management allows the company to maintain a **strong competitive position**, as well as a growing level of sales and influx of public, despite increased competition.	The level of **leverage** is above the industry average, which generates financial difficulties when requesting more credit. However, this is mitigated given the relevance of PA in the industry, in addition to the fact that by owning a large amount of assets, it can use them as collateral.
The company has a relatively **stable capacity to generate cash flows**, by establishing the collection of rents based mainly on a minimum guaranteed amount. (30 de junio 2021 81% ingreso fijo y 19% variable).	The **debt provisions** have multiplied 12x given the pandemic crisis. This is because your clients do not receive the level of income necessary to pay the rent.
The incursion into new countries allows a greater relative **diversification** of the income level by regional location.	Relative limited geograph presence in Colombia, where there is still margin to grow organically
PA is capable of generating high levels of **liquidity if necessary**, allowing them to be prepared for unforeseen events. The company refinanced the maturities and amortizations of 2020 and 2021, managing to increase the company's liquidity to levels of US $750m at the most critical moment of the Covid-19 pandemic.	There's limited ways to differentiate of the competition given the actual resources of the company.
Most of the debt that PA has is denominated in UF. The lease contracts are also in UF for Chile, and manually adjusted for Peru and Colombia. This gives the company **protection against inflation**.	The majority of the revenues and assets of PA comes from ans are shopping centers. Which is a clear weakness given that it's where thier revenues have been stalling over the years, which is the reason of why PA has been adquiring slowly new forms of assets.
PA has **assets strategically located** in key areas of the capital, especially the location of the commercial center in Kennedy (Parque Arauco mall and Open Kennedy). This gives the company important flows of customers for its tenants, turning the shopping centers into nerve centers of the capital.	
OPPORTUNITIES (+)	**THREATS (-)**
The shopping center industry has been very successful over time, and it still has **significant growth prospects**. In Chile it can continue to grow inorganically, while in Colombia and Peru there is still margin to grow organically.	The performance of the commerce and services that operate in the shopping centers is **sensitive to the levels of economic activity** and the decrease in people's available income. In adverse economic cycles, shopping centers can potentially be affected by higher unemployment rates, increases in default on contracts and lower rates agreed with tenants. However, this is largely mitigated by the existence of a guaranteed minimum rental charge.
All the company's operations are located in Latin America, however there are still countries to which it could **expand** in the future since this territory is considered an emerging market.	The **increased level of competition** because of the installation of new shopping centers can negatively affect the level of sales, the value of rents and the occupancy of the premises.
The appareance of new channels of distribution on shopping can be a great opportunity to differentiate of the competition	New trends in commerce and the explosive increase in **online sales** could lead to substantial declines in future revenue for physical stores.
	The company could be affected by various **financial risks** such as exchange rate, interest rate and credit risks.

PORTER´S FIVE FORCES ANALYSIS	
The Porter´S Five Forces is a framework for analyzing a company´s competitive environment.	
Scale: [1] Insignificant threat [2] Low level threat [3] Moderate level threat [4] Material threat [5] Significant threat.	
BARGAINING POWER OF CUSTOMERS [2] MEDIUM-LOW	Because of the strategic location of the shopping centers, stripcenters and outlets plus the proximity of goods and services; customers are price acceptor. If one decides to leave because of a price hike on the rent a new customer can be easily found to occupy its place. Nevertheless, PA tries to keep a good habitat with customers, helping them refinancing their debts and helping them with expansions or events.
BARGAINING POWER OF SUPPLIERS [1] LOW	Given the amount of money that is move for the construction of shopping malls and the trust that PA has built over the years with every project made, we can affirm that PA is a enterprise valued by their suppliers by the creation of estrategics alliances that have helped them gain a oligopolic model. Making a deal with PA is desire so the power of bargaining of supliers it's low.
THREAT OF SUBSTITUDES [5] HIGH	PA as a real state whom most profitable assets are shopping malls faces every challenge that a physical store would, they need to get people to visit their shopping centers and buy. The major threat, it's the explosive increase of online shopping and the new tendencies of the market. They're a direct opponent to new distributions channels, and eventhough they are adapting new ways to shop, it's a threat.
THREAT OF NEW ENTRANTS [4] MEDIUM-HIGH	Fisrt of all, as the market of shopping centers is reaching a stagnant revenue, PA has been working new assets more neighborhood business which has been increasing it's participation over the incomes. Nonetheless, this assets are less expensive which makes easier for others to entrance. Second of all, there's always the risks of innovative iniciatives and projects that can occur whether it's in Perú, Colombia or Chile.
COMPETITIVE RIVALRY [4] MEDIUM-HIGH	PA works with the use of space and the offered stores on their shpping center, strip-centers and outlets. It's not that easy to differentiate, nonetheless, the more you invest in architecture, location and uses of the space that's not commercial will result in more visitors and better perception of the shopping centers. But, this is a common perception that's on practice on shoping centers like Primavera Urbana in Colombia. In Chile there's a intense comptition between PA, Cencoshop and Plaza, that has made the industry stagnant.

