

Excellence
that crosses
boundaries



2016
ANNUAL
MEMORY



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Identification of Society

Legal Information

- Name: Cencosud S.A.
- Legal Address: Av. Kennedy 9001, Las Condes, Santiago
- RUT: 93.834.000-5
- Phone: (56 2) 2959 0000
- Industry: Investments and Supermarkets
- Registration at SVS: Registration number 743 dated August 21st, 2001
- **Website:** www.cencosud.com

Tickers

- CENCOSUD (Santiago Stock Exchange)
- CNCO (New York Stock Exchange)

Contact information for Shareholders and Investors

- **Shareholders Contact:** Sercor S.A.
- Address: El Golf 140, piso 1. Las Condes, Santiago, Chile.
- Phone: (56 2) 2364 6786
- **Investor Relations Contact**
- Address: Av. Kennedy 9001, piso 6. Las Condes, Santiago, Chile.
- Emails and Phones:
- Maria Soledad Fernández, Investor Relations Officer:
mariasoledad.fernandez@cencosud.cl, (56 2) 2959 0545
- Natalia Nacif, Investor Relations Deputy Manager:
natalia.nacif@cencosud.cl, (56 2) 2959 0368
- Valentina Klein, Investor Relations Analyst:
valentina.klein@cencosud.cl, (56 2) 2200 4395

Company Bylaws

Incorporated on Nov. 10th 1978 at the notary public Santiago de Enrique Morgan Torres. Its incorporation and bylaws were approved in resolution N° 554-S, dated December 27th 1978 by the Registrar of Land, Mines and Industrial Properties Published in the official Gazette on December 30th 1978 issue N° 30.252.

Company's Address

- **Argentina:**
 - Address: Suipacha 1111, Floor 18, C.A.B.A., Buenos Aires
 - Phone: 54-11-47331450

- **Brazil:**
 - Address: Av. das Nações Unidas, 12.995 - 17° andar - Brooklin - São Paulo, CEP 04578-000
 - Phone: 55 - 0 800 979 3290
- **Colombia:**
 - Address: Avenida 9 No. 125 - 30, Bogotá
 - Phone: 57-1- 6579797
- **Chile**
 - Address: Av. Kennedy 9001, Las Condes – Santiago
 - Phone: 56-2-9590000
- **Peru**
 - Address: Calle Augusto Angulo N° 130, distrito de Miraflores, Lima.
 - Phone: 51-1-6260000

Contacts

- **Sitios Internet**

Chile	Argentina	Brazil
www.jumbo.cl	www.cencosud.com.ar	www.gbarbosa.com.br
www.santaisabel.cl	www.jumbo.com.ar	www.bretas.com.br
www.easy.cl	www.supermercadosvea.com.ar	www.perini.com.br
www.tarjetacencosud.cl	www.easy.com.ar	www.prezunic.com.br
www.cencosudshopping.cl		
www.costaneracenter.cl		

Peru	Colombia
www.wong.com.pe	www.tiendasjumbo.co
www.ewong.pe	www.tiendasmetro.co
www.plazalimasur.com	www.easy.com.co
www.metro.com.pe	www.puntoscencosud.co

- **Audidores Externos**

PWC

LETTER FROM THE CHAIRMAN





Dear Shareholders:

I present to you the annual Report and the Consolidated Financial Statements of Cencosud for the year 2016.

In the context of a challenging macroeconomic environment characterized by the devaluation of currencies in the countries in which we operate, high levels of inflation and a marked slowdown in economic growth, Cencosud was able to grow its business in the region in 2016. As always I have commented, when markets go through difficult times, there are always opportunities that we must take advantage of.

Our revenues in local currency increased in all markets except Brazil, while sales in terms of same store sales improved in most countries and businesses compared to 2015.

In terms of profitability measured as Adjusted EBITDA, the Company achieved an improvement of almost 12%, reaching CLP 765,955 million, which was a margin of 7.4% compared to the 6.2% reported the previous year. On the other hand, profit grew 67.2%, reaching CLP 387,798 million. Excluding the exchange rate effect, all countries, except Brazil, remained solid despite the complex environment, reaching double digit in the case of Argentina and Peru.

As our mission states, during the past year we continue to work to be one of the most profitable and prestigious retailers in Latin America. The result of this work was recognized by two of the main risk classifiers.

In effect, both Fitch Ratings and Moody's reaffirmed our Stable Outlook credit rating.

In 2016 we had 15 store openings: 12 Supermarkets, 2 Department Stores and 1 Home Improvement store. In addition, we started the operation of a new Perishable Distribution Center in Chile and activated the construction of two Shopping Centers: La Molina, in Peru; and Valdivia, in Chile. We also began the expansion of Mirador de Alto Las Condes and developed 38 remodeling projects in the 5 markets in which we operate, 27 of which were completed within the year.

In order to improve our efficiencies and focus on business, during 2016 we continue with the intervention plan of underperforming stores that we started in 2015, expanding its reach from 120 to 170 stores. By December 2016, 18 stores significantly changed the trend of their performance, increasing their EBITDA generation above the average growth of their flag. Of these stores 1 came from Argentina, 7 came from Chile, 3 came from Colombia and 7 came from Peru.

In the same line, during 2016 we signed agreements for the sale of 25 properties and land worth USD 46 million, of which to date the procedures have been completed and the transfer of 6 of them has been completed.



As for our customers, the main focus of our look and effort, in 2016 we started the implementation of a strategy of omnichannel, meeting the increasingly demanding needs of consumers. We seek to generate an integration of our channels in the face of customers, to facilitate and make their shopping experience more pleasant, an invariable principle that we have had in Cencosud since our origins more than 50 years ago.

I do not want to finish without expressing the gratitude we feel at Cencosud for the trust and preference of each of our clients. Our leadership in the industry is rewarded for its support and allows us to continue growing and generating value for millions of consumers in Chile, Argentina, Brazil, Colombia en Peru.

Thanks also to the work of all of Cencosud's collaborators, 138 thousand people at a regional level who, year after year, contribute their talent, creativity and effort to continue advancing in the consolidation of this great company. And also our shareholders, who accompany us year after year in the task we develop.

During 2017 we will continue working with vision, challenge, entrepreneurship and perseverance, committed to our tradition and commitment to all of you.

Horst Paulmann K.
Presidente





ABOUT CENCOSUD

Cencosud Snapshot

We are one of the largest and most prestigious retail conglomerates in Latin America. We have operations in Argentina, Brazil, Chile, Peru and Colombia, where every day we develop a successful multi-format strategy that today employs more than 138 thousand employees. Our operations extend through different lines of business, such as Supermarkets, Home Improvement, Department Stores, Shopping Centers and Financial Services. All of them have great recognition and prestige among consumers, with signatures that stand out for their quality, excellent level of service and customer satisfaction.

In Cencosud, our main goal is to become one of the largest and most profitable retailers in South America and deliver our customers the maximum quality – service, excellence and commitment, 365 days a year.

