

Boulevard Las Palmas de Viña



The purpose of this document is to describe an urban, real estate, and commercial development project located in the city of Viña del Mar, Chile. Viña del Mar is located one hour away from the Metropolitan Region of Santiago de Chile, national capital of the country.

This area, known as the “Central Region of Chile” (CRCh), represents about 40% of the country’s economic activity, population and production, and has become the most important Bi-oceanic corridor of South America for its role with Asia Pacific (APEC) markets.

The structure of the document begins with a national and regional background (LATAM), in order to provide economic, political and territorial context to the investment, which is considered relevant to have a complete understanding of the investment strategy and the project.

After this background, general aspects related with territorial, demographic, economic and infrastructure characteristics of the Bi-oceanic corridor between Chile, Argentina and Brazil in which the project is located, are described. The document follows with normative, commercial and territorial aspects of the Metropolitan Area of Valparaíso (MAV), the specific area in which the project is located.

The last chapter develops a description of the project in urban and architectural terms, as well as the economic, financial and legal background of the investment and the company that owns the project.

A brief description of the business plan is included, in which it is stated the intention to invite a strategic investor partner in the execution and management of the project.

Presentation

The project referred to in this document, called Boulevard Las Palmas de Viña (BLPV), is owned by “Las Palmas de Viña SpA” (LPV), covers an area of 11.3 hectares and is part of a larger project called 7 Hermanas, the latter with a total area of 1,941.74 hectares of urban use.

LPV has a joint management agreement with the owners of the 7 Hermanas project regarding the total area of urban development above mentioned, so that, apart from the 11.3 hectares of its property, LPV has access to participate in all or part of that urban territory, if so he decides.

Property structure of LPV.

Las Palmas de Viña SpA is a joint stock company specially incorporated for this project, and whose property is distributed according to the following detail:

- Propuesta Inmobiliaria S.A.: 45%
- Inversiones Patricio Baeza Aspee E.I.R.L.: 25%
- Mr. José Antonio Andraca Dighero: 15%
- Mr. Marcelo Enrique Silva Pino: 15%

Boulevard Las Palmas de Viña project is located in the access to the 7 Hermanas urban project, and will constitute a centre of equipment and services aimed at meeting the urban needs of the entire residential growth area of the Metropolitan Area of Valparaíso, absorbing much of the urban development of that area in the coming decades.



¹ A joint stock company incorporated in accordance with the provisions of article 424 and following of the Chilean Commercial Code.

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Chile in the World

Demographics

Chile has a population of approximately 18 million people, while its capital, Santiago, has approximately 6.5 million inhabitants.

Countries by Population

Millions 2015



Southern Cone: formed by Argentina, Chile Paraguay and Uruguay.

United Nations (2015). Population Division - Annual Population of Urban Agglomerations with 300,000 Inhabitants or More in 2014 (thousands).

Countries by GDP per Capita

PPP International US Dollars. 2015

*2016



Development

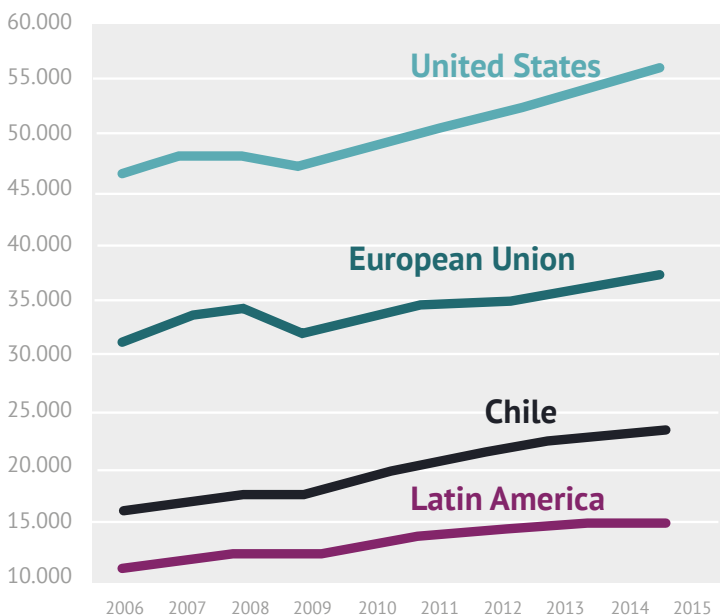
Chile is the only South American member of the OECD. With a per capita income of US\$ 23,650 and a Human Development Index of 0.83, it ranks 1st in terms of income (PPP) and 2nd in human development in South America, the latter behind Argentina.

Chileans' quality of life has improved significantly in the last decades and in several welfare dimensions is already close to the OECD average, mainly in jobs quality, income, balance between work - leisure and life expectancy, achieving important reductions in poverty levels and in the increase of general prosperity. The proportion of the population considered to be poor (US\$ 2.5 per day) fell from 7.7% in 2003 to a 2% in 2014,

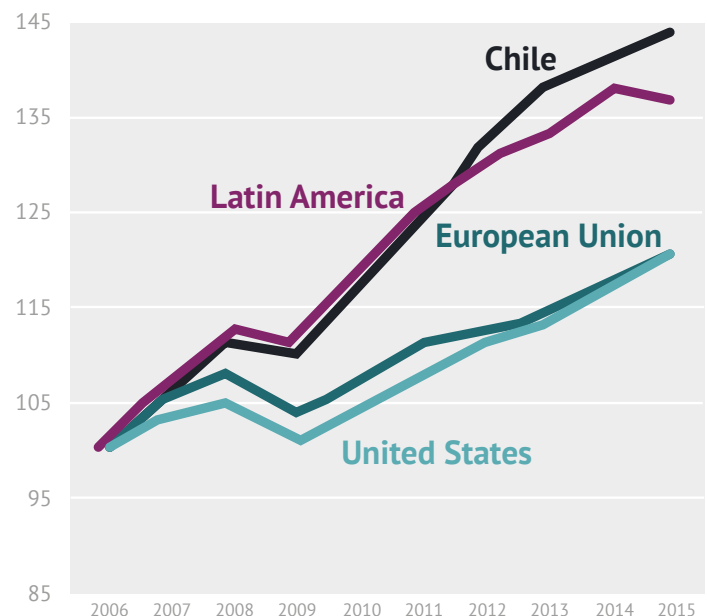
and moderate poverty (US\$ 4.0 per day) fell from 20.6% to a 6.8% during the same period of time. In addition, between 2003 and 2014, the average income of the poorest 40% of the population expanded by 4.9%, considerably higher than the average growth of the total population (3.3%).

The increase in per capita income and poverty reduction have been among the fastest in OECD countries thanks to important economic reforms, such as trade and investment liberalization, and sound macroeconomic policies that have made possible to control inflation and smooth economic cycles, reducing uncertainty and promoting capital investment.

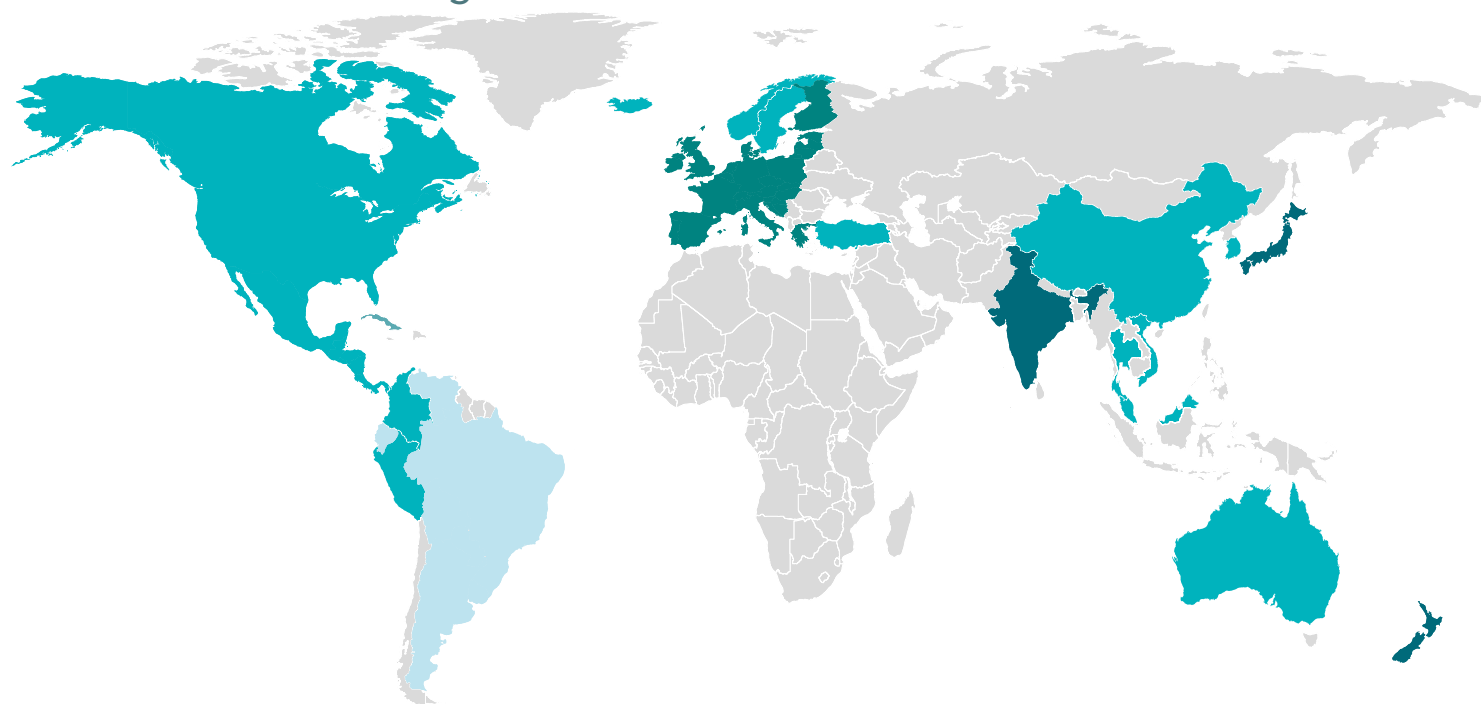
PPP (US Dollar Current)



PPP (Index Base=2006)



Free trade treated and agreements



- Free trade treated
- Economic cooperation agreement
- Economic complementation agreement
- Partial agreement

Chile has signed free trade agreements with 15 countries in North and Central America, Scandinavia and Asia²; Association Agreements with the European Union and Japan; a Partial Agreement with India; and Economic Supplementary Agreements with the most important South American countries. It has also signed the commercial protocol to be part of the Pacific Alliance³.

Chile's economic opening to the world has allowed the country to be the world's leading exporter of copper cathodes with 36% of the world market (w.m),

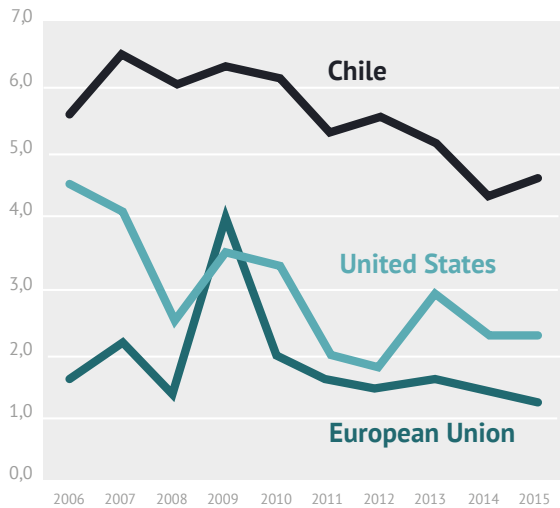
copper ores and concentrates (27.4% w.m), iodine (50% w.m), lithium carbonate (58.4% w.m), fresh grapes (21.7% w.m), frozen Pacific Salmon and trout (38% and 71% of the w.m respectively), blueberries (33.5% w.m), dehydrated apples (28% w.m), and to increase the export of goods and services to a 32% of its GDP.

The long and short-term interest rates in Chile are at 4.2% and 3.5%, respectively, being the lowest in South America. Chile's savings rate is among the highest in the world with 8.2% of GDP.

² China, Hong Kong, Vietnam, Malaysia, Thailand and South Korea.

³ The Pacific Alliance is an initiative of regional integration comprised by Chile, Colombia, Mexico and Peru.

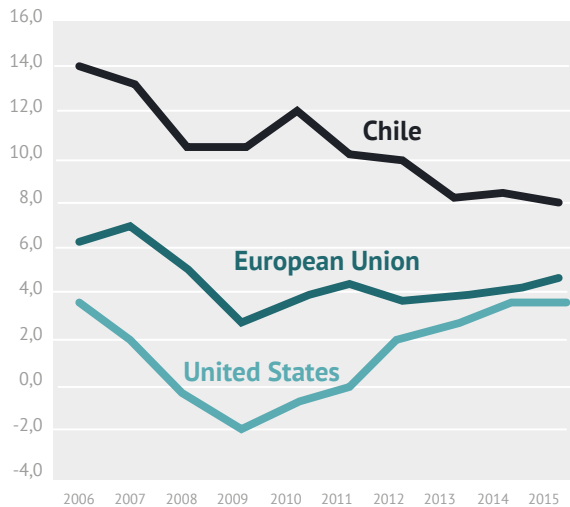
Long term interest rate



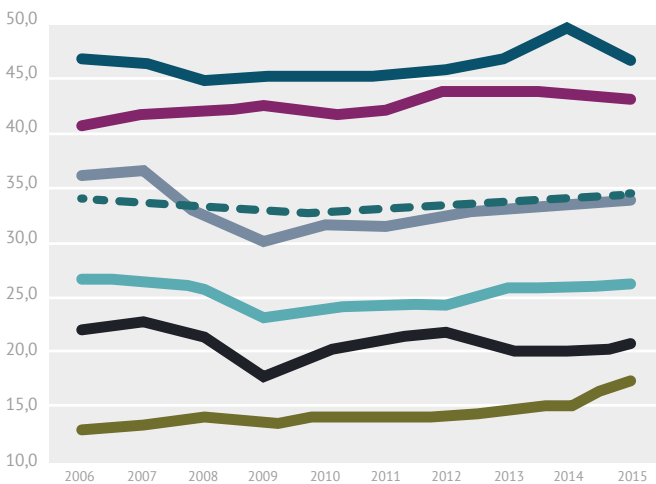
With a current tax burden of 20.7% as a percentage of GDP, Chile is, until now, the second country with the lowest tax burden of all OECD countries behind Mexico (17.4%). This situation will be modified in the coming years as a result of the tax reform approved at the end of 2015. It is estimated that in a period of 5 years, the tax burden will be equivalent to a 27% of Chile's GDP, similar to the current US rate and still one of the lowest in OECD countries⁴.