ANEXO:3

	Format	Year incorporated	Total GLA (m^2)	Ownership (%)	Owned GLA (m^2)	Occupancy (%)
Parque Arboleda	Regional Shopping Center	2010	41,000	55.0%	22,550	95.5%
Parque Caracolí	Regional Shopping Center	2013	39,000	51.0%	19,890	86.4%
Parque La Colina	Regional Shopping Center	2016	61,500	51.0%	31,365	97.4%
Arauco Premium Outlet Bogotá (Sopó)	Outlet	2017	13,000	100.0%	13,000	59.6%
Total Colombia			154,500	56.2%	86,805	91.0%

	Format	Year incorporated	Total GLA (m^2)	Ownership (%)	Owned GLA (m^2)	Occupancy (%)
MegaPlaza Norte	Regional Shopping Center	2006	112,000	100.0%	112,000	87.7%
MegaPlaza Express Villa Chorrillos	Neighborhood Shopping Center	2009	8,000	100.0%	8,000	97.8%
Larcomar	Regional Shopping Center	2010	26,500	100.0%	26,500	80.7%
Parque Lambramani	Regional Shopping Center	2010	30,000	100.0%	30,000	62.5%
MegaPlaza Chimbote	Regional Shopping Center	2012	28,000	100.0%	28,000	96.0%
MegaPlaza Express Villa El Salvador	Neighborhood Shopping Center	2012	9,000	100.0%	9,000	93.3%
MegaPlaza Express Chincha	Neighborhood Shopping Center	2013	10,500	100.0%	10,500	96.8%
MegaPlaza Cañete	Neighborhood Shopping Center	2013	16,500	100.0%	16,500	97.6%
MegaPlaza Express Barranca	Neighborhood Shopping Center	2013	10,000	100.0%	10,000	87.0%
InOutlet (Premium Outlets) and Viamix (Strip Centers)[1]	Outlets / Strip Centers	2013	26,000	100.0%	26,000	87.5%
MegaPlaza Express Pisco	Neighborhood Shopping Center	2015	15,000	100.0%	15,000	93.6%
El Quinde Cajamarca	Regional Shopping Center	2015	33,000	100.0%	33,000	74.2%
El Quinde Ica	Regional Shopping Center	2015	36,500	100.0%	36,500	63.7%
MegaPlaza Express Jaén	Neighborhood Shopping Center	2016	14,500	100.0%	14,500	96.5%
MegaPlaza Huaral	Neighborhood Shopping Center	2017	14,500	100.0%	14,500	56.8%
MegaPlaza Villa El Salvador II	Neighborhood Shopping Center	2017	15,500	100.0%	15,500	95.8%
Total Peru			405,500	100.0%	405,500	86.6%

1. InOutlet and Viamix includes two premium outlets in Lima and three strip centers in Lima

	Format	Year incorporated	Total GLA (m²)	Ownership (%)	Owned GLA (m²)	Occupancy (%)
Parque Arauco Kennedy	Regional Shopping Center	1982	108,000	100.0%	108,000	98.9%
Arauco Maipú	Regional Shopping Center	1993	69,000	100.0%	69,000	98.2%
Arauco Chillán	Regional Shopping Center	2007	35,500	51.0%	18,105	94.3%
Arauco Estación	Regional Shopping Center	2008	67,500	83.0%	56,025	94.8%
Arauco San Antonio	Regional Shopping Center	2009	28,500	35.7%	10,175	94.7%
Arauco Express[1]	Strip Centers	2012	41,000	51.0%	20,910	90.1%
Arauco Premium[2]	Outlets	2012	51,000	100.0%	51,000	91.3%
Arauco Quilicura[3]	Regional Shopping Center	2013	31,000	51.0%	15,810	95.7%
Arauco Coronel	Regional Shopping Center	2017	30,000	51.0%	15,300	95.8%
Parque Angamos	Neighborhood Shopping Center	2018	10,500	55.0%	5,775	84.5%
Arauco El Bosque	Regional Shopping Center	2018	30,000	51.0%	15,300	97.4%
Puerto Nuevo Antofagasta	Strip Center	2019	8,500	100.0%	8,500	66.8%
Total Chile			508,500	76.8%	391,900	95.0%