We work with respect for the communities with which we live, in each of the countries in which we operate.

Our ambition is to continue developing our multi-format proposal and to take advantage of the competitive advantages of this in all our business units.

OUR HISTORY



1963

Opening of our first Las Brisas supermarket in the southern city of Temuco, Chile.

1970

Opening of Jumbo Kennedy in Santiago, Chile

1982

First Jumbo opening in Argentina

1988

Opening of Unicenter shopping mall in Argentina

1993

Opening of Alto Las Condes shopping mall and the first Home Improvement store under the brand Easy

2002

Proterra acquisition in Chile and Home Depot in Argentina.



2003

Santa Isabel acquisition, Financial Services launch through Cencosud Administradora de Tarjetas (CAT) and the opening of Florida Center and Portal La Dehesa in Chile.

2004

Las Brisas, Montecarlo and Disco acquisitions, and IPO in the Santiago Stock Exchange

2005

Empresas Almacenes Paris S.A. acquisition and rebranding of Montecarlo and Las Brisas to Santa Isabel

2007

Infante, Economax, Foster and Eurofashion acquisitions. Gbarbosa acquisition in Brazil GSW (Wong) acquisition in Peru JV with Casino Guichard-Perrachon S.A. ("Casino") for the development of Easy Colombia S.A.

2008

Start of financial services operations in Argentina Blaisten acquisition, Home Improvement store in Argentina



2010

Super Familia acquisition in Fortaleza, Brazil
Perini Comercial de Alimento Ltda. Acquisition, Brazil
Bretas acquisition, Brazil

2011

Issuance of first Reg S/144-A bond for USD 750 million.
Take over of the 38,636% stake of Jumbo Retail Argentina.
Deal with Bradesco for the Joint development of Financial Services in Brazil
Cardoso acquisition, Brazil
Johnson acquisition, a department store chain in Chile

2012

Prezunic, acquisition Brazil
Opening of Costanera Center shopping mall
Carrefour acquisition in Colombia
Issuance of a Reg S/144-A bond for US\$ 1,200 MILLION
IPO at New York Stock Exchange (NYSE)

2013

Capital increase in Chile for US\$ 1,636 million.
Introduction of Jumbo and Metro brands in Supermarkets Colombia.
50 year anniversary for Cencosud

2014

Signature of final contracts with Scotiabank for the joint development of Financial Services in Chile



2015

Completion of the transaction with Scotiabank
Opening of Sky Costanera, located on the top 2 floors of the 300-meter-high tower, the higher skydeck in Latin America.
Board of Directors approved continuing the IPO of Shopping Centers project and investment banks were selected for the structuring of the transaction.

2016

Sale of the 33.3% interest in the Company Mall Viña del Mar S.A.
Risk classifiers Fitch and Moody's reaffirmed investment grade rating with stable Outlook
The Company's Board of Directors approved an extraordinary dividend payment of CLP 16 per share.
On October 28, the Board approved the payment of a provisional dividend of CLP 50 per share.
Sale of Teleticket in Peru

OUR BUSINESS



- **384 stores with a total of 1,702,529 square meters of selling space**
 - ✓ **Supermarkets:** 245 stores with 578,362 square meters of selling space
 - ✓ **Home Improvement:** 35 stores with 325,315 square meters of selling space
 - ✓ **Department Stores:** 79 stores with 377,288 square meters of selling space
 - ✓ **Shopping Centers:** 25 Shopping Centers with 421,564 square meters of GLA to third parties and an occupancy rate of 98.2%
 - ✓ **Financial Services:** JV with Scotiabank. Loan portfolio of CLP 698,519 million
- Revenues 2016: CLP 4,342,505 million
- Adjusted EBITDA 2016: CLP 446,774 million
- Headcount: 56.432



- **356 stores with a total of 1,193,570 square meters of selling space**
 - ✓ **Supermarkets:** 283 stores with 524,821 square meters of selling space
 - ✓ **Home Improvement:** 51 stores with 391,546 square meters of selling space
 - ✓ **Shopping Centers:** 22 Shopping Centers with 277,203 square meters of GLA to third parties and an occupancy rate of 97.2%
 - ✓ **Financial Services:** Portfolio de ARS 6,472 million
- Revenues 2016: CLP 2,528,990 million
- Adjusted EBITDA 2016: CLP 195.213 million
- Headcount: 24.918



- **211 stores with 594,855 square meters of selling space**
 - ✓ **Supermarkets:** 211 stores with 594,855 square meters of selling space
 - ✓ **Financial Services:** JV with Bradesco. Loan portfolio of BRL M\$ 492,579
- Revenues 2016: CLP 1,589,768 million
- Adjusted EBITDA 2016: CLP 7,364 million
- Headcount: 28,340



- **105 stores with a total of 398,525 squares meters of selling space**
 - **Supermarkets:** 91 stores with 272,001 square meters of selling space
 - **Department Stores:** 10 stores with 55,333 square meters of selling space
 - **Shopping Centers:** 4 Shopping Centers with 71,191 square meters of GLA to third parties and a occupancy rate of 90.5%
 - **Financial Services:** Owned banking operation. Loan portfolio de PEN M\$ 520,934
- Revenues 2016: CLP 986,986 million
- Adjusted EBITDA 2016: CLP 82,390 million
- Headcount: 14,490



- **115 stores with a total of 528,543 square meters of selling space**
 - ✓ **Supermarkets:** 103 stores with 431,232 square meters of selling space
 - ✓ **Home Improvement:** 10 stores with 82,320 square meters of selling space
 - ✓ **Shopping Centers:** 2 Shopping Centers with 14,991 square meters of GLA to third parties and an occupancy rate of 36.4%
 - ✓ **Financial Services:** JV with Colpatría. Loan portfolio of COP MM\$ 731,819
- Revenues 2016: CLP 884,753 million
- Adjusted EBITDA 2016: CLP 34,214 million
- Headcount: 13,980

HIGHLIGHTS 2016



29th April

It was agreed to distribute an extraordinary dividend payment of CLP 50 per share against retained earnings.

8th July

The risk classifier Moody's reaffirmed the company's credit rating on Baa3, changing the outlook to Stable. Also on April 15, the risk classifier Fitch Ratings reaffirmed Cencosud's credit rating on BBB- with stable outlook.

11th July

The public sale of secondary shares was announced by the Paulmann family. On July 15, Inversiones Tano Ltda. Concluded the sale of 170.6 million Cencosud shares at a price of \$ 1,750 pesos per share or USD 8 per ADS, which represents 6% of Cencosud's total shares. With this, the controlling family holds 54% of the total Cencosud.

December

During 2016, agreements have been signed for the sale of 25 properties and land worth USD 46 million, of which to date the procedures have been completed and the transfer of 6 plots worth US \$ 4 million.

28th October

The company's Board of Directors approved the payment of a provisional dividend of CLP 20 per share. The payment date was December 7th, 2016.