Responsible macroeconomic and fiscal management provides a sound basis for sustaining and increasing the country's rate of expansion over the medium term and for achieving more inclusive growth. To continue with its economic and social progress, Chile is pushing for transformations towards a more knowledge-based and innovation-driven economy, with more companies capable of entering global value chains.

Net saving, percentage of GDP



Tax Revenue (%GDP)



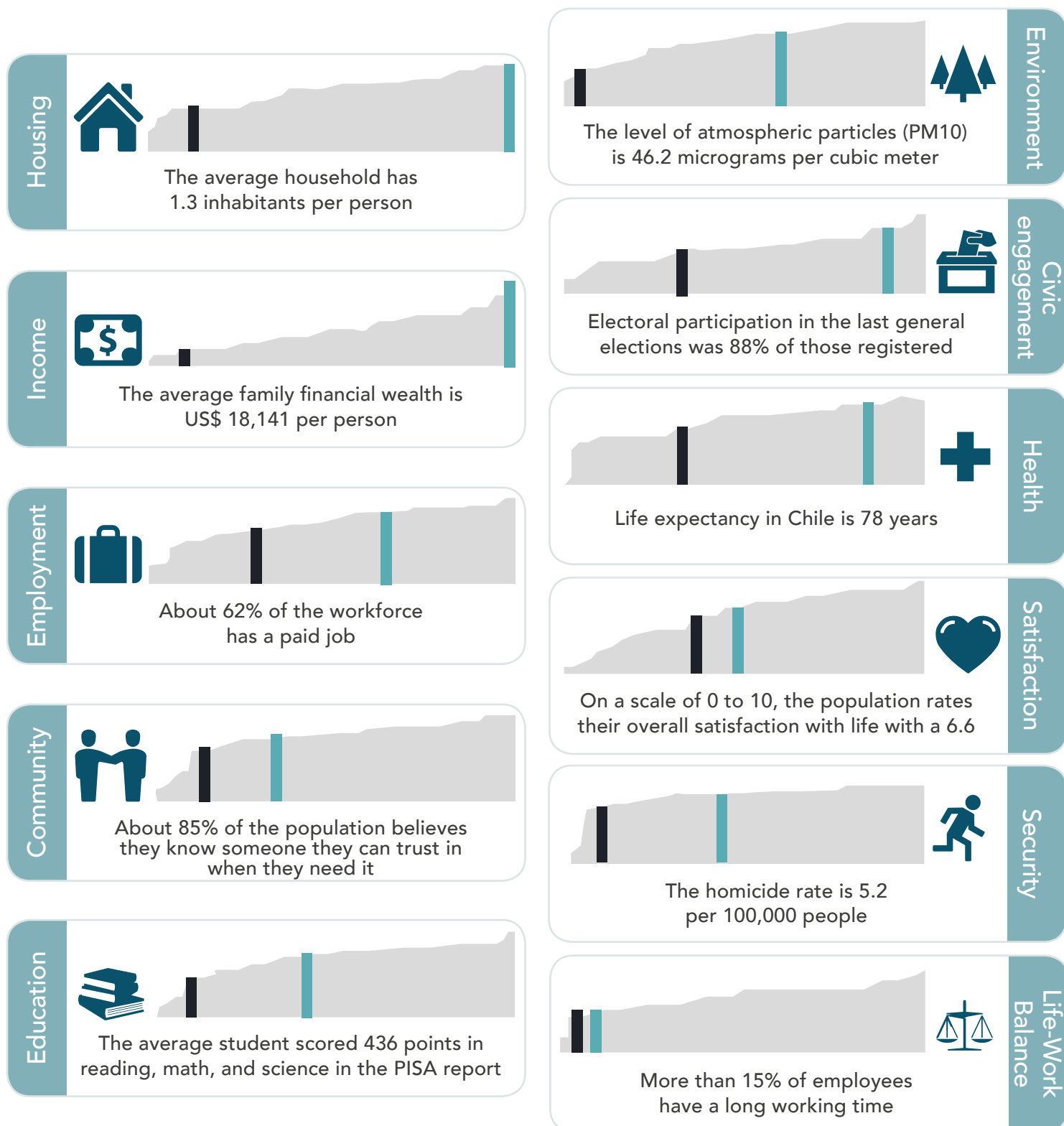
- Denmark
- Spain
- Chile
- Italy
- United States
- México
- OCDE Prom

Chile is also promoting policies to boost productivity and improve the access and quality of social services, being a reference for progress and development of creative public policies in Latin America, regularly studied as models of good governance.

⁴ <http://www.oecd.org>

Chile in OECD^{5 6}

Chile United States

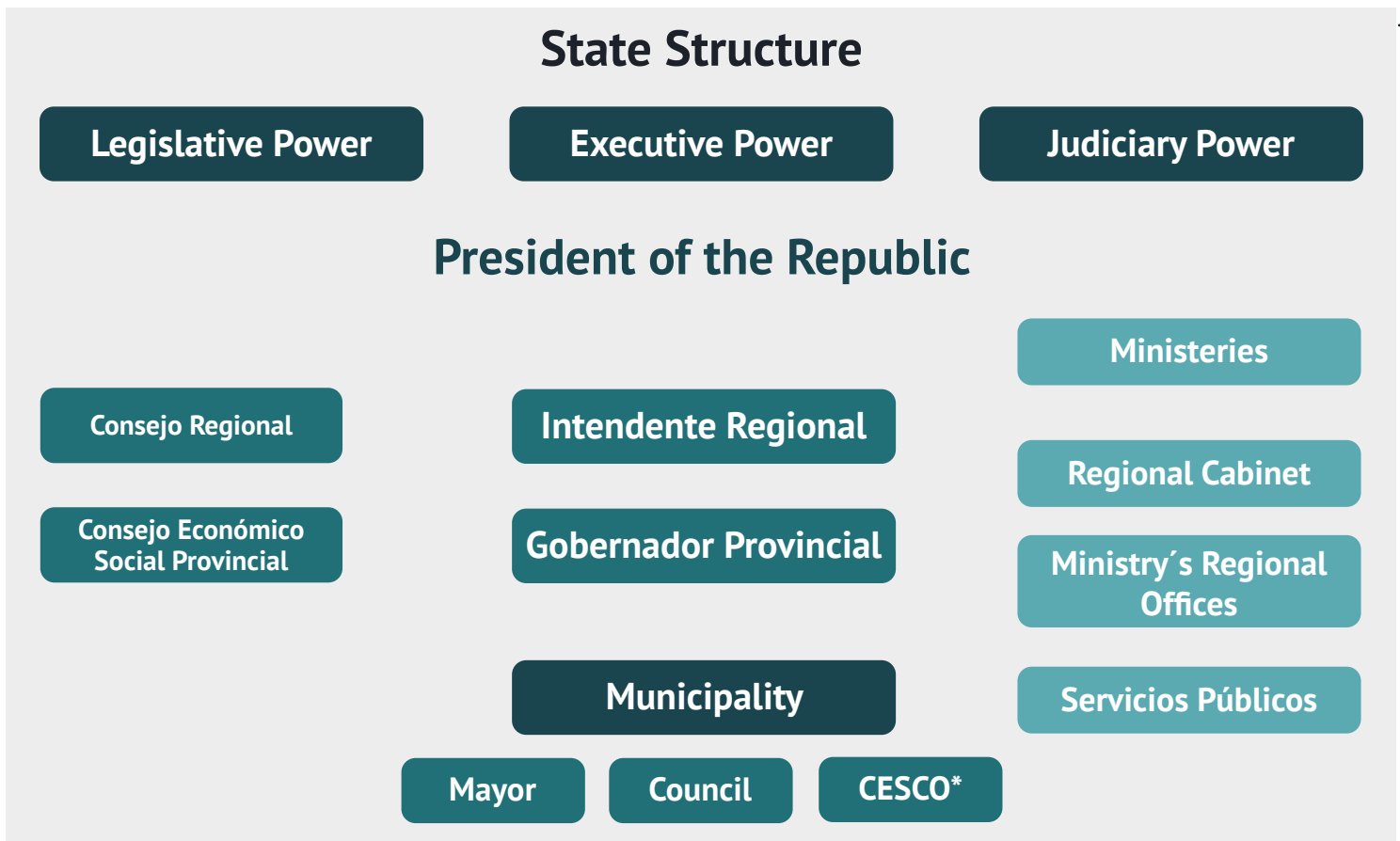


⁵ OCDE 360. Chile 2015.

⁶ The net adjusted household disposable income is the amount of money a family receives or earns each year after tax. Family financial assets are the total amount of financial assets held by a family, or the sum of all their financial assets minus their liabilities.

Business Environment

Structure of the State | Political parties



*communal Social Economic Council

As prescribed in its political constitution, Chile is a unitary State and a democratic republic. This means that the State has a single center of political and governmental drive, given by central government bodies. Only the Government and the Congress have legislative functions with no other body having jurisdiction in this matter. Individuals obey a single authority, live under a constitutional regime and are governed by common legislation covering the entire state territory.

Within the policies for improving political representativeness, during 2016 the number of Deputies (from 120 to 150) and the Senate (from 36 to 50) has been modified. Chile, according to the latest report of the Legislative Transparency Index 2016, ranked second in transparency in Latin America, behind Costa Rica⁷.

⁸ A bill is currently under way, which states that future regional intendants should be elected by direct and popular vote.

⁷ <http://www.t13.cl/noticia/politica/congreso-chileno-ocupa-2-lugar-ranking-transparencia-latinoamericano>

The country is administratively divided into 15 regions, led by an intendant appointed by the executive branch⁸. These regions, in turn, are subdivided into 345 municipalities, each of which is administered by a mayor elected by direct and popular vote.

Since the returning to a democratic rule in 1990, Chile has earned a consideration as one of the most stable in the region, electing five presidents belonging to the center-left coalition: Patricio Aylwin (1990-1994); Eduardo Frei Ruiz-Tagle (1994-2000); Ricardo Lagos Escobar (2000-2006), Michelle Bachelet (2006-2010) and again Michelle Bachelet elected in 2014 and still in office. The center-right coalition has ruled the country in one opportunity with Sebastián Piñera (2010-2014).

Financial System

The main financial intermediaries operating in the country are the banks, with 25 of them operating throughout the country through approximately 2,000 branches. All banking activity is supervised by the Superintendency of Banks and Financial Institutions.

Chile has a Central Bank created in 1925, which is an autonomous and technical entity, and has as its purposes to look after the stability of the currency, that is, to keep inflation low and stable over time and the normal functioning of internal and external payments.

Another relevant financial agent is the Santiago Stock Exchange, the country's main trading center. Here more than 200 companies are listed regularly. The Chilean stock market has experienced an important growth in the last 20 years due to the stability, balance and risk reduction showed by the Chilean market.

The currency unit in force and of mandatory circulation in Chile is the peso. The usual form of payment is cash but it is common to use checks, credit cards and an electronic purse called Redcompra⁹.

To facilitate banking operations, there is a national 24x7 ATM network called Redbanc, which has more than 12,000 ATMs¹⁰ located in banking branches and commercial activity centres such as shopping centers, supermarkets, gas stations, pharmacies and other points of mass confluence.

In the real estate industry, the financial system accounts for more than 90% of new and used home purchases, and more than 70% of development investment. Loans related with new homes represents 45% of mortgage loans. The loan-to-value ratio is currently 75%, and total loans amount to US\$ 206.4 billion as of June 2016 (86% of GDP)¹¹. The current average mortgage rates are of inflation rate + 3.5% per annum (terms 20, 25 and 30 years).

The Chilean pension system is private, and is based on an individual savings model of capitalization. Said private savings are managed by private institutions called Pension Fund Administrators (AFPs for its acronym in Spanish), and are supervised by the Superintendency of Pension Fund Managers. These AFPs invest the funds managed in equities and other regulated investments, including real estate assets.

It should be noted that in December 2016, the OECD declared that Chile's individual capitalization system is one of the most admired in the world¹².

⁹ Instrument operated by Transbank, which also operates bank credit cards.

¹⁰ Chile has 66.5 ATMs per 100,000 inhabitants, 40% higher than in Ecuador, Argentina and Venezuela. Source DF 17.07.2013

¹¹ <http://www.economia.gob.cl/>

¹² <http://ellibero.cl/actualidad/ocde-el-sistema-de-capitalizacion-individual-chileno-es-uno-de-los-mas-admirados-del-mundo/>

Investment Regulation | Taxes

In relation with tax structure and investment regulations in force in Chile, See Document in:

[LEARN MORE](#)

Competitiveness of the Economy

In Latin America's context, Chile is one of the few countries that improved its business climate during 2015¹³ and continues to be a leader in investment promotion.