1. Includes 17 strip centers located in Santiago (13), Viña del Mar (1), Calama (1), Coquimbo (1) and Antofagasta (1)
2. Includes four premium outlets located in Santiago, Concepción, Coquimbo and Curauma.
3. Arauco Quilicura is partially open due to the consequences of the Chilean contingency of October 2019 and due to covid protocols.

ANEXO:4

NEW PROJECTS GLA ADDED (m2)									NEW PROJECTS GLA ADDED (m2)
	3T21	4T21	2021	2022	2023	2024	2025	2026	GLA Nuevo (m2)
Reconversión Larcomar			3000						3000
PERU			**0**						**0**
Parque Alegra + Parque Fabricato			76000	26000					102000
COLOMBIA			**0**	**0**					**0**
Parque Arauco Kennedy Expansion (Phase I)			4400	6600					11000
Parque Arauco Kennedy Expansion (Phase II)				7000	2000	1000			10000
Arauco Express Santa Elena			15000	0					15000
Puerto Nuevo Antofagasta (Stage III)			3500	500					4000
			21686	**13353**	**1894**		**0**		**37880**
CHILE						**947**	**0**		

ANEXO:5

BETA OF PARAUCO | REVENUE FOCUS? (CLP - MILLIONS JUNIO 2021)									
	COMPARABLES	TICKER	Net debt (jun-2021)	Market Cap (Today)	D/E (jun-2021)	Country	TAX	Beta L (defect refinitv)	Beta u
1	PLAZA SA Y FILIALES	MALLPLAZA.SN	1,114,089	1,573,399	0.71	Chile	27%	1.29	**0.85**
2	IGUATEMI EMP DE SHOPPING	IGTA3.SA	306,650	874,490	0.35	Brasil	34%	1.13	**0.92**
3	ALIANSCE SONAE SHOPPING CENT	ALSO3.SA	153,252	925,589	0.17	Brasil	34%	1.20	**1.08**
4	BR MALLS PARTICIPACOES SA	BRML3.SA	396,605	1,072,260	0.37	Brasil	34%	1.19	**0.96**
5	GLOBE TRADE CENTRE S.A	GTCP.WA	1,125,718	739,729	1.52	Poland	19%	1.00	**0.45**
6	FIBRA DANHOS	DANHOS13.MX	204,827	1,535,585	0.13	México	30%	1.60	**1.47**
7	IRSA PROPIEDADES COMERCIALES	IRCP.BA	297,094	546,853	0.54	Argentina	25%	0.51	**0.36**
8	CENCOSUD SHOPPING SA	CENCOSHOPP.SN	608,310	1,505,051	0.40	Chile	27%	1.33	**1.03**
9	MULTIPLAN EMPREENDIMENTOS	MULT3.SA	334,106	1,662,942	0.20	Brasil	34%	1.11	**0.98**
10	LOG COMMERCIAL PROPERTIES E PARTICIPACOES S.A	LOGG3.SA	23,500	400,072	0.06	Brasil	34%	1.24	**1.19**
11	JHSF PARTICIPACOES SA	JHSF3.SA	101,465	801,361	0.17	Brasil	34%	1.74	**1.57**
12	SIMON PROPERTY GROUP INC	SPG	20,021,071	35,474,456	0.56	USA	28%	1.50	**1.07**
13	BRIXMOR	BRX	3,876,992	5,535,850	0.70	USA	21%	1.64	**1.06**

Average Beta of the industry	1.00
Median Beta of the industry	1.03
Median D/E of the industry	0.37
TAX of PARAUCO	27%
PARAUCO	
Leveraged beta of PARAUCO	**1.31**