SUSTAINABILITY



Our View on Sustainability

We are the biggest retailer in Latin America, present in 5 countries, and one of the main employers in the region, with a headcount of over 138 thousand.

Cencosud has grown by nearly 15 times over the past 10 years; its might is based on the multiple formats it assumes throughout the region. These results pose relevant challenges and responsibilities; among them that of being able of strengthening and projecting them into the future, ensuring business sustainability.

To do so, we have focused on the construction of trustworthy and inclusive brands that connect with society and mindful of their settings. Each of the groups aims at improving the lives of our consumers by means of memorable purchasing experiences, while at the same time generating happiness for our employees, and yield for our shareholders. We seek producing earnings, but at the same time pay attention to the creation of social and environmental worth, as well as making good on the commitments undertaken with the stakeholders we have defined as such.

Sustainability is paramount across the board for Cencosud's business and brands, and that translates into specific actions. We adhere to the Chilean chapter of the United Nations Global Compact, as a way of ratifying our commitment towards SCR and implementing the 10 Principles of Sustainable Development of the Global Compact. Besides, we have a Corporate Social Responsibility Strategy, adapted to each business, in each of the 5 countries in which we have presence.

Sustainability Strategy
Tailored to each business in each country.



Common and defined Stakeholders.
Commitments per Stakeholder.
Value-building programs for the brand -both internally and externally.

This year, we are for the first time including a chapter on Sustainability in the Annual Report, through which we seek to convey the main corporate aspects on this matter, underscoring what our focus currently is. Additionally, our various brands continue to publish their Sustainability Reports, in which they detail their annual performance in the economic, social, and environmental scopes.

This Chapter, and the various Reports, enable the disclosure of the main initiatives, progresses, and commitments recorded by Cencosud in matters of sustainability, as well as delving into the trust relationships we have managed to establish with our various stakeholders.

During 2016, we ratified these commitments through the publication of the Sustainability Policy, of the Environmental Policy, and of the Policy on Diversity and Inclusion, each of which was accompanied, via their brands, by specific implementation at the Business Units and in the countries where we operate.

Throughout 2016, Cencosud became one of the 4 Chilean companies to be part of the select Dow Jones Sustainability Emerging Markets Index, and one of the 3 Latin American companies of the “*Food and Staples Retailing*” industry to be part of one of the Dow Jones indices. These indices are the best reputed at a global level when it comes to sustainability¹ and ones of great relevance for investors and other stakeholders, due to the strictness with which they assess the performance of companies in economic, social, and environmental matters. Such recognition can only drive us to continue to strive to be an ever-better Company day in and day out; one that manages its business in a sustainable manner of world-class standards.

¹ For further information on Cencosud’s Sustainability Policy, please check <https://www.cencosud.com/politica-de-sostenibilidad/cencosud/2016-04-21/093353.html>

“As a corporate group, we may only envision ourselves as succeeding in the future if we are respectful of our history and values. That is, placing our clients above all, making decisions that have our employees at the core, building up transparent brands that feel close to everyone, and adhering to the strictest standards of ethical and legal behavior. At Cencosud, we are in a constant search for the best way to be a company.”

Jaime Soler
CEO of Cencosud

OUR AWARDS ON SUSTAINABILITY IN 2016

The job performed by Cencosud in matters of sustainability was acknowledged with the following prizes awarded to our brands in 2016:

Paris

- 1st place in the *PROhumana* 2016 Ranking of Corporate Sustainability.
- Golden Effie in the Sustained Success Category for the “*Clothes for Clothes*” [“*Ropa por Ropa*”] campaign.
- AMCHAM’s Honorable Mention award for the “*Back to Knitting*” [“*Volver a Tejer*”] initiative.

Jumbo

- 9th place in the *PROhumana* 2016 Ranking of Corporate Sustainability.
- “*Wellness Revolution*” [“*Revolución Wellness*”] award: For public and private sector companies, and NGOs, that Foster permanent practices aimed at the overall wellbeing of their employees in varied scopes, improving work climate.

Jumbo was one of 17 companies recognized, and the prize is awarded because of fostering healthy feeding and lifestyle habits among its employees.

Shopping Centers

- Inclusive seal, “Universal Accessibility for Companies”, granted to *Costanera Center*, by the Chilean agency for Disability [*Servicio Nacional de la Discapacidad, SENADIS*] in December 2016. This seal recognizes State-owned and private companies and institutions that take positive action towards inclusion of people with disabilities. This prize is the result of the good work done by Cencosud via its Policy on Diversity.
- Prize of the “Santiago 2041 Forum, the City on its Way to 500 years old” Contest, in the “Digital City and Public Space” Category for the *Buscadog.cl* initiative of Cencosud’s Mall Portal, aimed at adopting pets, and which distributed over 1,500 houses for street dogs throughout the city.

STAKEHOLDERS AND MATERIALITY

Stakeholders

Cencosud brands and business units have defined 5 stakeholders: employees, clients, suppliers, community, and the environment. Meanwhile, at a corporate level, Cencosud also includes investors/shareholders² as a stakeholder.

CORPORATE STAKEHOLDERS

- **Investors**
- Employees
- Clients
- Suppliers
- Community
- Environment

Cencosud’s commitment with its shareholders targets the creation of long-term value, by means of a relationship based on information transparency and an ongoing and open dialogue.

The Cencosud Vice Presidency for Investor Relations handles liaisons with investors and with domestic and international analysts.

Materiality

For Cencosud, sustainability is connected with the development of a long-term business model. This implies assuming a commitment and responsibility with our stakeholders regarding not only the generation of economic worth, but also social and environmental worth.

As part of the acknowledgment of and liaison with our stakeholders, and within the framework of the development of the Sustainability Reports of our brands, a consultation and dialogue process takes place every year, which enables identifying and going over the material topics affecting each of the businesses.