Chile, which advanced 18 positions compared to 2014, has one of the most pro-business governments in the region and has taken great strides in creating an attractive business and political environment for multinational companies. The country offers greater investment protection and has less bureaucracy than its neighbors in South America. The level of investment protection on a scale of 1 to 10 is 8, only surpassed by Colombia and Peru. The time to start a business in Chile is 6 days, and the associated cost is among the lowest in the world.

Competitiveness Indicators¹⁴

	STARTING A BUSINESS			REGISTERING A PROPERTY		BUILDING AUTHORIZATION	
	N° OF STEPS	TOTAL DAYS	COST %PPP	N° OF STEPS	TOTAL DAYS	N° OF STEPS	TOTAL DAYS
World	7	20	26	6	48	14	161
United States	6	6	1	4	15	16	81
Latinamerica	8	29	30	7	62	14	177
Argentina	14	25	10	7	52	21	341
Brazil	11	83	4	14	32	18	426
Colombia	8	11	8	6	16	10	73
Chile	7	6	1	6	29	13	152
Perú	6	26	10	4	7	14	174
Uruguay	5	7	22	8	66	21	251

¹³ Anual TMF Group Index.

¹⁴ Doing Business. World Bank. 2015

GDP Growth

• Economic Outlook. World Bank. June 2016. f: forecast

	2013	2014	2015	2016F	2017F	2018F
World	2.4	2.6	2.4	2.4	2.8	3.0
United States	1.5	2.4	2.4	1.9	2.2	2.1
Latinamerica	2.9	1.0	-0.7	-1.3	1.2	2.1
Argentina	2.9	0.5	2.1	-0.5	3.1	3.0
Brazil	3.0	0.1	-3.8	-4.0	-0.2	0.8
Colombia	4.9	4.4	3.1	2.5	3.0	3.5
Chile	4,3	1.8	2.1	1.9	2.1	2.3
Perú	5.9	2.4	3.3	3.5	3.5	3.2
Uruguay	4.6	3.2	1.0	0.7	1.6	2.5

In the last decades, in spite of the slowdown of the developed economies after the crisis of 2008 - 2009, the economy of the country has maintained positive rates of growth around 2% per year with an unemployment rate that is currently around 6.4%¹⁵.

Chile is currently pushing for five structural reforms to achieve developmental thresholds similar to those of the rest of OECD countries. The reforms have different degrees of progress, having already been approved and implemented the tax and political representation reforms. Amendments of the labour and educational regime are in the process, while the one of constitutional adequacy is in the consultative phase.

¹⁵ <http://www.ine.cl/>

Urban Regulations

Real Estate Development

• Urban Regulations¹⁶

Urban planning in Chile responds to four levels of action, corresponding to four territorial scales: national, regional, metropolitan and communal. Each urban planning instrument has its own competence in relation to the geographical area it covers and to the subjects that it can regulate.

The Ministry of Housing and Urban Development (MINVU for its Spanish acronym), which depends on the executive branch, is responsible for urban development planning at the national level. The regional and metropolitan¹⁷ urban planning is in charge of the Regional Offices of the MINVU and is carried out by means of Urban Development Plans.

The OECD defines the territorial extension of a city, independent of its administrative boundaries, as a functional economic unit characterized by densely populated “urban centers” and “hinterlands” whose labour market is highly integrated with the central metropolitan area¹⁸. This is the case of the Metropolitan Area of Valparaíso where 7 Hermanas and Boulevard Las Palmas de Viña projects are located, and that

regulates the urban-metropolitan system integrated by Valparaíso, Viña del Mar, and Villa Alemana districts.

Finally, the Community Regulatory Plans (CRP), which are made by each municipality, regulates the conditions of building, zoning and roads within a commune. Its provisions refer to land use, location of facilities, parking, hierarchy of road structure, urban boundaries, densities and determination of priorities in the urbanization of land for the expansion of the city.

The 7 Hermanas project, located in the commune of Viña del Mar, meets the requirements defined by both the Metropolitan Regulatory Plan of Valparaíso, and the Community Regulatory Plan of Viña del Mar. This is also the case with Boulevard Las Palmas de Viña project.

• Land ownership

The current fundamental legal framework on land ownership is regulated in the Political Constitution, which dates back to 1980, and establishes the right to property in article 19 n°24, with the owner's powers to use, enjoy and dispose of their property.

¹⁶ Urbanism and Construction Act.

¹⁷ Urban systems consisting of two or more communities.

¹⁸ Urban Policy Study, OECD, 2013

The limitation and expropriation of this right is only considered in cases of public utility or national interest, after payment of a compensation (at market prices), set by an expert independent of the State.

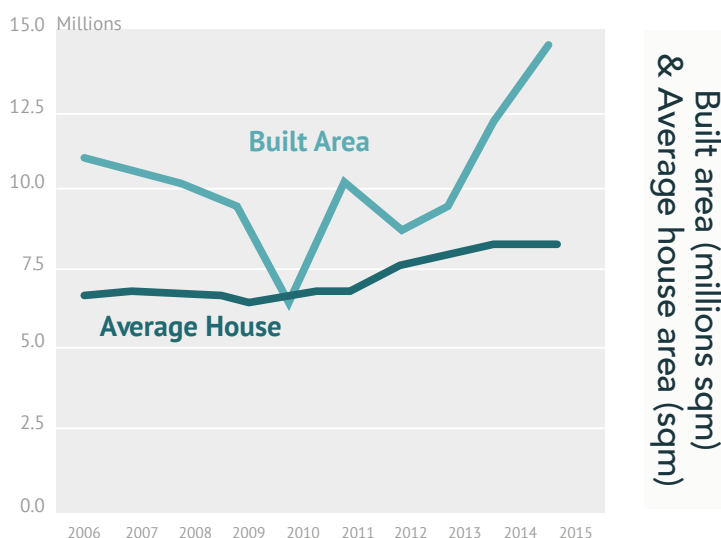
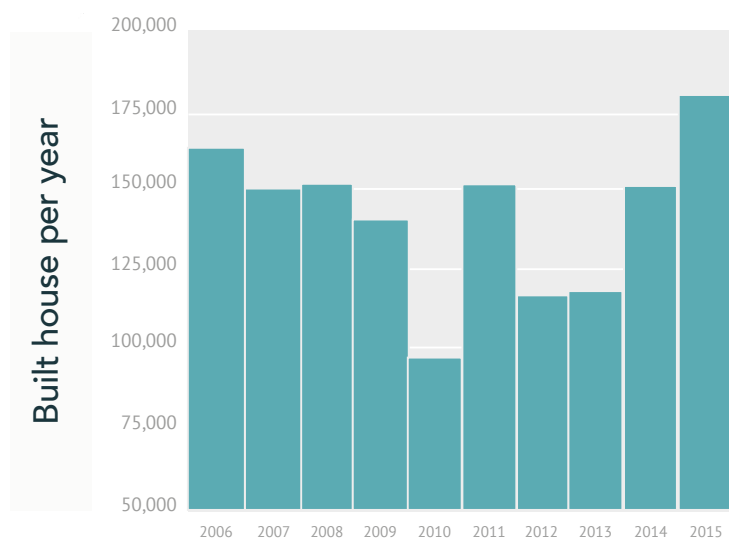
• Housing Market

Chile has a high level of housing development that has allowed to overcome the housing deficit, which now stands at 460,000 units. The model used in Chile in order to finance social housing gives the State the role of subsidizing the demand for housing to lower-income households, with private individuals developing the entire supply.

In Chile, almost 200,000 residential properties are transferred annually, of which about 60% are new and

the rest are used. There is a strong concentration of activity in the cities of Santiago and Valparaíso, which together represent 60% of the country's operations. Furthermore, 140,000 homes are built annually, of which one third corresponds to housing for low-income families with State subsidies¹⁹.

Although the preference of the Chilean consumer trends toward houses, in the last years the supply of flats in buildings predominates in the country²⁰ (60%), mainly due to the scarcity of urban land. A very important strategic aspect of 7 Hermanas and Boulevard Las Palmas de Viña projects is that they represent 11% of the urban residential land currently available in the Metropolitan Area of Valparaíso, and a 23.6% of the urban land available in the city of Viña del Mar²¹.



¹⁹ Homes with a value of up to US\$77,000.

²⁰ The average area of new homes increased from 67 m² in 2006 to 82 m² in 2015.

²¹ Urban Investment Master Plan, SECPLA Viña, 2015, pag. 36

Territorial Context

Geographical and territorial characteristics of Chile

Chile is a long and narrow country in the extreme south western part of South America, with a coastal length of 6,435 kilometers, characteristic that allows it to have a diverse territorial scenery, with lakes, volcanoes, glaciers, valleys, native forests and the driest desert of the world.

To the east, Chile borders the Andes Mountains, the world's longest continuous mountain range. The entire west side of the country borders the Pacific Ocean, in a strategic international trade site (APEC)²².

Because of its climatological, environmental and topographical characteristics and its natural landscapes, tourism has become one of the main economic resources of the country, with 5.6

million arrivals in 2016, a 26% more than in 2015, which generated more than US\$ 3,130 millions, representing an increase of 8% compared to year 2015 (one of the 10 highest-growth tourist destinations in the world)²³.

After receiving numerous international recognitions, in the latest version of the World Travel Awards, Chile was awarded the "Best Adventure Tourism Destination in the World"²⁴.

The New York Times ranked San Pedro de Atacama – located in Antofagasta Region - as the 2nd world-wide destination not to be missed; Cape Horn among the 100 sustainable places in the world; and Aysén as one of the must-see destinations of 2017.

²² Asia-Pacific Economic Cooperation

²³ Travel, The Telegraph, 2016.

²⁴ 23° World Travel Awards



In the Latin American context, Chile has the highest rating for food security²⁵, while its capital Santiago has been considered the best city in which to live²⁶, and has the highest levels of safety and security²⁷.

²⁵ DuPont and The Economist, 2015

²⁶ The Economist 2015

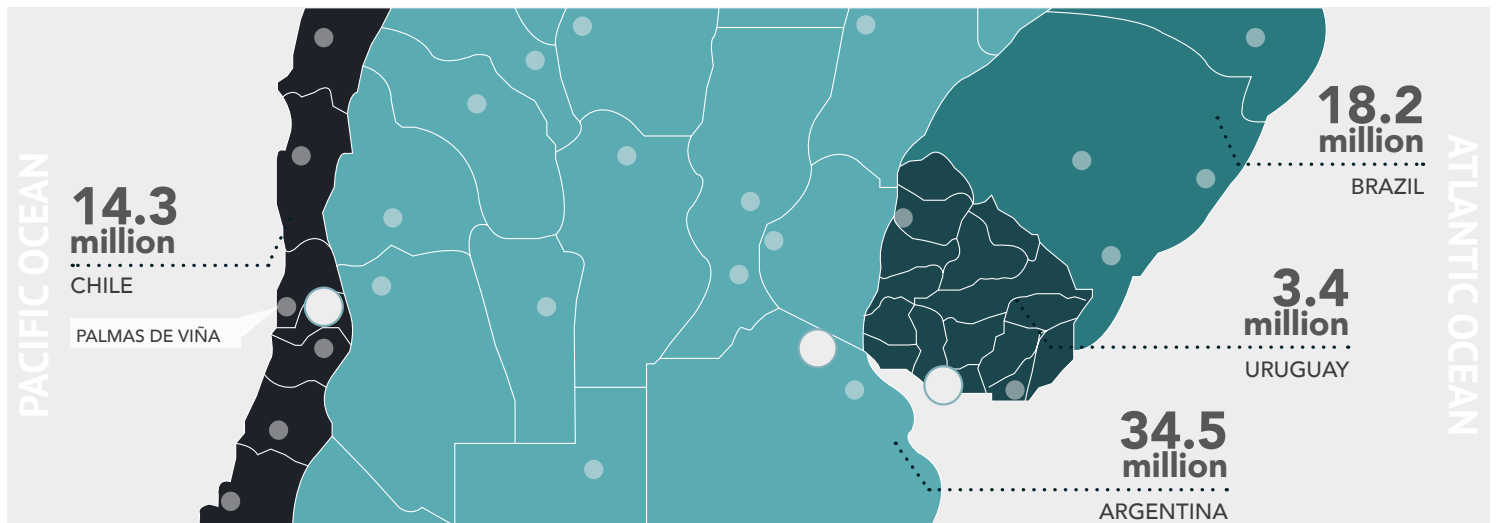
²⁷ The Economist 2015

Bi-Oceanic Corridor (Chile, Argentina, Uruguay & South of Brazil)

The territorial strip that extends between Chile in the west and Uruguay - South of Brazil in the east, has an extension of 2,000 km and an area of 1.7 million km². This east - eastern corridor is the most important of the southern cone of America with 70 million inhabitants integrated by the entire population of Uruguay, 80% of the populations of Argentina and Chile and 10% of that of Brazil.

The population grouped in this macro zone represents almost 20% of the South American total. There are 3 national capitals (Buenos Aires, Santiago and Montevideo), 25 intermediate cities and the seaports of Valparaíso and San Antonio in the Pacific, and Buenos Aires, Montevideo and Porto Alegre in the Atlantic.