ANEXO:6

Income for Quarter	Q1(30-03)	Q2(29-06)	Q3(29-09)	Q4(30-12)	Average	Porcentage quarterly revenues over anual income	Q1(30-03)	Q2(29-06)	Q3(29-09)	Q4(30-12)
	Income for Quarters						ESTADISTICS			
2010	$ 16.651	$ 16.433	$ 18.251	$ 21.820	$ 18.289	2010	0,9105	0,8985	0,9980	1,1931
2011	$ 19.708	$ 20.223	$ 21.039	$ 25.376	$ 21.586	2011	0,9130	0,9368	0,9746	1,1756
2012	$ 21.190	$ 22.563	$ 22.470	$ 27.174	$ 23.349	2012	0,9075	0,9663	0,9623	1,1638
2013	$ 23.953	$ 25.206	$ 26.136	$ 32.023	$ 26.830	2013	0,8928	0,9395	0,9742	1,1936
2014	$ 28.122	$ 29.779	$ 30.784	$ 37.201	$ 31.472	2014	0,8936	0,9462	0,9782	1,1820
2015	$ 33.474	$ 34.694	$ 35.668	$ 42.374	$ 36.553	2015	0,9158	0,9492	0,9758	1,1592
2016	$ 37.397	$ 38.127	$ 38.350	$ 46.260	$ 40.033	2016	0,9341	0,9524	0,9580	1,1555
2017	$ 42.988	$ 43.779	$ 43.878	$ 51.570	$ 45.554	2017	0,9437	0,9610	0,9632	1,1321
2018	$ 44.117	$ 44.349	$ 46.327	$ 54.626	$ 47.405	2018	0,9307	0,9355	0,9773	1,1565
2019	$ 48.546	$ 49.184	$ 49.983	$ 57.900	$ 51.403	2019	0,9444	0,9568	0,9724	1,1264
2020	$ 46.993	$ 12.631	$ 22.768	$ 43.460	$ 31.463	2020	1,4936	0,4015	0,7236	1,3813
						Average	0,971	0,895	0,951	1,184
						Quaterly average	24,27%	22,37%	23,77%	29,59%
						Seasonal growth rate for quarters		-7,83%	6,23%	24,50%

Revenues for 3T21		
Ing		%
48.546	-------->	24,27%
x	-------->	23,77%
x =	47.536,03	

Revenues for 4T21		
Ing		%
48.546	-------->	24,27%
x	-------->	29,59%
x =	59.180,46	

ANEXO:7

CASH FLOW, thousands of CLP	4T21	2022	2023	2024	2025	2026
EBIT*(1 TAX)	29.666.703	110.681.279	119.093.566	123.391.900	127.336.419	130.964.097
D&A	1.377.267	5.138.342	5.528.880	5.728.429	5.911.551	6.079.965
CAPEX	2.607.027	5.117.405	8.050.497	7.068.587	7.153.056	7.233.204
Financiamiento						
Variación del Capital de trabajo ( )		38.493.024	23.993.035	12.259.460	11.250.326	10.346.652
FCA perpetuidad						2.126.916.072
FCA Total	28.436.944	149.195.240	140.564.984	134.311.202	151.651.352	119.464.205
FINAL CASH FLOW TO FIRM (FCFF)	**28.436.944**	**149.195.240**	**140.564.984**	**134.311.202**	**151.651.352**	**2.246.380.277**
Tiempo (meses)	6	18	30	42	54	66
Tiempo en años	0,5	1,5	2,5	3,5	4,5	5,5
Mid year discounting	0,25	1,25	2,25	3,25	4,25	5,25
Factor de descuento	0,9789	0,8989	0,8254	0,7579	0,6959	0,6390
NPV	**27.837.011**	**134.107.593**	**116.020.377**	**101.795.383**	**105.540.915**	**1.435.544.196**