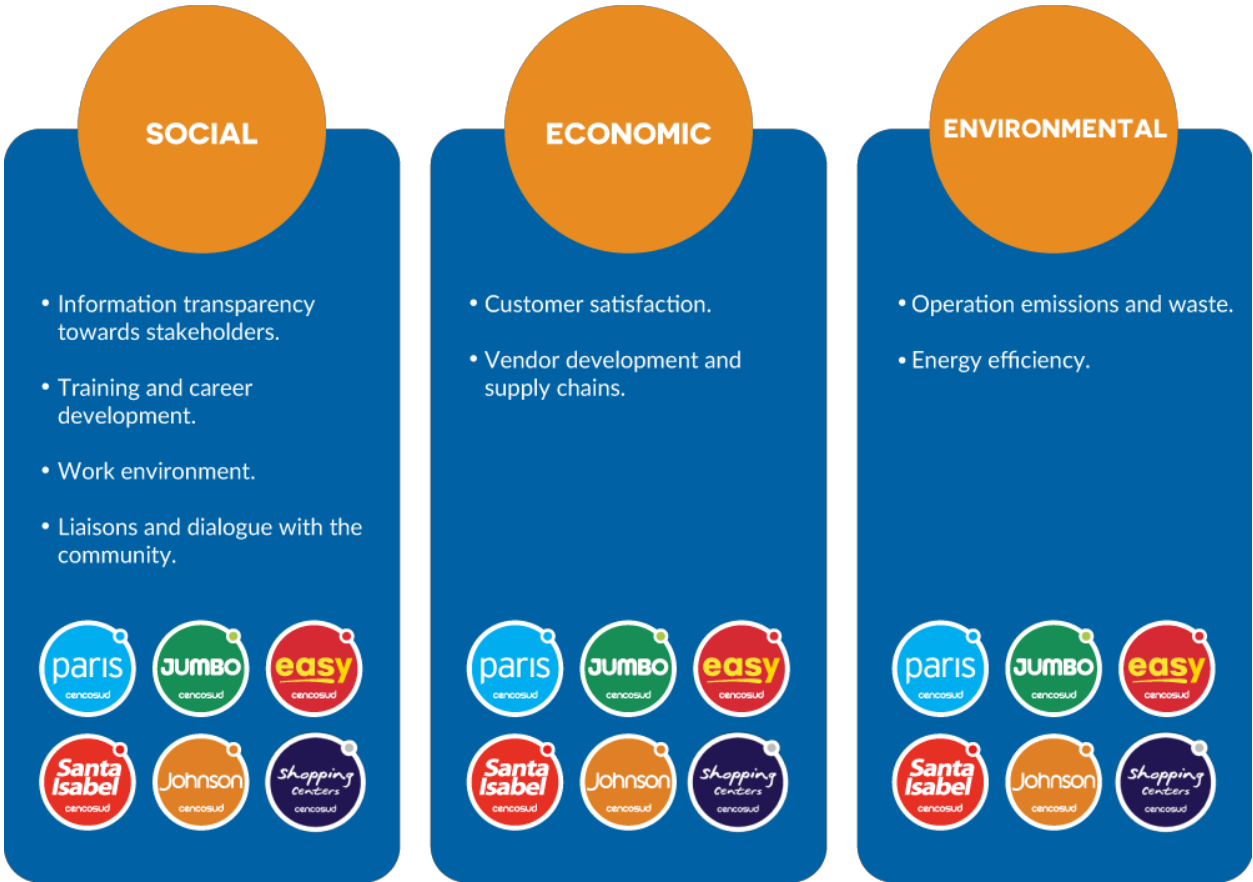
Material matters are those that reflect the impact a company produces on economic, social, and environmental issues, as well as those aspects that are relevant for stakeholders’ decision-making.

²For further information on Cencosud’s equity structure, please check page 71 herein.

Analyzing, on annual basis, the topics of materiality of our business enables us to understand trends and future issues, identifying mid-term risks and permanently revising our sustainability strategies.

For 2016, our brands in Chile identified 8 material cross curricular aspects, which we shall describe in greater detail in the coming chapters.

Additionally, *Supermercados Wong* and *Metro de Perú*, run their materiality exercises for their respective Sustainability Reports, raising the following aspects that are relevant for their publics of interest.





DOING BUSINESS – OUR WAY

Nowadays, more than ever before, consumers seek to trust the products and brands of their choice. The crisis of credibility is a trend that not only touches institutions and companies in our own country, but around the world, propelled by a connectivity that results in empowered citizens that make informed decisions. Hence, our stakeholders, and society at large, are constantly assessing our behavior, in the face of which we must build and maintain high levels of trust.

To this end, we have defined 4 axes to build and maintain trust in the long run:

- 1) **0-Tolerance in the face of customer problems.**
- 2) **To continue to progress in transparent brands that support our promise.**
- 3) **Generation of memorable experiences.**

- 4) **Our People:** Generating pride and a sense of belonging among our employees is key to achieve our ongoing challenge of creating an ever-better experience for our customers.

CORPORATE ETHICS CODE

Cencosud has a corporate Code of Ethics in place since 2010. The document is the cornerstone that reflects our principles, culture, and values, and which serves as the guideway when it comes to matters of coexistence within the group, setting the expected way in which to act as regards customers, the protection of company assets, and how to handle corporate information.

The scope for the Code of Ethics reaches our Board members and all employees of the companies and divisions in which Cencosud has the control or owns a majority stake. Respecting, knowing, and fully abiding by provisions in it is every one of the foregoing's obligation.

Procedure for Queries; Channeling Reports

Supplementing the Code of Ethics, the holding has established formal channels for denunciation, to which the employee may turn in the event of doubts or of detecting an infringement of that set forth in the Code of Ethics. The company has taken care to assure confidentiality in the reception of the circumstances informed, and these channels are administrated by an independent third party with international expertise in the channeling of this kind of reports.

The company's reporting channels are:

- Toll-free hotline for employees
- Website
- Fax
- Personal interviews
- P.O. Box

Report Managing Process

Denunciation reports arrived via the different channels are sorted according to seriousness. Thus, less serious reports are looked into and solved by the areas of Corporate Internal Audits and Corporate Human Resources, while those that entail a greater complexity are subjected to the Ethics Board.

The Ethics Board at Cencosud is chaired by the Corporate VP for Internal Audits, and integrated, as well, by the Corporate CEO, the Corporate VP of HR, and the Corporate CFO.

Every report is looked into, to then pass a resolution, and draft a report of the results achieved. The process ends with the decisions that Cencosud makes with respect to each of the denunciations.

During 2016, throughout the Cencosud group, 2,516 of these reports were received.

RISK MANAGEMENT

The Regional Vice Presidency for Risk Management works to guarantee that the risk management strategy always fits the context, the contingency, and the long-term goals of the Company.

This Vice Presidency defines an annual working plan to support the Administration in the identification, update, assessment, analysis, and treatment of risks, both at a corporate level, per country, and per division, and it is accountable for following up on action plans declared by the Administration.

Supported by consultants Deloitte, in 2016 we defined a general process for risk control, along with a methodology that enabled surveying and identifying 37 corporate risks with which Cencosud is nowadays faced. The latter methodology allows us, as well, to map risks (assessed pursuant to their relevance), define action plans, follow up, and monitor their progress.

The 37 corporate risks identified in this process, and on which Cencosud is working, are divided into 4 categories: Strategic, Financial, Operational, and Compliance risks.

CUSTOMERS

Customers are at the core of our work at Cencosud, and we seek to build a relationship based on trust with them, in which the key is to deliver on our brand promises, through coherent, consistent, and transparent actions, presenting them with timely information and agile solutions. Companies nowadays need to be present in several platforms, to Access their consumers. What is more, in our business, it is strategically paramount to develop sturdy Online capabilities that guarantee satisfaction and keeping our customers in the long run, to thus make our business sustainable.

Through its business units, the company works for customers to have a memorable experience regarding both purchase and service; one which strengthens the emotional connection with them, via connected, inclusive, transparent, and responsible brands that are mindful of their setting.