Macro area Population



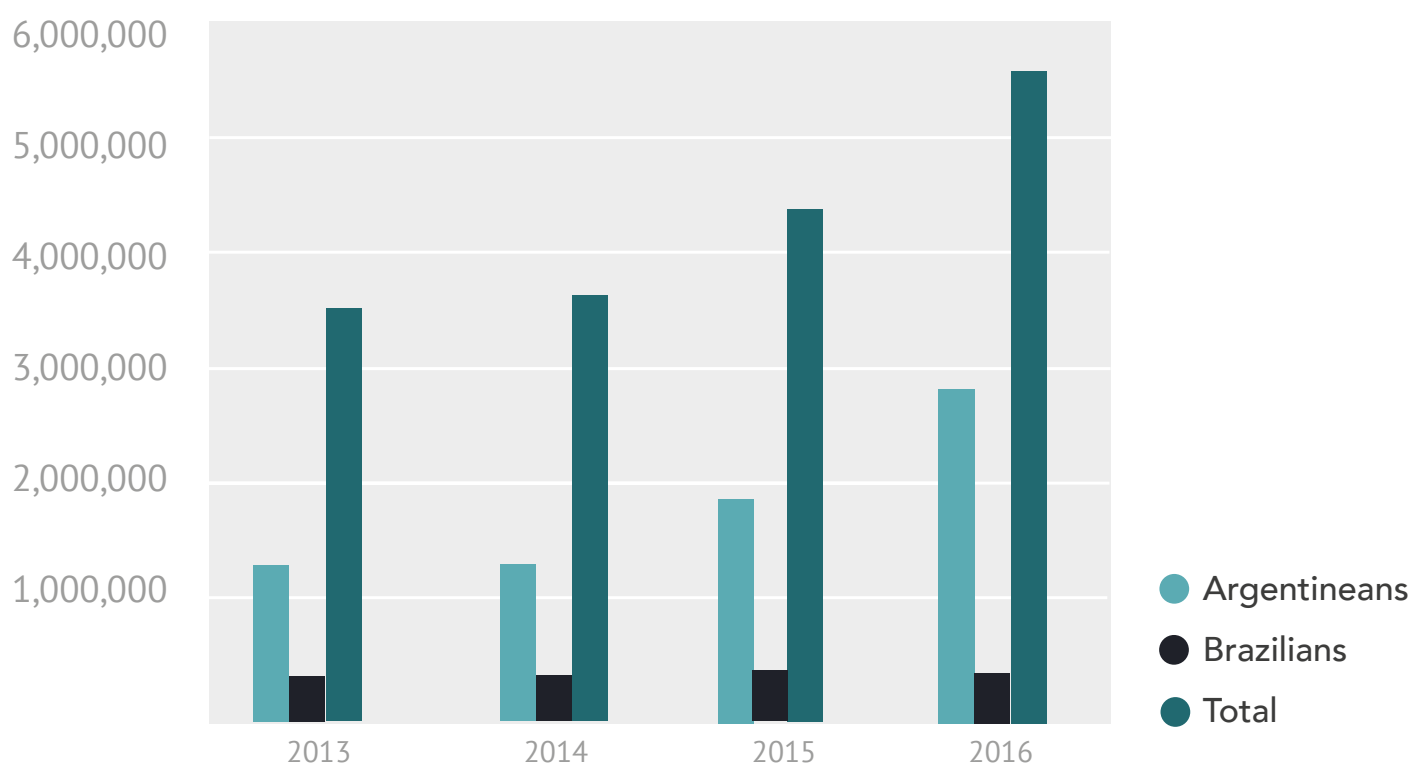
Source: INE Chile. INDEC Argentina. World Bank. IBGE Brazil

The importance of this bi-oceanic corridor is reflected by the increase of Argentine tourists visiting Chile. In fact, in 2016 almost 3 million Argentineans entered the country, while by 2017 it is estimated that their number will grow 28%, reaching a total of just over 3.7 million.

Regarding the entry points of tourists to our country, Santiago International Airport is still the main access point, registering an increase in 2016 of 17% compared to the arrivals of 2015. It is followed by the Los Libertadores pass, on the border with Argentina, which registered an increase of 45% in terms of tourist arrivals²⁸.

²⁸ <http://www.biobiochile.cl/noticias/nacional/chile/2017/01/10/cifras-historicas-en-turismo-en-2016-casi-tres-millones-de-argentinos-visitaron-chile.shtml>³⁴ CEPAL. Perfil Marítimo y Logístico de América Latina y el Caribe. Mayo 2016.

Tourist Arrivals to Chile



The ports of Valparaíso and San Antonio (Chile) constitute the most direct maritime connection with the Asia Pacific (APEC), the South American west coast, Central America and the United States. These two ports move 2.1 million TEUs²⁹ of cargo every month³⁰. The ports of Buenos Aires (Argentina) and Montevideo (Uruguay) are the connection with Europe, Africa and the east coast of the United States and Canada. These two ports move 2.3 million TEUs of cargo per month³¹.

The most important route for international commerce in the region connects the Pacific ports of Valparaíso and San Antonio with the central region of Argentina, the Atlantic ports of Buenos Aires and Montevideo and the cities of southern Brazil, Santa Maria, Porto Alegre and Florianópolis. This territorial connection has been called the Bi-Oceanic Corridor, and hosts of the most relevant strategic, logistic and commercial projects in the Southern Cone of America, especially for current governments of Argentina and Chile.

²⁹ TEU: Standard measuring unit, equivalent to a 20-foot container, or 6.25 meters long.

³⁰ ECLAC (Economic Commission for Latin America and the Caribbean). Maritime and Logistics Profile of Latin America and the Caribbean. May 2016.

³¹ The port of Buenos Aires ranks 9th in Latin America with 1.4 million TEUs, San Antonio 12th, Valparaíso 17th and Montevideo 19th.

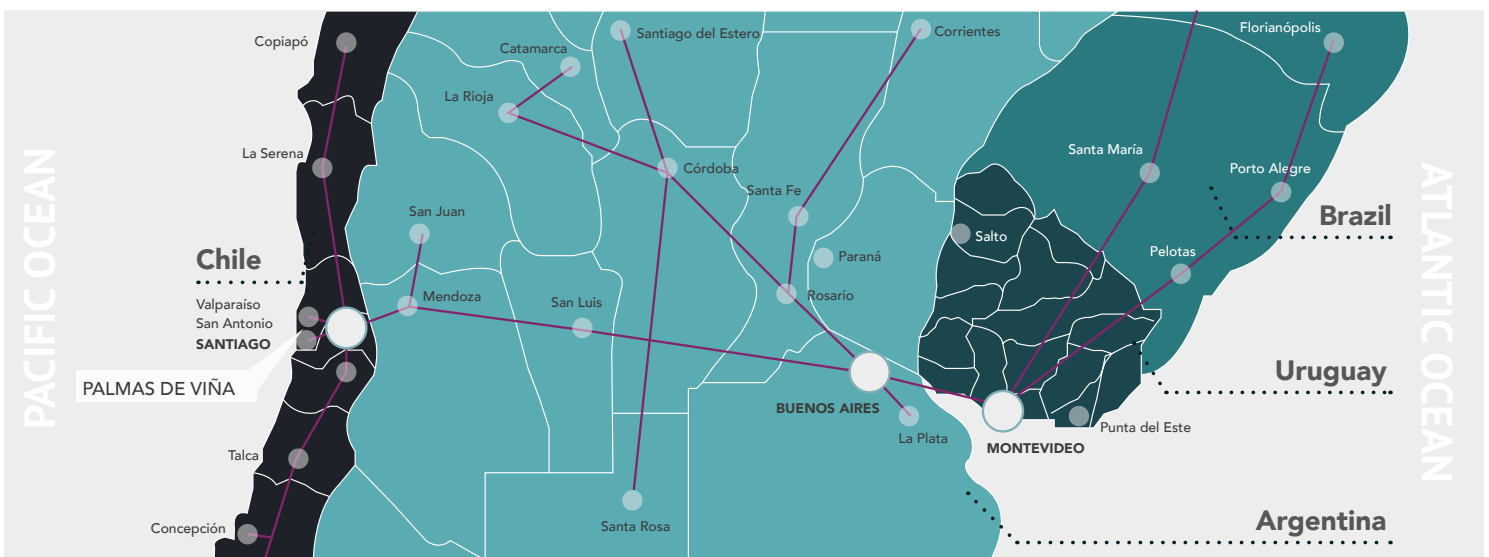
In this context, the Central Region of Chile (CRCh) is presented as the most strategic sector of this Bi-Oceanic Corridor, and the 7 Hermanas and Boulevard Las Palmas de Viña projects have a privileged location in this corridor because of its proximity to Chile's main ports, and the country's capital, Santiago. The strategic location of the project is further strengthened by the role Valparaíso and Viña del Mar possess in regard to international tourism in the region.

In the touristic context of these cities, in 2003 UNESCO declared Valparaíso as a World Heritage Site. It is the third place in Chile that is a universal heritage, as are also Easter Island (Rapa Nui) and the churches of the Island of Chiloé in the south of the country³².

In relation with the presence of these cities in the world convention circuit, in 2016 ICCA³³ ranked Santiago in the 3rd place of America, and Viña del Mar in the place n°34. Chile is ranked 34th in the world.

Additionally, the Casablanca Valley (25 minutes from BLPV), a major high quality wine producer and wine tourist zone, is the only Chilean valley associated with the exclusive world circuit "The Great Wine Capitals"³⁴.

Macro area Connections



Source: CEPAL

³² <http://www.emol.com/noticias/nacional/2003/07/02/116356/valparaiso-declarado-patrimonio-de-la-humanidad.html>

³³ ICCD: International Congress and Convention Association.

³⁴ <http://www.greatwinecapitals.com/capitals/valparaiso-casablanca-valley>

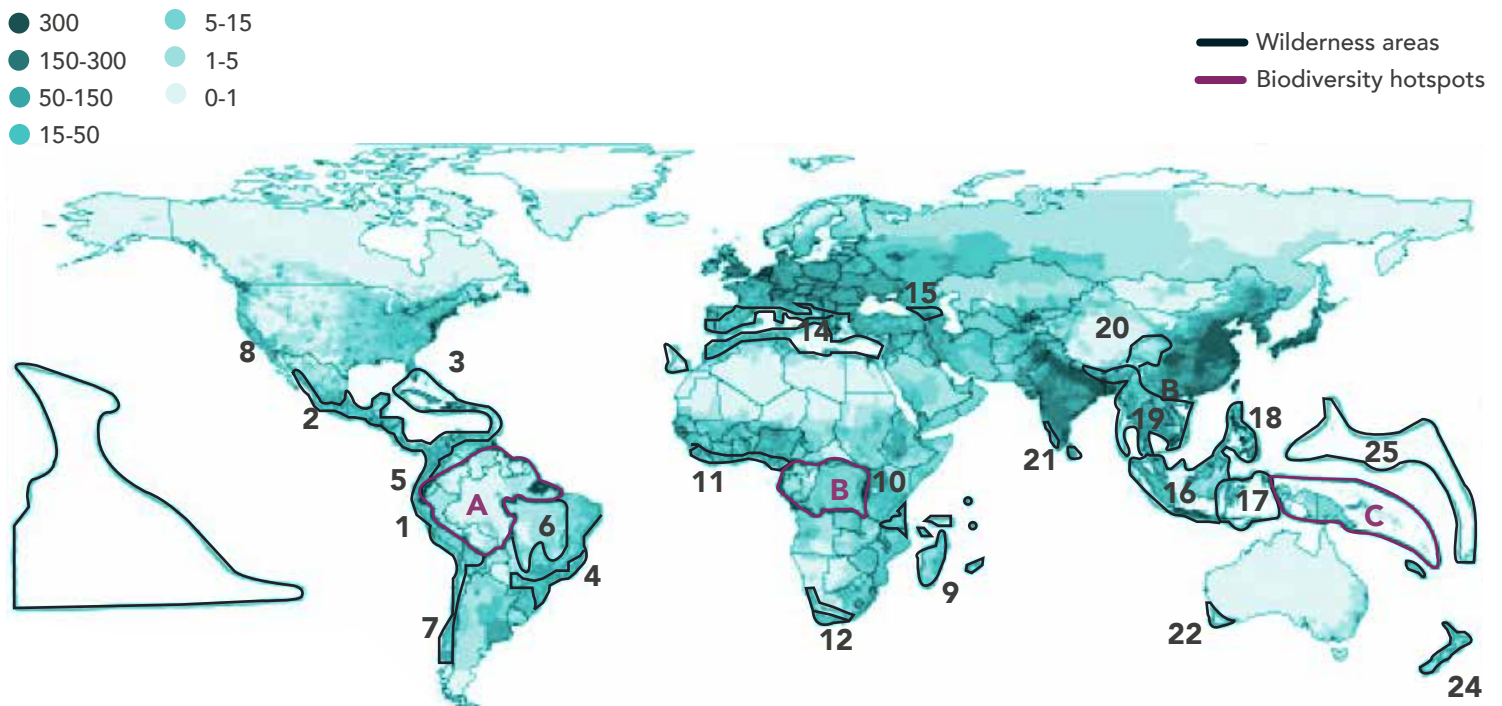
Central Region of Chile (CRCh)

Environmental Aspects - Biodiversity | Privileged Climate

Central Chile is among the 25 biodiversity hotspots³⁵ in the world. These places have a great diversity of endemic species, and are environments vulnerable to change brought on by human activities. They occupy less than 5% of the surface of the planet and contains more than 50% of the species.

The Central Region of Chile is also one of the only 10 places in the world with a Mediterranean climate³⁶, characterized by mild and rainy winters, hot and dry summers and autumns, and a springtime featuring variable temperatures and rainfall. Average monthly temperatures are above 20°C, showing some seasonal variation. In the cold months temperatures fall below 18° C, while temperatures often exceed 22° C in summer.