Enterprice Value	**1.920.845.475**	**

ANEXO:8

CAPEX Forecast (MM CLP)	2019	2020	1T21	2T21	3T21	4T21	2021	2022	2023	2024	2025	2026
PPE (sin good will)	40.682	27.088	26.524	26.371	26.688	27.994	27.994	31.881	34.305	35.543	36.679	37.724
GoodWil												
PPE	40.682	27.088	26.524	26.371	26.688	27.994	27.994	31.881	34.305	35.543	36.679	37.724
Variación PPE		13.594	564	153	317	1.306		3.888	2.423	1.238	1.136	1.045
Depreciación y amortización del ejercicio	4.759	5.260	1.146	(1.003)	(1.142)	(1.301)	(4.592)	(5.230)	(5.627)	(5.830)	(6.017)	(6.188)
CAPEX					**-1.459**	**-2.607**	**-4.592**	**-9.117**	**-8.050**	**-7.069**	**-7.153**	**-7.233**
					1.459	2.607	4.592	9.117	8.050	7.069	7.153	7.233

ANEXO:9

CAPITAL DE TRABAJO (ANNUAL)	2021	2022	2023	2024	2025	2026
Revenue	179.990.713	204.986.183	220.566.076	228.526.765	235.832.172	242.550.777
Revenue variation		24.995.470	15.579.893	7.960.688	7.305.407	6.718.605
Variación capital de trabajo		38.493.024	23.993.035	12.259.460	11.250.326	10.346.652

Working capital ponderer
1,54

ANEXO:10

MARKET FOCUS - COMPARABLES? PARAUCO (MM CLP DEC - 2020)

Valoración por Multiplos (Enfoque de Mercado)

F	COMPARABLES (MM CLP)	TICKER	NET DEBT	Market CAP	EV	EBITDA (Jun 2021)	EBIT (Jun 2021)	INGRESOS (Jun 2021)	GLA (m2)	EBITDA FWD	EV/EBIT	EV / EBITDA	EV / INGRESOS	EV / GLA	EV / EBITDA FWD	Cap rate
1	PLAZA SA Y FILIALES	MALLPLAZA.SN	1.266.877,04	1.450.296,38	**2.717.173**	98.485,86	95.840,36	217.093,80	1.814.000	197.867	**28,35**	**27,59**	**12,52**	**1,50**	**13,73**	**0,0362**
2	IGUATEMI EMPR DE SHOPPING	IGTA3.SA	295.172,68	848.237,05	**1.143.410**	55.986,92	52.364,62	105.380,44	470.000	71.641,49	**21,84**	**20,42**	**10,85**	**2,43**	**15,96**	**0,0305**
3	ALIANSCE SONAE SHOPPING CENT	ALSO3.SA	105.347,88	860.332,18	**965.680**	52.942,56	49.450,50	122.458,18	1.144.300,0	85.408,90	**19,53**	**18,24**	**7,89**	**0,84**	**11,31**	**0,0311**
4	BR MALLS PARTICIPANTES SA	BRML3.SA	153.251,78	1.032.188,03	**1.185.440**	87.684,08	82.148,88	145.828,10	832.100	107.238,76	**14,43**	**13,52**	**8,13**	**1,42**	**11,05**	**0,0421**
5	GLOBE TRADE CENTRE S.A	GTCP.WA	1.112.461,24	731.018,22	**1.843.479**	27.195,74	27.049,22	40.813,96	747.000	85.573,98	**68,15**	**67,79**	**45,17**	**2,47**	**16,89**	**0,0881**
6	FIBRA DANHOS	DANHOS13.MX	204.826,82	1.535.585,20	**1.740.412**	30.980,84	30.818,04	47.903,90	891.703	128.104,39	**56,47**	**56,18**	**36,33**	**1,95**	**13,59**	**0,0651**
7	IRSA PROPIEDADES COMERCIALES	IRCP.BA	297.093,72	565.793,07	**862.887**	38.811,52	33.308,88	107.863,14	450.000	100.625,79	**25,91**	**22,23**	**8,00**	**1,92**	**8,58**	**-0,0426**
8	CENCOSUD SHOPPING SA	CENCOSHOPP.SN	608.310,34	1.535.686,27	**2.143.997**	139.641,70	139.535,88	167.106,06	1.338.761	166.529,80	**15,37**	**15,35**	**12,83**	**1,60**	**12,87**	**0,0579**
9	MULTIPLAN EMPREND MENTOS	MULT3.SA	334.106,30	1.587.669,03	**1.921.775**	148.074,74	143.964,04	157.199,68	834.092	122.948,52	**13,35**	**12,98**	**12,23**	**2,30**	**15,63**	**0,0453**
10	LOG COMMERCIAL PROPERTIES E PARTICIPACOES S.A	LOGG3.SA	23.500,18	400.071,73	**423.572**	17.517,28	17.403,32	22.116,38	1.053.011	28.880,26	**24,34**	**24,18**	**19,15**	**0,40**	**14,67**	**0,0874**
11	JHSF PARTICIPACOES SA	JHSF3.SA	101.465,10	601.361,37	**702.826**	174.244,84	63.671,08	272.690,00	157.538	81.524,68	**11,04**	**4,03**	**2,58**	**4,46**	**8,62**	**0,0519**
12	SIMON PROPERTY GROUP INC	SPG	20.021.070,74	35.474.455,72	**55.495.526**	1.800.152,86	492.242,08	3.814.566,80	16.715.007	3.224.780,11	**112,74**	**30,83**	**14,55**	**3,32**	**17,21**	**0,0488**
13	BRIXMOR	BRX	3.876.992,46	5.535.849,91	**9.412.842**	571.444,28	88.188,76	887.357,68	6.396.586	592.631,21	**106,74**	**16,47**	**10,61**	**1,47**	**15,88**	**0,0630**