In this sense, one of the keys is to have an omni-channel strategy and, therefore, we are working so our brands have a relevant presence in the mobile devices of our consumers, through the *mobile website*, and through different apps (APP).

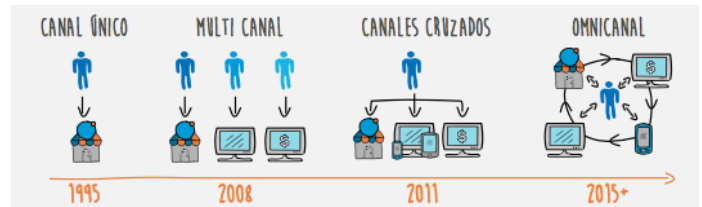
Quality, service, and innovation are all in our DNA, aimed at always managing to connect with and surprise our customers.

Cencosud and the Digital Consumer

As a consequence of the emergence of new technologies, the relationship between companies and their clients has changed profoundly. Nowadays, citizens are more and better informed, connected, and empowered.

Plus, people are currently exposed to greater volumes of information, which the access via multiple platforms, such as smartphones, tablets, or computers. Today's consumer was born into the digital era, and in the relationship with companies, the consumer demands a communication that can integrate all these channels, including the tangible one, in a coherent and coordinated manner.

We are faced with a new client/consumer profile; they are interconnected, eager to access information, they demand immediacy, and they choose how, when, and where they want to interact with our brands. In such a scenario, the challenge is to turn our business into a sustainable one, adapting ourselves and suitably responding to these demands.



Thus, customers, in addition to relating to the Cencosud brands in person (physical stores), can also interact with them via the various platforms the company makes available to them, among which we have:

1. Corporate website
2. Professional networks
3. Social media (Facebook, Twitter, and Instagram)
4. Online customer service platform
5. Online sales (e-commerce)

Our business (supermarkets, department stores, and home improvement stores) also reflects the growing trend of using online platforms, where the percentage of overall customers using our online services increases every year, as well as the percentage represented by online sales over total revenue.

The interaction with consumers has ceased to be merely face-to-face. We are today dealing with a generation in which customer expectation is to relate to the brand at any given time, 24x7, in a unique and consistent fashion, whatever the contact point: in person or online.

Proximity to Customers

Additionally, Cencosud is promoting proximity to its customers through new and innovative products and new purchase channels. An example of innovation in products is the 100%-organic cotton baby clothing line from *Jumbo Chile*.

Examples of innovation in purchase channels are the initiatives of *Jumbo Chile*: “Pick-up at your nearest locker”, “buy online and pick-up at the store”, and the service “buy online and we will deliver it in 90 minutes”, available for the boroughs of *Las Condes* and *Vitacura* in Santiago.

In Argentina, in 2016, new *Disco* and *Veja* stores continued to be implemented for store pick-up and for home-delivery, bringing the pick-up points closer to our customers. Additionally, towards the end of 2016, *Disco* supermarkets began implementing “*Disco Ya*”, an initiative for delivery within 2 hours at some *Disco* stores of the Federal Capital city, and started to implement the first “*Drive-in Disco*” store, consisting in allowing customers to pick-up their orders without getting out of their cars.

Besides the latter, the *Disco* and *Veja* websites were revamped, simplifying the online shopping process.

Customer Satisfaction

Every year, we measure customer satisfaction in all our businesses and countries, by means of an index. The information provided by this survey determines specific action plans to continue to improve, and hence achieve our goal of offering the customer a memorable shopping experience.

Customer satisfaction is shown in different indicators of customer attraction or retention rates, hinging on the business unit:

Supermarkets

Customers Retention Rate: This indicator shows the percentage of customers who return to buy every month.

Variation vs 2015

Jumbo	74%	-0.2 percentage points.
Santa Isabel	73%	+0.1 percentage points.

Department Stores

Customer Attraction Rate: Indicator that shows the ability to generate flow, or renew the customer base month after month (“seasons”).

Paris	55%	+ 0.9 p.p. vs. 2015.
Johnson	59%	Measured for the 1 st time in 2016.

Home Improvement

Attraction Rate: It is the ability to generate flow, or to renew the customer base every month (seasons).

EASY 58% +0.6 p.p. vs. 2015.

JUMBO WAS AWARDED THE 2016 PROCALIDAD PRIZE

Jumbo supermarket has the highest satisfaction rates among supermarkets in Chile. In 2016, it was recognized with the National Customer Satisfaction Prize, awarded by *ProCalidad*, in the Transactional Industry category.

EMPLOYEES

Corporate Culture: Focus on People

In our corporate culture, employees play the role of a “first customer”, and we strive so our promises to external clients are coherent and consistent with our value proposal towards our own people.

The work of Human Resources at Cencosud places people at the core of decisions. Our commitment is to form the best teams with our employees, and to foster happiness in those working in the Company, so that they feel proud to be a part of it.

Inspiring Development and Leadership

Our permanent challenge is to have a leadership capable of building trust, and of developing our people-focused corporate culture. To do so, we seek to attract and keep the best talent in the market. We currently have over 138 thousand employees throughout nearly 1,200 stores.

Our future success will depend on the Company’s ability to attract and work with the best; as well as caring for our talents as the most precious asset, generating the best conditions for our people.

Each one of the Cencosud companies has in place training and development plans according to the needs of its business and those of its employees. In 2016, the Company began to work with a new *e-learning* platform, called “Cencosud Campus”, which will allow to increase the speed, coverage, and quality of the educational programs to be taught, whether technical or developmental.

In addition, at the corporate level, nearly 5,000 leaders have been trained through the “Leader Essence” program in all Cencosud Group companies, in the 5 countries in which we have operations.

In this sense, the Company seeks an inspirational, close, humble, and humane leadership, capable of building trust, and whose talent is at the service of the common interest; one that can meet the challenges with resilience, openness, and creativity, always looking for extraordinary and sustainable results.

In 2016, Cencosud provided a total 1,660,262 hours of training to its employees, equivalent to an investment of USD 8,019,619.

Meanwhile, investment in man-hours of training grew by more than 50%, from USD 40.52 in 2015, to USD 63.45 in 2016, with an average of 13.14 man-hours of training.

	2016
Training hours	1,660,262
USD Investment	8,019,619
FTE Average	126,396
Training hours per FTE	13.14
USD Investment per FTE	63.45

Work Environment and Satisfaction

We understand that a good work environment is the factor that determines our ability to provide a good service in a sustainable manner.

At Cencosud, we foster a work environment where trust, respect, credibility, fairness, pride, camaraderie, and inclusion are dominant. We have been applying the “*Great Place to Work*” methodology over the last 5 years, to assess work environment throughout our companies.

To this end, every year we continue to improve the satisfaction levels of our employees. In 2016, in the survey mentioned, our employee satisfaction index reached 77% at the corporate level, with a response rate of 118,510 people. The latter implies that over 80% of our employees took part in it, 7% more than in 2015 and 21% more than in 2012, when we started applying this methodology.