POPULATION DENSITY (KM²)



Hotspots: (1) Tropical Andes; (2) Mesoamerica; (3) Caribbean (4) Atlantic Forest Region; (5) Chocó-Darién-Western Ecuador; (6) Brazilian Cerrado; (7) Central Chile; (8) California Floristic Province; (9) Madagascar; (10) Eastern Arc Mountains and Coastal Forests of Tanzania and Kenya; (11) West African Forests; (12) Cape Floristic Region; (13) Succulent Karoo; (14) Mediterranean Basin; (15) Caucasus; (16) Sundaland; (17) Wallacea; (18) Philippines; (19) Indo-Burma; (20) Mountains of South-Central China; (21) Western Ghats and Sri Lanka; (22) Southwest Australia; (23) New Caledonia; (24) New Zealand; and (25) Polynesia and Micronesia. Major tropical wilderness areas: (A) Upper Amazonia and Guyana Shield; (B) Congo River Basin; and (C) New Guinea and Melanesian Islands. Human population in the biodiversity hotspots: Richard P. Cincotta, Jennifer Wisniewski and Robert Engelman. Nature 404, 990-992 (27 April 2000)

³⁵ Human population in the biodiversity hotspots: Richard P. Cincotta, Jennifer Wisniewski and Robert Engelman. Nature 404, 990-992 (27 April 2000)

³⁶ The other cities are: Madrid, Oporto, Rome, Athens, Jerusalem, Casablanca, Los Angeles, Cape Town, and Perth.

Demographics - Metropolitan Areas

The two main metropolitan areas of the country are located in the Central Region of Chile: Santiago and Valparaíso. Combined, these two cities are home to 8.3 million inhabitants³⁷. This accounts for 85% of the regional population (Regions V and Metropolitan), and 42% of the national population.

The metropolitan area of Santiago has a population of 6.7 million and is made up of 52 municipalities. The metropolitan area of Valparaíso has 1 million inhabitants and is composed of 5 municipalities: Valparaíso, Viña del Mar, Concón, Quilpué and Villa Alemana.

The 7 Hermanas and Boulevard Las Palmas de Viña projects are located in the city of Viña del Mar, adjacent to Valparaíso, the two most populated areas in the region.

The population of the CRCh ranks among the highest GDP per capita in Chile, as well as in the whole of South America, reaching US\$ 23,650 in 2016. The region is also characterized by a high degree of relative growth in relation to the whole of Latin America.



³⁷ National Statistics Institute, projection 2013-2020.

Economic Aspects - Productive Sectors

With a value of US\$129 billion, the GDP of the Central Region of Chile (RCCh) accounts for 54% of the national economy and has a growth rate above that of the rest of the country.

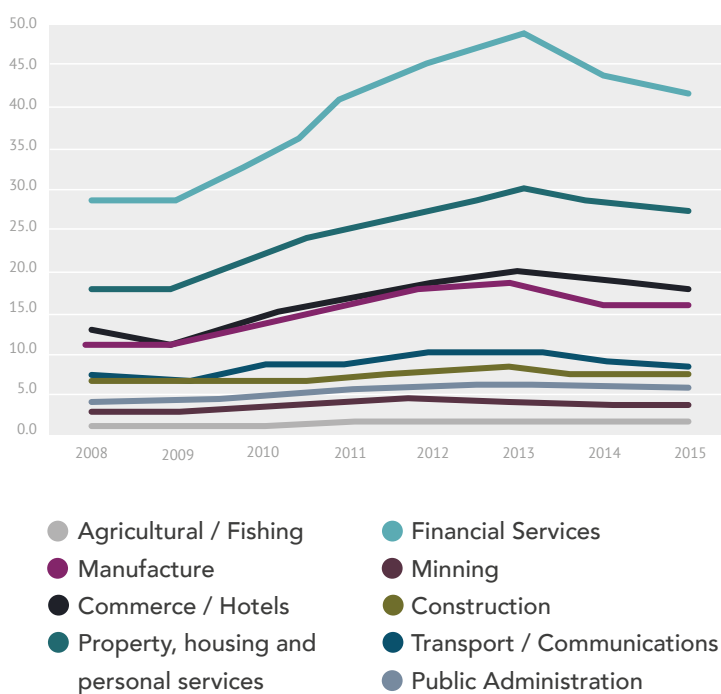
The main areas of economic activity in Central Chile are: Financial Services, Electricity, Water and Gas (which accounts for 42% of GDP), Personal Services and Private Property (27%), Commerce, Restaurants and Hotels (18%), Manufacturing (16%) and Transport and Communications (8%). This distribution demonstrates the importance of Santiago as the main financial center of the country and one of the most important in the LATAM region. The importance acquired by the CRCh as a service center at the national level, and also as a producer of manufactures and a distribution center, both nationally and internationally, places Santiago as the base of all the international headquarters of companies with presence in the LATAM region.

In terms of international recognition, The New York Times ranked Santiago among the 10 most attractive and popular cities in the world³⁸, while The Economist magazine placed it, together with Buenos Aires, in the 1st place as the best city to live in Latin America and the 64th worldwide³⁹. Quacquarelli Symonds in his Ranking 2016 placed Santiago among the 50 best

cities in the world for university and postgraduate studies⁴⁰.

Valparaiso region has the largest number of higher education establishments in the country, after Santiago, with 44 institutions, 14 technical training centers, 17 professional institutes and 12 Universities, offering 158 postgraduate programs⁴¹.

Billions / Dolars

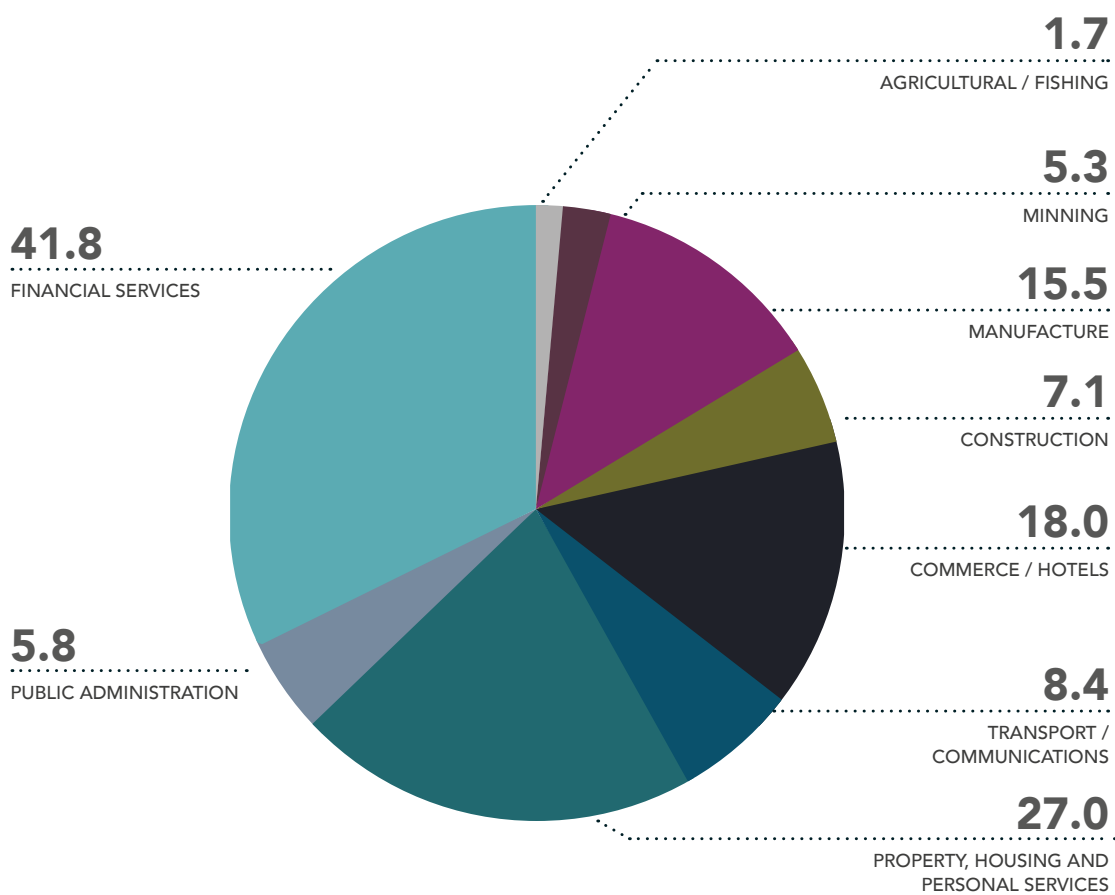


³⁸ <http://www.cosasdechile.com/santiago-entre-las-10-mejores-ciudades-del-mundo. 2012>

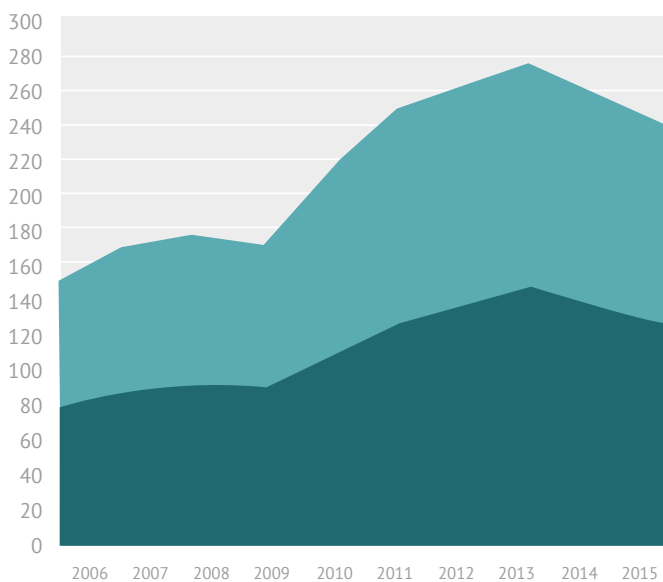
³⁹ <http://www.efe.com/efe/america/gente/buenos-aires-y-santiago-mejores-ciudades-de-america-latina-para-vivir . 2015>

⁴⁰ <http://preutech.cl/santiago-de-chile-una-de-las-50-mejores-ciudades-del-mundo-para-estudiar>

⁴¹ <http://www.estudiaenvalparaiso.cl/index.php/es/casas-de-estudio-4>

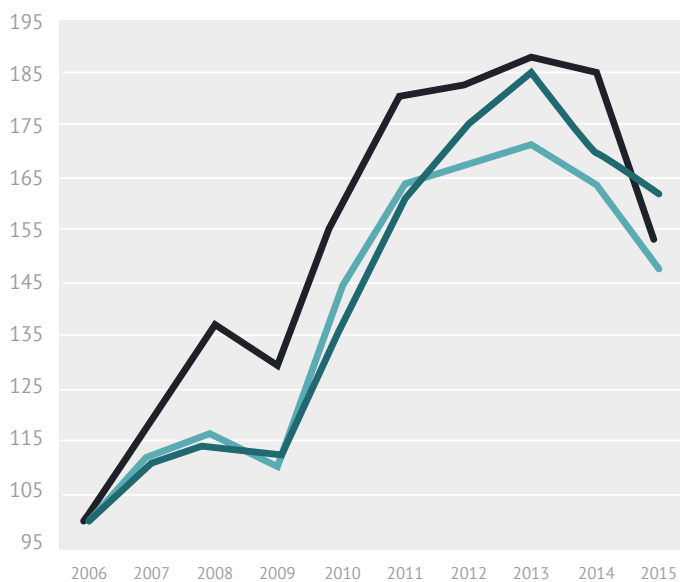


PIB, current prices (us dollars billions)



- Central regions
- Others regions Chile

PIB (index base=2006)



- Central regions
- Others regions Chile
- Latin America

Infrastructure – Highway System

Since 1993 Chile has implemented a policy of private concessions for the development of infrastructure in ports, airports, urban and regional highways, reservoirs, penitentiary infrastructure, sanitary infrastructure, public transport system, energy infrastructure, health equipment, etc., allowing to have works, only in urban and regional highways, materialized until December 2014, for an amount of US\$ 15,091 million⁴².

The primary road structure of the CRCh is made up of routes 5, 68, 78, 60 and the International Pass Los Libertadores. Route 5 has highway standards between the cities of Puerto Montt in the south and Copiapó in the north, with an extension of 1,800 km from north to south of the country.

Route 68 is the main land connection between the urban areas of Santiago (National Capital) and Valparaíso (main port), distant 1:15 hours by car (110 km). The layout of the highway allows easy access to the port of Valparaíso, the metropolitan area and other inner cities of the region. This area is characterized by having an important fruit growing, industrial and mining activity, and especially for its touristic attractions⁴³.

In relation with agricultural activities, Casablanca Valley, which is located 18 minutes away from Boulevard Las Palmas de Viña project, is recognized for the production of high quality wines.

The 7 Hermanas and Boulevard Las Palmas de Viña projects are located 500 meters from the 60 CH International Route (Chile-Argentina route) and 3 kilometers away from Route 68 which connects the Metropolitan Area of Valparaíso with Santiago.

The International Route 60 CH crosses the CRCh and connects it with the International Pass Los Libertadores, main route of connection with Argentina and the ports of the Atlantic. The improvement in the standard of this route has renewed the connection between the agro industrial centers of the Aconcagua Valley and the Port of Valparaíso, reducing travel times and increasing the safety of the route. International Pass Los Libertadores, whereby 742,000 vehicles circulate annually, is the main land route to cross the Andes Mountains that divides Chile from Argentina. The route registers an annually average traffic growth rate, in the last 7 years, of 10.6%. 52% of the vehicles that circulate by the pass are load trucks, 44% cars and 4% passenger buses.

The main tourist destination for Argentines, Uruguayans and Brazilians from the southern cities is the city of Viña del Mar.