ANEXO:11

RIM	2Q2021	2022	2023	2024	2025	2026
EBIT *(1-TAX)- Financial expenses* (1-TAX)	39,015,665	145,560,617	156,623,894	162,276,776	167,464,343	172,235,222
- charge for equity capital	30,927,749	129,233,732	147,180,535	158,366,933	164,082,725	169,328,023
= residual income	**8,087,916**	**16,326,885**	**9,443,359**	**3,909,843**	**3,381,618**	**2,907,199**
						34,231,440
*discount factor for common equity	0.974535	0.8789984	0.7928272	0.7151036	0.6449996	0.5549734
= present value of residual incomes	7,881,960	14,351,306	7,486,952	2,795,943	2,181,142	1,613,436

RIM MODEL	
PV of residual income years (1 - 5)	36,310,739
+ Present value of residual income beyond year 5	12,140,464
+ Start of year shareholders equity	1,087,624,932

Estimated value of equity	1,136,075,695
Price per share	1254.34

APPENDIX:12

FLOW TO EQUITY, thousands of CLP	4T21	2022	2023	2024	2025	2026
EBIT*(1-TAX)	39,015,665	145,560,617	156,623,894	162,276,776	167,464,343	172,235,222
D&A	-1,377,267	-5,138,342	-5,528,880	-5,728,429	-5,911,551	-6,079,965
Financial expenses	-9,348,961	-31,995,350	-34,879,338	-37,530,328	-38,884,876	-40,127,924
Net debt	712,000,000	843,990,000	819,750,000	849,336,483	876,487,563	901,457,753
Var Net Debt		131,990,000	-24,240,000	29,586,483	27,151,080	24,970,190
CAPEX	-2,607,027	-5,117,405	-8,050,497	-7,068,587	-7,153,056	-7,233,204
(-)Variación del Capital de trabajo	-	38,493,024	23,993,035	12,259,460	11,250,326	10,346,652
FCA perpetuidad						1,587,995,858
FCA Total	28,436,944	75,093,181	95,229,904	111,146,829	116,087,636	120,607,407
FINAL CASH FLOW TO EQUITY (FCFE)	**28,436,944**	**75,093,181**	**95,229,904**	**111,146,829**	**116,087,636**	**1,708,603,265**
Tiempo (meses)	6	18	30	42	54	66
Tiempo en años	0.5	1.5	2.5	3.5	4.5	5.5
Mid year discounting	0.25	1.25	2.25	3.25	4.25	5.25
Factor de descuento	0.9724	0.8692	0.7770	0.6945	0.6208	0.5550
NPV	27,650,668	65,270,063	73,990,797	77,195,550	72,072,897	948,239,561

EQUITY	1,264,419,535
PRECIO DE LA ACCIÓN	$1,396.04

APPENDIX 13

GORDON Y SHAPIRO

	2014	2015	2016	2017	2018	2019
Growth	8%	6%	7%	7%	8%	5%
Equity	780127000	776353229	898944537	940769419	1078027740	1175256838
Dividend	2097000	24569973	29286544	31779351	34749046	40135314
Net profit	60792770	71750587	88314095	99467569	123389413	104642623
Payout	3%	34%	33%	32%	28%	38%