Work satisfaction is also reflected in the group's consolidated turnover rate, which in 2016 reached 13.78% voluntary turnover and 34.65% total. This figure is 6.8 percentage points lower than that of 2015 (which was 41.49%), and for the standards of the supermarket and *retail* industry, characterized by high turnover rates, it is very positive.

Work Relations Based on Trust

For Cencosud, all our employees are equally important. We aim to always respect, be close to, trust, and have a constructive dialogue with them, in a way that allows us to advance our shared challenges. We have about 200 trade unions or union groups in the region where we operate, with which we maintain smooth relations based on an open and permanent dialogue.

During 2016, 41.58% of the Company's workers were unionized, a slight increase of 2.56 percentage points versus 2015, when 39.02% of the employees belonged to a union.

Diversity and Inclusion Policy

In Cencosud, we are aware of the opportunity we have as a company to contribute to the construction of a more balanced and equal society, which promotes inclusion and diversity. Our business units work together in a responsible and respectful way to generate value relations with our employees. Within this context, we have a Work Diversity and Inclusion Policy in place, through which we seek to safeguard mutual respect and non-discrimination.

In line with the above, we aspire to offer the necessary conditions to attract, keep, and develop female talent, regardless of the position they occupy. The inclusion of women in our companies is reflected in the fact that 51% of all our employees are women.

Other examples of the value we give as a company to diversity and non-discrimination is the inclusion policy for seniors and people with disabilities in our companies. Jumbo Chile is a clear example of this, with more than 800 seniors hired, who make a significant contribution to the Company.

SUPPLIERS

Cencosud seeks to develop long-term relationships with its suppliers, as well as building strategic alliances, accompanying progress, and development of all the entities and persons linked to its value chain. Building more responsible, ethic and sustainable value chains is an invitation to strengthen collaboration with suppliers in a transparent and trustworthy way; and to be more competitive in a coherent manner, and in harmony with sustainability.

The Company has implemented several actions that govern the relationship with its commercial and non-commercial suppliers, among which there are:

- **Implementation of the Code of Ethics:** Chapter 5 hereof provides that the relation with suppliers is aimed at ensuring a fair and equal treatment, always fostering mutually beneficial relations³. Additionally, it governs the basic conditions in the relationship between employees and suppliers.
- **Development of a Platform for Suppliers (B2B):** It manages the information of suppliers and of business units, through the following modules: commercial, finance, coordination; and sustainability (the latter, only for Department Stores).
- **SEDEX:** Cencosud became a member of SEDEX (*Supplier Ethical Data Exchange*)⁴ in 2014, to manage supply chain risk through ethical and sustainability standards at the work hubs of its suppliers.
- **Commitment Letter:** Reference document that contains, among others, the 10 Global Compact Principles, and invites suppliers to commit to Cencosud towards the achievement of those principles. This document is signed by a representative of the supplier and of Cencosud (business unit).
- **PLM (Product Lifecycle Management):** It is a *software* that allows managing information along the life cycle of a product in an efficient and profitable manner, integrating data, processes, and business systems, from the conception, design, and production, until service and elimination.

³ http://s2.q4cdn.com/740885614/files/doc_downloads/gov_docs/esp/codigoeticachile.pdf

⁴ Leading non-profit organization devoted to improving global supply chains to develop its responsible supply program. <http://www.sedexglobal.com/latin-america-cencosud-expands-responsible-sourcing-program-with-sedex/>.

Through these standards, Policies, and its Code of Ethics, the Company seeks to provide corporate guidelines in the following aspects:

1. Environmental standards for processes, products, or services of the supplier.
2. Fundamental human rights (for example: forced or child labor, liberty of association and ILO conventions)
3. Labor conditions (for example: working hours, firing practices, and compensation).
4. Health and safety at the workplace.
5. Business ethics (for example, corruption, anti-competitive practices).

Identification and Management of Risks in Suppliers

Due to the nature and diversity of the businesses of the Cencosud group, the definition of critical supplier (of Level 1) is given by different factors, being the most relevant: volume purchased, the ability of the company to replace it, its dominant position/market participation, perishable foods suppliers and distance from their production facilities to their distribution centers. Considering the size of the suppliers over Cencosud's income, the Company has defined 50 critical suppliers (Level 1).

There is a Manager in place, responsible for directing the relationship with them, and the company creates annual plans, given the relative importance they carry in the supply chain.

On the other hand, another group of strategically important suppliers are those suppliers of private labels and, in their case, the risk of sustainability is managed with a greater focus. This is due to the responsibility that brands have for these products.

Cencosud, in coordination with the regional management of private labels, proposed that the sustainable supply chain work be carried out in accordance to the PLM platform described above. During 2016, questionnaires were received and the 100% of suppliers of private labels of food (including food, beverages) and a relevant percentage of home care and personal care products were followed-up.

The PLM platform allows exchanging information with suppliers on sustainability aspects, such as ecological packaging, pesticide use, water risks, biodiversity, etc., either in the technical files of the products or in the supplier's profile.

In addition, since 2015, the company has been working on the SEDEX platform with its private labels suppliers to evaluate the commitments in responsible supply. The Company has invited suppliers to a presentation through which these principles are made known and capabilities are built.

For their part, suppliers sign a letter of commitment declaring they will follow certain labor, health and safety, environmental and ethical standards to avoid sustainability risks. Some of these aspects include respect for labor legislation, freedom of association, consumer rights, prevention of child labor and respect for the environment.

Today, at the corporate level, Cencosud has been able to manage through SEDEX the ethical information of 151 private labels suppliers, advancing in the construction of a value chain with lower risks for the business that is more sustainable.

Through the PLM and SEDEX platform, Cencosud has a standardized process to identify sustainability risks in the supply chain of its private labels suppliers.

Support to Small Local Entrepreneurs

During 2016, Cencosud continued to support small and medium-sized enterprises and entrepreneurship in the places where it operates through several initiatives, including:

Jumbo Chile "Great Suppliers" Campaign: This initiative, launched in September 2016, is aimed at highlighting the contribution of smaller national suppliers to the development and leadership of the supermarket. The campaign had a catalog focused exclusively on their products, along with broadcast capsules on social media that highlighted the history of overcoming and the main characteristics of each one of them.

Along with the above, Urb's private label team worked on the development of an organic cotton line for babies. The deployment of a clothing line of these characteristics, confirms the commitment of Jumbo to deliver the highest quality and variety of products to its customer community.

Wong and Metro Supermarket farmers strengthening program in Peru: The initiative seeks to support local entrepreneurship through farmer empowerment. The work is carried out jointly with 10 associations of small producers that brings together 250 farmers.

Easy Chile's "Proud of Our People" program: launched in 2016, aiming to give commercial opportunities to artisans who represent the national identity by crafting products using typical Chilean materials, such as wicker, clay, wood, and looms. Seeking to strengthen the Chilean cultural identity, wicker campaigns were carried out with craftsmen from *Chimbarongo*, and clay pottery campaigns were carried out with artisans from *Pomaire*. These products were marketed in different Easy stores, including *Easy La Dehesa, Alto Las Condes, La Reina, Costanera Center, Quilín* and *Viña del Mar*.