⁴² www.concesiones.cl

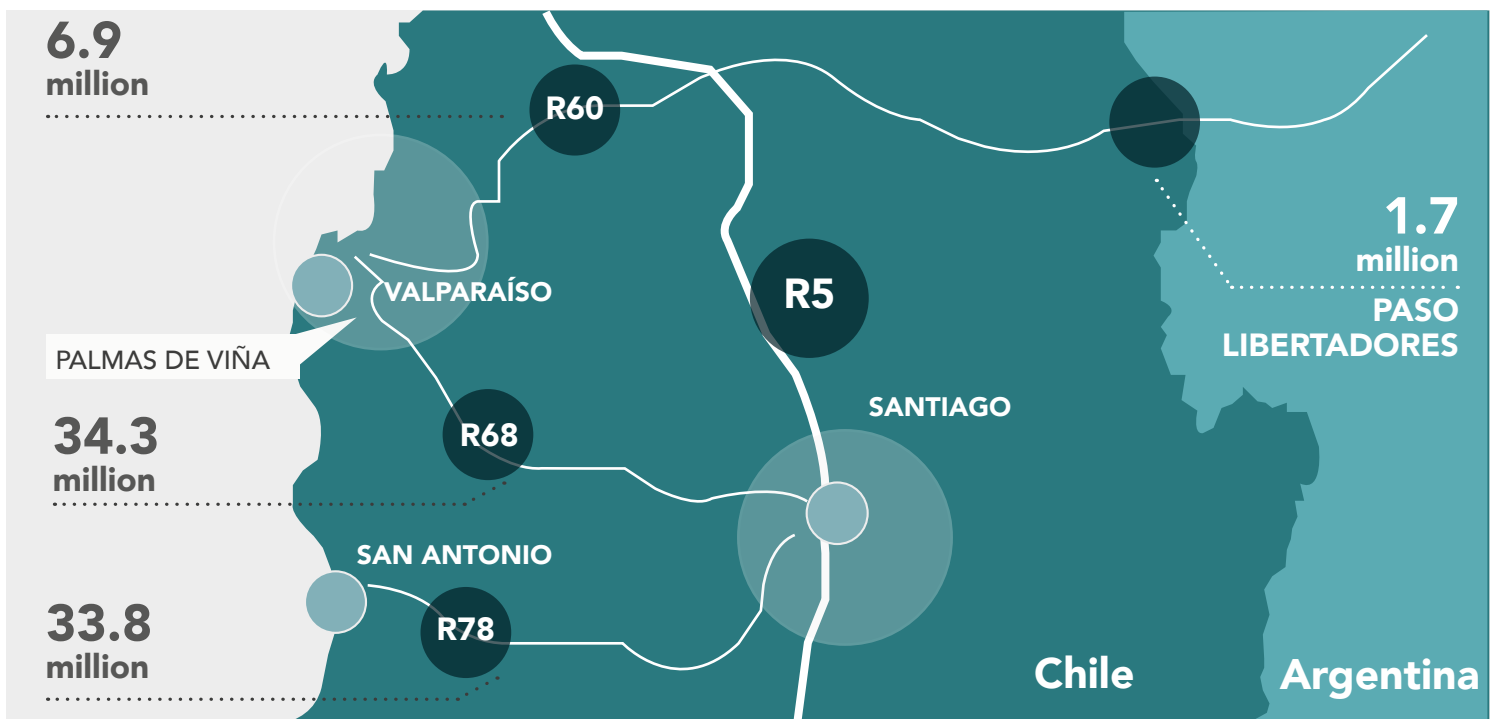
⁴³ Tourism generates a flow of 2.1 million vehicles only during the summer season.

The Inter-American Development Bank has just approved US\$ 40 million to launch the Agua Negra binational tunnel project that will connect the province of San Juan (Argentina) with Coquimbo (Chile)⁴⁴, which is one of the three Bi-Oceanic corridors in the center of the country, and also to launch the low-altitude Los Libertadores (TBA) tunnel, defined as the second Panama Canal, which is currently in the engineering stage and will be funded with Argentinean, Brazilian and Chilean capitals.

On the other hand, Route 78 connects Santiago with the port of San Antonio, distant at 1:30 hours by car (130 km). The construction of this highway produced a reduction of more than 50% in travel times between the capital and the main port of Chile.

In 20 years, the public-private system via concessions has invested US\$ 21,000 million, while MOP's⁴⁵ "Chile 30 30" agenda projects investments of US\$ 28,000 million in the next 20 years⁴⁶.

Chile Central Anual Passengers



⁴⁴ <http://www.litoralpress.cl/design3/lpi/mostrarpjgm.asp?id=39131454&idT=70077993&carp=%20>

⁴⁵ MOP: Chilean Ministry of Public Works.

⁴⁶ <http://www.litoralpress.cl/design3/lpi/mostrarpjgm.asp?id=39313642,39313645&idT=70077993&carp=%20>

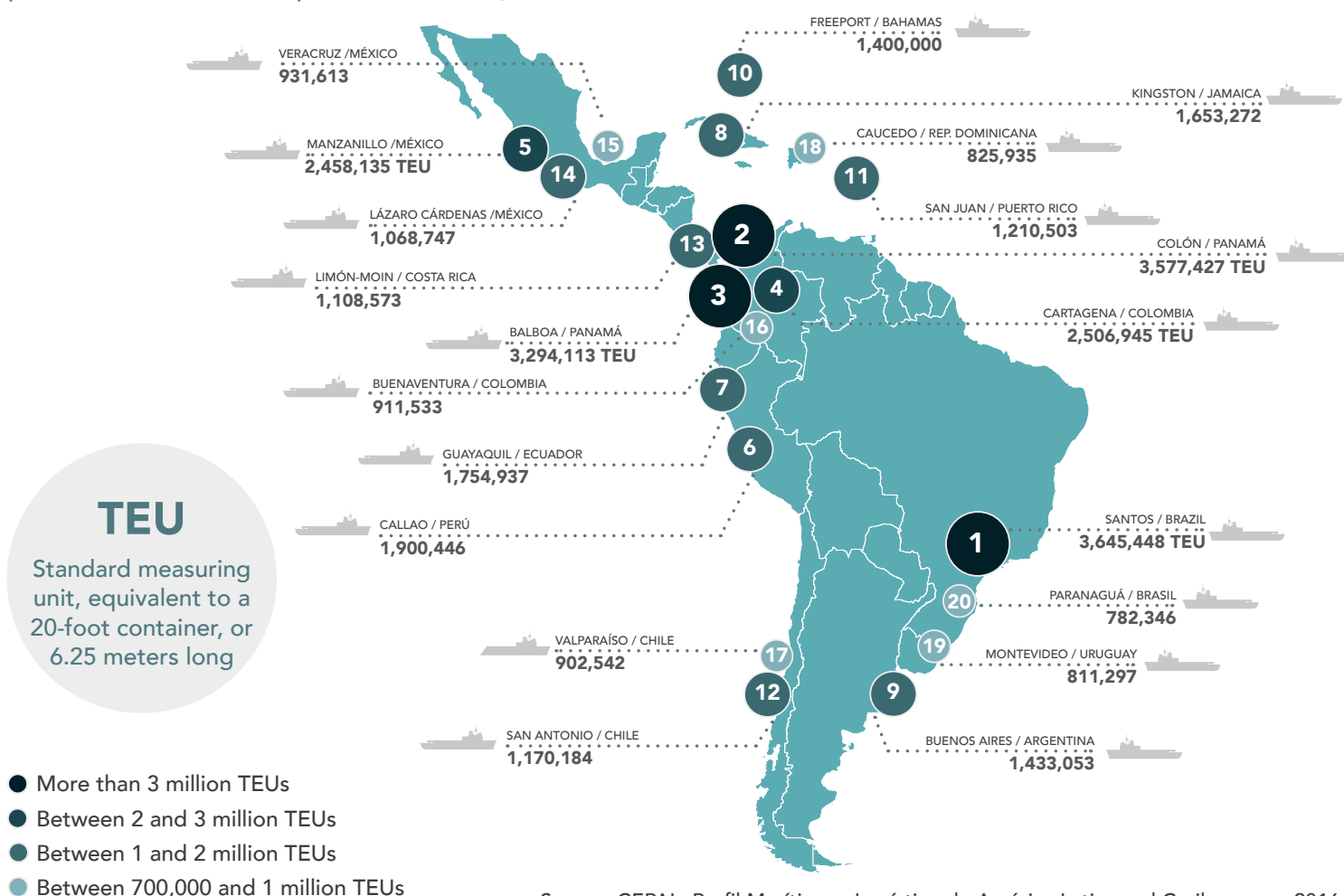
Port Infrastructure

Chile, in its 6,435 kilometers of coastline to the Pacific Ocean, has 10 state-owned commercial ports for public use and 14 commercial private ports, which in the last 4 years transferred on average 3.7 million TEUs per month. In the CRCh operates the state-owned ports of San Antonio and Valparaíso and the private ports of Puerto Ventanas and Quinteros. Currently it is planned to build a mega port in the CRCh, called Large-Scale Port (LSP), which will allow PostTransPanamax⁴⁷ docking, and will complement the existing port infrastructure of the CRCh, consolidating the exit of the Bi-Oceanic corridor to the Pacific Ocean.

Ports Ranking

2015 Top 20 in Latin America and the Caribbean

Every year, ECLAC (the Economic Commission for Latin America and the Caribbean) prepares a ranking with the detail of cargo movements in containers in 120 ports of the region, based on the information directly collected with port authorities and operators of maritime terminals. In 2016 the activity grew by 1.7%, with a total approximate volume of 48 million TEUs. The infographic shows ports situated in the first 20 places of the ranking.



Source: CEPAL, Perfil Marítimo y Logístico de América Latina y el Caribe, mayo 2016.

⁴⁷ <http://www.litoralpress.cl/design3/lpi/mostrarpjgm.asp?id=39024271,39024272&idT=70077993&carp=%20>



Of the abovementioned cargo, the ports of San Antonio and Valparaíso moved 61% of the total. The port of Valparaíso, 13 minutes from the 7 Hermanas and Boulevard Las Palmas de Viña projects, moved 24% of the national total equivalent to 0.91 million tons per month, ranking 17th among Latin American and the Caribbean ports⁴⁸. Valparaíso also has a passenger terminal, one of the few ports in Chile with this kind of facilities, which was given in concession in 2002 for a period of 20 years.

⁴⁸ CEPAL. 2015. <http://bit.ly/1IL0Rgy>

Airport Infrastructure

Chile has 7 airports for international operations, the main being Santiago International Airport (SIA)⁴⁹, located in the outskirts of the city of Santiago and only 1 hour by car from the projects of 7 Hermanas and Boulevard Las Palmas de Viña , In the CRCh.

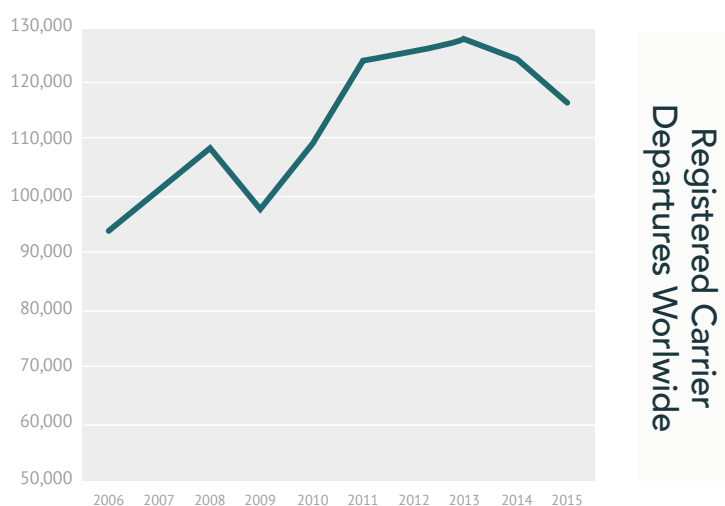
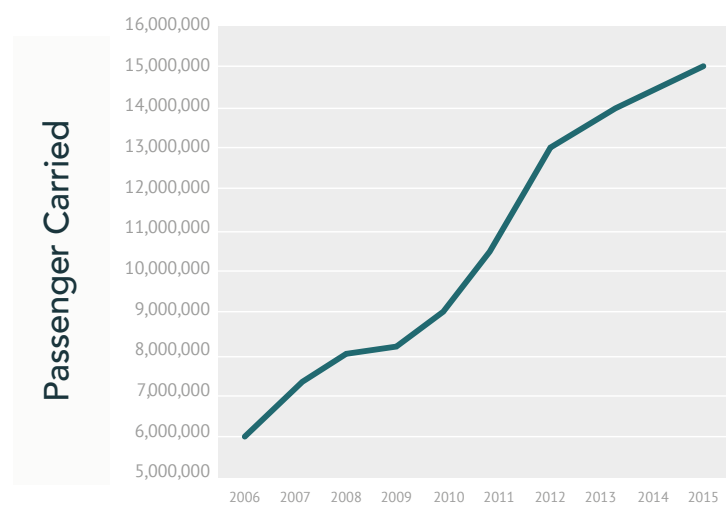
Passenger and freight transport has steadily increased in the last decade, and during the first half of 2016, the number of passengers transported grew by almost 10%. Last year, the 28 international airlines and 2 domestic flights companies⁵⁰ operating in Chile, transported 15 million passengers on 117,000 domestic and international flights⁵¹.

Santiago International Airport is currently being reshaped at a cost of US\$ 900 million to provide more comfort and recreational areas. A new international terminal with an area of 175,000 m2 will be inaugurated in 2020, increasing

the capacity of the airport to 30 million passengers per year, with a potential of 45 million passengers per year. The current terminal will operate only for domestic flights .

In the case of the Metropolitan Area of Valparaíso, it has 1 international airport (Mataverí) in Easter Island and 2 airport terminals, Concón Airport operated by the Chilean Navy, 14 minutes by car from 7 Hermanas and Boulevard Las Palmas de Viña projects, and the Quintero Air Base operated by the Chilean Air Force. The latter was completely refurbished and expanded in 2009 to be used by large jets that can land in case of incidents at the Santiago Airport. This air base is located 25 minutes by car from both projects.

In addition, the MAV is served by 1 heliport and 10 aerodromes, one of which is located just in front of the Boulevard Las Palmas de Viña project⁵².



⁴⁹ The official name of the airport is Comodoro Arturo Merino Benítez.

⁵⁰ The 2 companies operating on domestic flights in Chile are LATAM and SKY

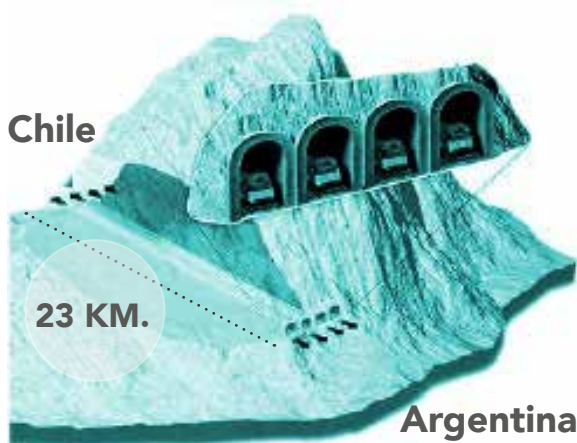
⁵¹ Nuevo Pudahuel. MOP. 2016..

⁵² <http://www.vregion.cl/datos/aeropuertos.php>

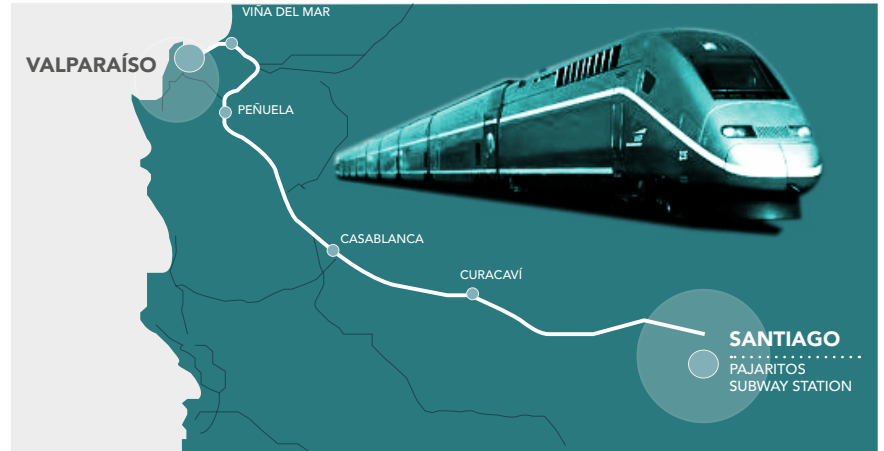
Infrastructure Projects Under Consideration in the CRCh

Tunnel in the Andes

Railway with 2 tunnels per direction for cargo transport



Fast Train



The most important infrastructure projects in the CRCh currently under study are the Rapid Train linking the metropolitan areas of Santiago and Valparaíso, as well as the low-altitude tunnel in the international Los Libertadores pass, which will significantly reduce travel time, ensuring continuity and maximum safety at the crossing of the Andes in case of bad weather conditions. Both projects are under review with no clear date for a call for tender.

Chile Central Summary



Boulevard Las Palmas de Viña

Project in the Metropolitan area of Valparaíso

Metropolitan Area of Valparaíso (MAV)

Geographic & Urban Context of the MAV

The Metropolitan Area of Valparaíso is a bay overlooking the sea, composed of a chain of 70 hills and a narrow coastal plain bordering the ocean. This sea-edge plain represents less than 7% of the total surface area of the MAV.

In the coastal area, all the touristic, commercial, equipment and services offer, as well as the labour centers, are located. In contrast, the vast majority of the residential districts of the urban area are located in the chain of hills, situation that has caused a saturation of the metropolitan urban transport system in the lower areas of the MAV.

Taking that into account, regional authorities have prioritized future urban growth for the city in the upper parts of the metropolitan area. This strategy will imply the development of sub-centres of equipment and services to reduce the functional dependence of the city in areas located in the coastal plain.

In keeping with these developing mission, public action has focused on three strategic axes:

- Legislative authorization of urban land for growth.
- Planning and investment in road and sanitation infrastructure.
- Restriction of growth in the coastal border⁵³ with reinforcement of its international touristic role.

As a result, the area in which the 7 Hermanas and Boulevard Las Palmas de Viña projects are located will support the urban growth of the MAV in the coming decades.

⁵³ There is only one relevant project on the coastal plain of the MAV called Las Salinas. Its development plan considers the construction of apartment buildings, shops, hotels, offices and event and cultural centres in an area of 8 hectares, and an estimated total surface of 377,000 m².

MAV Growth Estimate⁵⁴

As mentioned, the coastal plain (low city) concentrates most of the touristic, commercial, equipment, services and workplaces of the MAV, resulting in an infrastructure deficit for most of the population that inhabits the residential neighborhoods in the chain of hills and its plateau (high city). Due to the lack of urban land available in the lower part of the city, future residential growth should occur in the upper area of the city and incorporate the development of sub-centers, equipment and services sufficient to drastically reduce the need to travel to the lower part of the city.

It is important to note that at present, 92.25% of the MAV population is already located in the upper areas of the city, which require the aforementioned infrastructure given the problem currently existing in urban transport.

The MAV growth is estimated at approximately 90,000 households in the next 10 years, 45,000 of which will correspond to the city of Viña del Mar and 25,000 to the city of Valparaíso.

The development of housing and other uses to meet the needs of these new homes will generate 7.6 million m² of construction and will require 1,500 hectares of net land over the next decade alone⁵⁵.

⁵⁴ INCITY. 2016

⁵⁵ MAV Market Research. INCITY 2016.

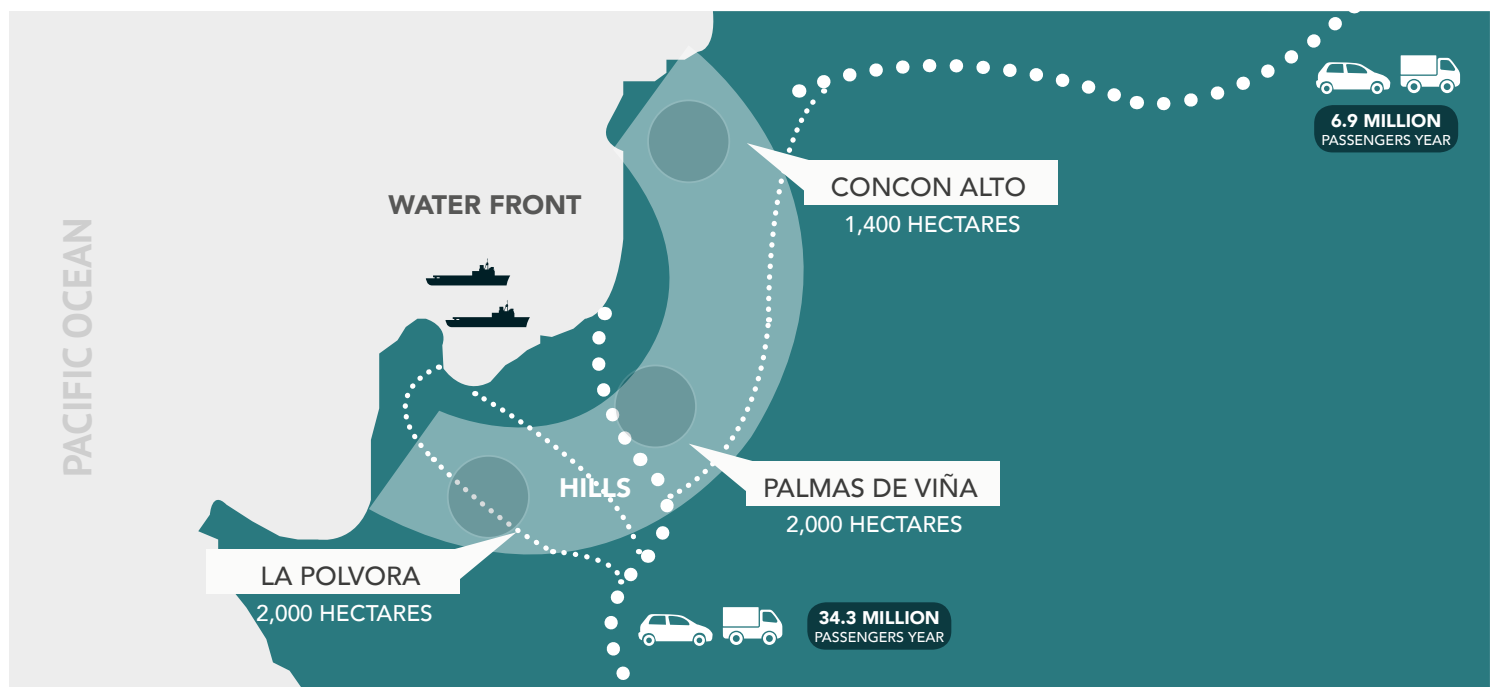
7 Hermanas and Boulevard Las Palmas de Viña projects positioning

The upper city has three sectors with potential to support the future growth of the MAV: La Pólvara in the upper part of Valparaíso, 7 Hermanas project in the high sector of Viña del Mar, and Concón Alto north of the city of Viña del Mar. 7 Hermanas project is located at the best sector to attract future buyers of low density housing (houses), and to host a new centrality to complement the urban centers of the lower city, given its central location and its direct connection to the main access of Viña del Mar and Route 68, main connection with the capital Santiago. This new sub-centrality is given by Boulevard Las Palmas de Viña project.

Projections made for the entire MAV estimate that the 7 Hermanas and Boulevard Las Palmas de Viña projects can capture between 11,000 and 14,000 households in 10 years, 40% of the buyers being from low middle socioeconomic groups, 45% from middle groups and 15% from high groups.

The above means that in the 1,942 hectares of 7 Hermanas it will be necessary to develop between 1.2 and 1.6 million m² in housing and other uses and occupy a quarter of its surface (500 hectares) in the next 10 years, being Boulevard Las Palmas de Viña sub-centre the main core of equipment and services for this whole new urban area⁵⁶.

AMV Possible growth areas



⁵⁶ INCITI. 2016

The basics of market capture estimates for 7 Hermanas project are:

- Its location in the context of the main centers of residential demand (Viña del Mar and Valparaíso).
- Its excellent road connectivity with all urban metropolitan areas, which gives it large functional capacity to host a new sub-center and the development of large-scale residential areas (Boulevard Las Palmas de Viña)
- Topographical diversity, which enables efficient segmentation of the market in terms of products, neighborhoods and uses.
- Adequate current regulatory conditions, technical feasibility and management and
- The successful case of Curauma, a project similar to 7 Hermanas, and which is located 16 km from the centers of demand (7 kilometers from 7 Hermanas and Boulevard Las Palmas de Viña). This project started 18 years ago, concentrating today 60,000 people, of which approximately a 30% work in the city of Santiago. It is worth to note that in the conception and development of Curauma project, the current partners of Propuesta Inmobiliaria also participated.

Urban Project

Sub Center Boulevard Las Palmas de Viña

Boulevard Las Palmas de Viña sub metropolitan scale center is located on the main access road to the city of Viña del Mar and 500 meters from the international Route 60CH, which connects Chile with Argentina, in addition to being in the urban access of Route 68 connecting Viña del Mar with the capital of the country, Santiago.

Located on 11.3 hectares that are part of the urban project 7 Hermanas, main urban extension area of Viña del Mar (1,941.74 hectares) equivalent to 11% of the total urban land of the city, and 23.6% of the whole urban land today available for the growth of the city.

Boulevard Las Palmas de Viña has been developed by BMA & Associates, an Argentine firm with offices in the city of Buenos Aires and Santiago, and one of the most important architecture offices of LATAM, especially in commercial, hotel and office projects (Mix Use). The project will create an urban nucleus of big impact for the MAV, being an unprecedented project for the city, thus generating a category of the most successful models of urban development in the world.

It includes commercial uses, offices, housing, services and entertainment, and will serve an estimated population of 150,000 inhabitants⁵⁷, coming from 5 surrounding communes and the capital of the country, for the next 10 years. This, in addition with the international flow to the city of Viña del Mar, which mainly concentrates on the route in which the project is located.



⁵⁷ Estimated demand developed by INCITI, 2015.

Access to Viña del Mar

Agua Santa Avenue will be structured as the main urban access road to the MAV, and particularly to the city of Viña del Mar, in a new profile given, among several projected actions, by:

- MOP Project 12/24, consisting of a new design of Agua Santa Avenue with double roadways, with highway standard, uneven links, improving both the capacity and the safety of the existing road, allowing interconnectivity in the north-south axis of the city⁵⁸;
- Land use for commercial facilities, offices and services, among which the most important is Boulevard Las Palmas de Viña project⁵⁹;
- Consolidation of the campus of University of Viña del Mar (more than 8,000 students of higher education) which is adjacent to Boulevard Las Palmas de Viña project;
- New Bus Terminal on Route 60 CH intersecting Agua Santa Avenue, 500 meters from BLPV project, which aims to eliminate the access of interprovincial buses to the city, transferring passengers to the city center by cable car. This project is in a conceptual stage promoted by the Secretary of Communal Planning of the city of Viña del Mar;
- Route 60 CH international access to the city of Viña del Mar from Los Libertadores pass;
- The development of the Large-Scale Port (p. 29) associated with the extension of Route 60 CH (p. 27), 500 meters of BLPV project, towards the city of Valparaíso becoming its northern access. Pre-feasibility road project by the Ministry of Public Works, to enhance port of Valparaíso development.