In addition to the above, Jumbo Chile and Santa Isabel have a payment policy to SME suppliers at 30 days.

COMMUNITIES

At Cencosud we care about the communities that surround us. We seek to become a real contribution to the development and growth of the countries where we operate, generating value and social development in line with enhancing sustainability.

We have a Corporate Donations Policy, which provides guidelines for social investments made. In addition, each business unit has a sustainability strategy tailored to its reality and country, through which it collaborates with different social projects, with a focus on maximizing social impact.

In general terms, Cencosud channels a significant percentage of its social investment through local foundations and/or NGOs, and establishes partnerships that allow leveraging social investment with other, additional partners, such as: municipalities, ministries, companies, and civil society entities.

The corporate requirements for social investment are:

- * **Alignment with the Business Core:** the activity must be aligned with the business activity to make it sustainable, and contribute to comply with the Company's Sustainability strategy.
- * **Alignment with Stakeholders:** the initiative must respond to or benefit at least one of the Company's stakeholders: employees, customers, suppliers, community, and the environment.
- * **Beneficiaries' and Legal Coverage:** To take advantage of synergies, it is sought that the beneficiaries are institutions that can impact a representative number of people. In addition, they must be institutions which are legally constituted and without legal conflicts of representation.

INITIATIVES: THE HIGHLIGHTS

The most relevant initiatives implemented by our brands during 2016 were:

SUPERMARKETS

Product waste rescue campaigns

Since 2011, Jumbo, Disco and Veja Argentina supermarkets have implemented the program for rescuing products loss, which consists of taking advantage of the products that leave the commercial circuit because they do not meet certain quality standards, but that are able to be disposed by people who need them. Currently, the products rescued are donated to the Food Banks.

Since 2011 to date, 1,356,443 kg of food, toiletries, and cleaning items, among others, have been recovered. In 2016, 458,845 kg of food were rescued, equivalent to approximately 1,376,535 food dishes.

Also, Wong and Metro supermarkets are committed to the Food Banks of Peru Network. In 2016, 25 tons of food were donated, directly benefitting 5,600 people.

Additionally, Santa Isabel Chile launched the "Cook with Everything" campaign, which reflects its commitment to healthy and convenient food. The campaign translated into capsules *viralized* in social media. The contents were developed according to [the principle of] food waste reduction, promoting cooking with a series of healthy products that are usually discarded, because the way they should be prepared is usually not known.

“Social Partners”

Our Metro and Wong supermarkets in Peru have implemented the "Social Partners" program, whose purpose is to support foundations and social organizations in different aspects, among them, we highlight the partnership with Caritas Lima, the social work of the Archdiocese of Lima, which supports chronic and acute malnutrition in children. As part of this partnership, the Metro and Wong supermarkets contributed by delivering 170 thousand multivitamins.

Support Against Breast Cancer

In partnership with the MACMA Breast Cancer Support Movement, Disco Supermarket in Argentina presented the campaign "5 minutes to change your life", aimed to promote self-examination and to provide preventive information, encouraging medical consultations and periodic controls for early diagnosis. Through the Web <http://mujerdisco.com.ar>, Disco delivers messages to generate awareness about this disease.

Circus

In 2016, the Jumbo Chile Circus celebrated 12 years with the show Hadal. The initiative is subject to the Law on Cultural Donations, and is free for everyone attending. In 2016, more than 12 thousand tickets were donated for the exclusive use of social foundations, among which are: SOS Children's Villages, Coaniquem, La Protectora de la Infancia, Fundación Mi Casa and María Ayuda.

This activity has been extended to Jumbo Colombia, where for the third consecutive year, "The Magic of Circus" was celebrated: a family show seeking to connect the brand with the community, bringing educational and interactive spaces to the general public.

To the latter, is added the Circus of the supermarkets in Peru with our brands Metro and Wong, where tickets were given to 6,500 children from shelters, schools, and social organizations.

HOME IMPROVEMENT AND CONSTRUCTION Sustainable Entrepreneur Campaign Fair

Easy Chile developed Entrepreneurs Fairs, with the purpose of showcasing and providing a space for commercial use to 105 people devoted to entrepreneurship in different parts of the country. The nine fairs held during 2016 took place in Easy premises in *Viña del Mar*, *Linares*, and *Santiago*, allowing these entrepreneurs to collect about 9 million pesos.

Donation of materials to various NGOs

In addition, Easy donates materials and/or money to different local NGOs with whom it has established alliances.

SHOPPING CENTER

“Open Air Classroom” - Costanera Center

At Shopping Centers Chile, efforts focused on the preparation of different diagnosis on commercial centers throughout the country, working in a community relation strategy which allows positioning its different brands as a good neighbor who enables and contributes to social development.

This analysis resulted in the launch of the Program “Open Air Classroom”, an educational project developed by Costanera Center, together with the Chilean Ministry of Education (MINEDUC). The program invited 200 vulnerable educational establishments to go up Sky Costanera and get to know Santiago’s history interactively.

Alto Las Condes’ “Mujeres que dejan huella” (Women who Leave a Trace) 2016

This campaign is promoted by Alto Las Condes and *Comunidad Mujer* (Women Community). It intends to acknowledge anonymous women who, through the projects they lead, are considered agents of social change.

At www.mujeresquedejanhuella.cl you are invited to choose the woman who best represents bravery, passion, perseverance, and happiness between 8 candidates. In its first edition -2016- the winner was Alicia Amunátegui, who has managed *Fundación Protectora de la Infancia* (Foundation for the Protection of Childhood) for 42 years.

DEPARTMENT STORES

Paris’ “Volver a Tejer” (Back to Knitting)

Project which third edition took place in 2016, and which is developed with the support of INDAP and *Fundación Ona*. Spinners from Chile and Peru participated in the third edition of “Volver a Tejer”. This initiative is aimed at rescuing such textile traditional skill, and in the 2016 edition, it launched to the market of both countries 9,600 balls of

alpaca fibers, considered one of the finest and most luxurious fiber in the world. Throughout its three editions, “Volver a Tejer” has supported more than 300 artisans of 28 Chilean and Peruvian organizations, who have spun 40,900 balls of sheep wool, llama, and alpaca fibers.

“Muestra de Cariño” (Show of Love)

Pursuant to the nature of its business, Paris receives a great amount of clothing samples daily from its suppliers which may be reused by people in need. With the purpose of donating these samples, partnerships have been entered into with foundations who distribute them and sample containers were installed in all offices in Paris. The aim is to donate 100% of samples, starting in 2017.

ENVIRONMENT

We seek to take care and protect the environment while reducing and mitigating negative impacts we generate with our operations and helping to create environmental awareness in our stakeholders. We pursue to be a transparent and reliable company through the rational use of natural resources.