⁵⁸ MOP video of Project 12/24: <https://www.youtube.com/watch?v=nBy0uMdUfto&index=38&list=WL>

⁵⁹ <http://www.uvm.cl/>

Proposed Master Plan

**HOTEL/CONVENTION CENTER**13,000 m²**OFFICES**20,000 m²**RESIDENTIAL**18,000 m²**RECREATION**10,000 m²**RETAIL**58,000 m²**PARKING**70,000 m²**SERVICES**10,000 m²**TOTAL DEVELOPMENT: 199,000 m²**





The project preserves an existing palm sanctuary and develops a innovative model for sustainable development, both in its urban design and in state-of-the-art buildings.

Different uses and characteristics of BLPV project, as well as its spatial and architectural configuration, makes it a unique urban sub-center, creating a new category, which is articulated as both a Power Center and an Entertainment Center for the Metropolitan Area of Valparaíso.

Invitation to investors

Boulevard Las Palmas de Viña project is in the architecture developing process of its the programmatic components, preparing the submission of a preliminary draft for review and subsequent approval by the authorities.

In terms of the current state of the project, the purchase of the land is partially completed, and will be completely closed in the next 180 days. The purchase has been financed in part with own resources of Las Palmas de Viña SpA, and through a 5-year bank financing. For the construction phase it is also contemplated to use bank financing, and then re-finance the credit in the long term (20 - 30 years) with an insurance company. The above, according with the current business plan which contemplates, until now, to maintain the property and allocate 100% of the project to the rental business.

The current shareholders contemplate the incorporation of a strategic investment partner for the project development stage, in a percentage to be defined according with the profile of the partner,

incorporation that should be effective in the next 18 months. The strategic investor partner should fulfill three main characteristics:

- Capacity of investment according to the size of the project and its business model
- Previous experience in similar urban development projects, either as an investor and / or real estate manager
- A strategic vision of long-term investment in the region

The current partners will lead the stages of development of the project and its subsequent management. This decision could be revised depending on the profile of the partner to be incorporated, but in this case always with the participation of the current managing partners, due to their extensive professional experience in the development of similar projects in Chile and abroad, including important real estate developments in the CRCh⁶⁰.

The business plan contemplates the following schedule:

	2017				2018				2019				2020				2021				2022				2023				2024				2025				2026				2027			
	T1	T2	T3	T4	T1	T2	T3	T4	T1	T2	T3	T4	T1	T2	T3	T4	T1	T2	T3	T4	T1	T2	T3	T4	T1	T2	T3	T4	T1	T2	T3	T4	T1	T2	T3	T4	T1	T2	T3	T4				
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⁶⁰ See Annex "Managing Partners Professional Experience".

SUMMARY OF TOTAL INVESTMENT

Amounts in US Dólar

Investment Item	Amount
Land	24,901,734
Urbanization	8,292,462
Construction	94,884,071
Development Costs	8,276,200
Total	136,354,468

ANNUAL IRR over Assets (Unfunded Project) 12.15%

ANNUAL IRR over Equity (Financed Project) 30.48%

NET PRESENT VALUE (Financed Project)

Amounts in US Dólar

	Annual rate	NPV
NPV	10,0%	69,384,441
	12,0%	46,402,036

FINANCIAL STRUCTURE

Funding Source	Amount	% of Investment
Bank financing	100,900,069	74.00%
Sales Cash Flow	10,807,662	7.93%
Equity	24,646,737	18.08%
Total	136,354,468	100.00%

Restaurants/Boulevard		Other Business Areas	
Restaurants/Boulevard	Stage 4.1	Housing	Stage 1
Restaurants	Stage 4.2	Offices	Stage 2.1
Stores		Services/Health	Stage 2.2
Supermarket / Homcenter		Car Dealership	Stage 2.3
		Convention Center	Stage 3.1
		Hotel	Stage 3.2

Annex

The partners of Propuesta Inmobiliaria S.A., in their 20 years of experience in the field, have developed numerous successful real estate projects both in Chile and abroad.

Some of these projects are the following:

International Projects

- Jockey Plaza Master Plan, Lima Perú.



Jockey Plaza Shopping Center was developed in an area of 174,821 m², with a leasable area of 152,028 m². The project is composed of 3 department stores, 2 hypermarkets, 1 home shop and 481 stores. It also has 1 restaurant area with capacity for 1,500 people, 12 cinemas, 1 Convention Center, 1 medical center and 5,120 parking spaces.

Jockey Plaza is a market leader in Peruvian shopping centers, with a monthly traffic of 2.5 million visits, reaching 30 million a year. The shopping center has an excellent location and accessibility to the most affluent districts of Lima.

- Master Plan Pilar del Este, Buenos Aires, Argentina



This is a Master Plan for the settlement of neighborhoods in an area of 550 ha, located between the provinces of Pilar and Escobar, 58 kilometers from Buenos Aires. The Plan included areas for a commercial and civic center, high-level primary and secondary schools, and recreational and sports centers (tennis, rugby, hockey, etc.)



- Valle Escondido, Córdoba, Argentina



This project is located in the northwest of the city of Cordoba, in an area of prestigious country clubs. The project represented the first Planned Master Community in Argentina.

It presents a safe and modern system of access to the neighborhoods of the city, with sports, commercial, social and educational infrastructure with predominance of green spaces.

Tourism projects in Chile

- Bahía Coique, Lago Ranco IX Region



Deployed in 50 hectares of real estate development.

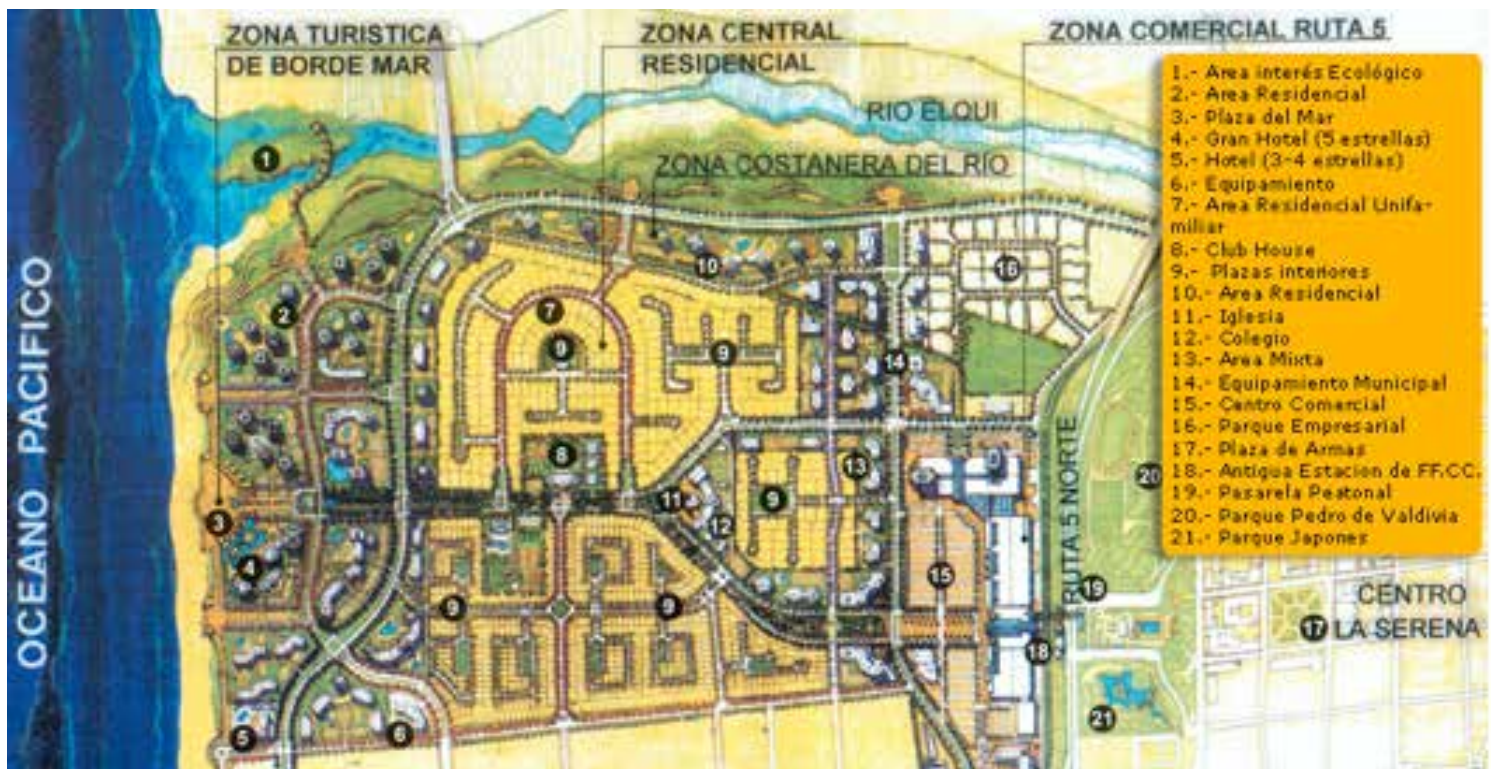
- Ilimay, Las Cruces, V Región, 30 Has de desarrollo.



- Puntilla de Villarrica, IX Region, 50 Has.



- Puerta del Mar, IV Region, 167 Has.



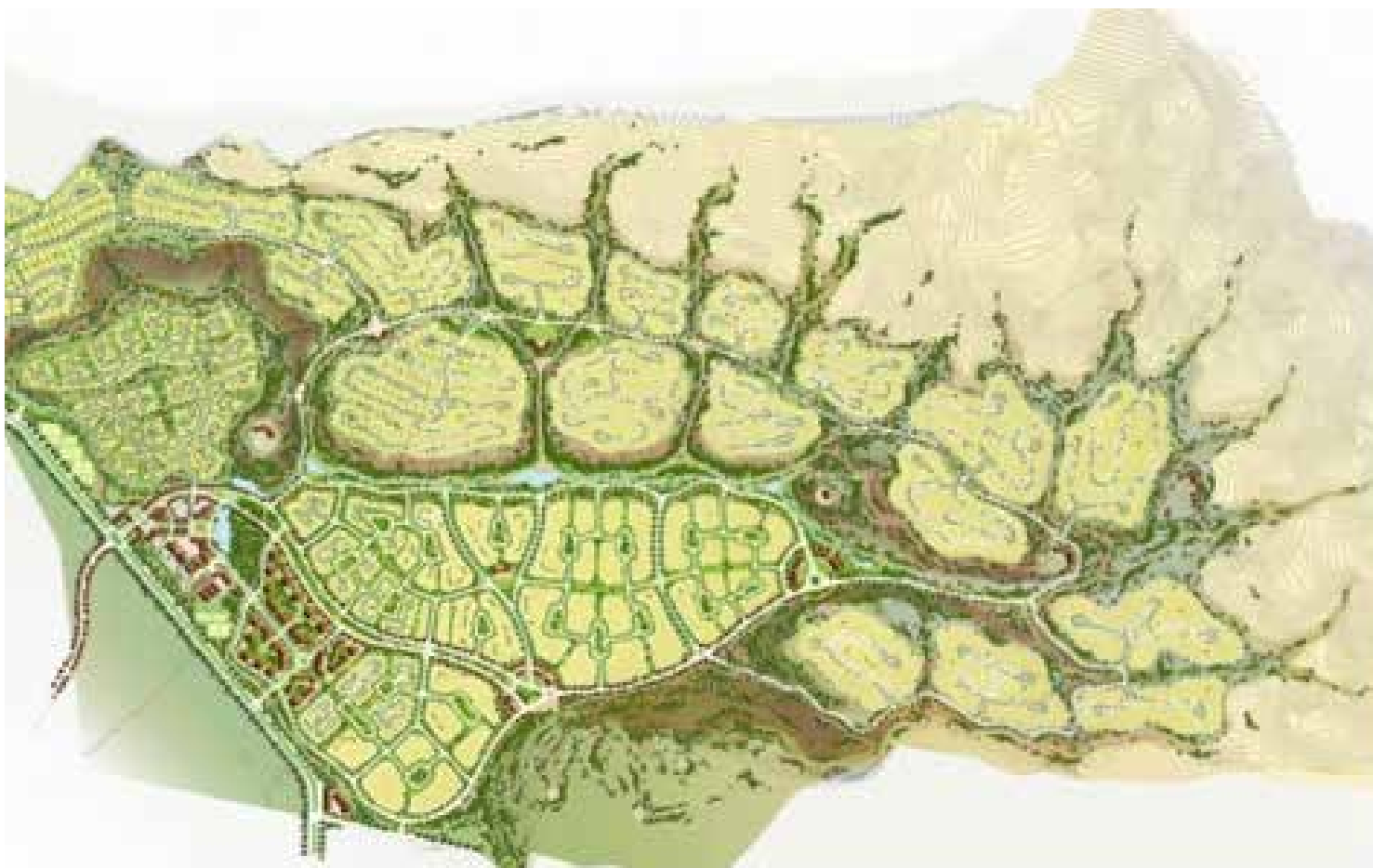
- Curauma, V Región, 60,000 inhabitants, 3,500 Has.



- Viña Cousiño, Santiago, 350 Has.



- Santa Elena, Colina, Santiago, 3,000 Has.



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