Therefore, we follow an Environmental Policy⁵ intended to promote caring, respecting and protecting the environment and commit to boost practical improvements in all its value chain.

The commitments stated in this Policy are as follows:

- Reduce our emissions of Greenhouse Gases (GHG) throughout all our operations and businesses.
- Promote power efficiency throughout the whole scope of our operations.
- Manage wastes integrally, promoting their reduction, re-usage, and recycling, therefore reducing final disposal in dump wastes.
- Continuously increase the offer of eco-friendly products that we provide to our clients, employees, and community.
- Create awareness in our clients, employees, and community to take care of the environment and natural resources, through campaigns and initiatives such as the use of reusable bags, responsible consumption of drinking water, promoting recycling and arranging recycling centers in our stores, among others.

Operational Eco-Efficiency

We attempt to work under the concept of operational eco-efficiency in all our business units and in the 5 countries we operate.

Consequently, our aim is for our actions to deliver quality products and a memorable service while progressively reducing the negative impacts on the environment and the amount of resources consumed in our processes.

Examples of our operational eco-efficiency are the initiatives to save power, use of non-conventional renewable energy, rationalization of the consumption of drinking water, wastes recycling, use of measures to reduce the emission of greenhouse gases, motivating the use of reusable bags and sustainable products at stores.

Energy Efficiency and Use of NCRE

In 2016, Jumbo Chile worked in the implementation of the store Jumbo Valdivia, which follows the highest environmental standards and was opened at the beginning of 2017. Jumbo Valdivia evidences the use of Non-Conventional Renewable Energy (NCRE), coupled with the absence of cooling gases. This project confirms the commitment of the Company with the protection of the environment and evidences the material efforts made to reduce the carbon footprint of the supermarket.

⁵ Please check our Environmental Policy at: <https://www.cencosud.com/politica-medioambiental/cencosud/2016-04-21/091905.html>

Santa Isabel Chile, on the other hand, opened two new stores in Talca and Santiago (Borough of Peñalolén) that follow environmental standards, such as the use of NCRE and LED bulbs.

Following the same line, Portal Rancagua coordinated with the Company SunEdison, receives 100% supply of NCRE using solar panels.

In 2016, Easy Chile implemented protocols for the correct use of illumination and climatization systems in its stores, aimed at minimizing the expenses in electrical power, taking the most advantage of the natural light and extending the useful life of assets, using them only when they are really necessary.

By means of these protocols, the amount of luminaire that must be used in different periods of the day and areas of the store are established, as well as the amount of energy used in winter and summer. This is also determined for climatization systems. To comply with this, Easy Chile will implement a series of devices with related technology, enabling it to automate and control lighting and thermostat systems in their stores.

UNIT OF MEASURE / BUSINESS UNITS	UNIT OF MEASURE	Jumbo	Santa Isabel	easy	Shopping Center	paris	Johnson	
Consumption of non-renewable fuels	Diesel	MWh	454	872	45	680	114	8
	Liquefied gas	MWh	10,428	20,217	1,548	0	272	32
	Natural gas	MWh	11,729	12,035	0	301	0	0
Consumption of renewable fuels		MWh	3,641	0	1,842	3,230	2,138	0
Consumption of electric power (power, heat, refrigeration and steam gained for its consumption)		MWh	157,637	158,175	44,754	128,797	64,323	17,949
Total electrical internal consumption		MWh	183,889	191,299	48,189	133,008	66,847	17,989

Efficient Use of Water

In 2016, at Jumbo store in Bilbao Street, Chile, a water efficiency pilot project was implemented WES (Water Efficiency System) in charge of TECPA company, pioneer in developing technological solutions of water efficiency.

This System provides an integral technological solution for the control and water efficiency of facilities with great consumption, by constantly monitoring consumption, control, and data analysis.

UNIT OF MEASURE / BUSINESS UNITS	UNIT OF MEASURE	JUMBO	Santa Isabel	easy	Shopping Centers	paris	Johnson
Water supply from public network	m ³	924,110	681,271	238,958	899,317	139,801	31,808

Waste Management

Cencosud is adopting the “Strategy of the 3Rs: Reuse, Reduce and Recycle” for its different Business Units, aimed at implementing proper waste management in its operation and reducing the amount of wastes sent to dumps. In this sense, the following are the outstanding actions for the year 2016:

EASY CHILE’S REPLACEMENT CAMPAIGN

Applying this campaign, Easy Chile invited its clients to replace unused car and other batteries in exchange for 20% discount in car batteries of Hankook and Datrak brands or 30% discount in Rayovac rechargeable batteries and chargers. Thanks to this action, more than 20,000 kilos of recovered products (car and other batteries) were gathered. Positive impacts caused by this campaign are avoiding hazardous wastes to pollute the environment, as in the case of car batteries whereby Easy Chile managed their final disposition with a car recycling company. Also, this enables clients to reduce their own environmental impact while saving for their next purchases.

PARIS CHILE’S MODULAB PROJECT

This is the first eco-design project in *retail*, seeking to offer high value-added accessories created with advertising materials (PVC) thrown away by Paris. This innovation represents a positive impact on the environment because it avoids these wastes going to dumps.

Accessories are manufactured in Chile with local raw materials and national design. Some of these accessories are used as birthday presents for preferential clients and are also available for sale in Paris Parque Arauco and Alto Las Condes.

ENCOURAGING THE USE of REUSABLE BAGS IN SUPERMARKETS IN ARGENTINA

Supermarkets Jumbo, Disco and Vea in Argentina carried out clients’ awareness campaigns to encourage the use of reusable bags.

Sales in bag units since 2014

	2014	2015	2016
Reusable bags	403,996	1,199,056	1,832,488
	-6.6%	196.8%	52.8%

BAG USE CAMPAIGN IN PERU

Likewise, supermarkets Wong and Metro in Peru also became part of the awareness-raising campaign on the negative effects of the use and consumption of plastic bags and encouraged the use of biodegradable and reusable bags. Three awareness campaigns were conducted in 2016, achieving a reduction of 12.8 million plastic bags in relation to the year 2015.

PARIS CHILE’S “CLOTHES FOR CLOTHES”

As Paris Chile runs the recycling project “Clothes for Clothes”, it seeks to avoid thousands of tons of clothes getting to waste dumps. This material is delivered to Germany where it is processed and recycled by the company I:CO, the biggest clothes recycling company in Germany. Also, the proceeds of this material are donated to entities that need resources to operate.

EASY CHILE'S ECO WORKSHOPS

With the purpose of becoming responsible with the environment and the surroundings, Easy Chile conducted four "ECO Workshops" to guide clients towards products that are friendlier with the environment. Eco Catalogues were distributed at workshops, where more than 13 thousand users were subscribed, leading to more than 15 thousand sessions.

EASY ARGENTINA'S ECO KITS

Also, Easy Argentina provided support to the work of sustainable products with more than 30,000 eco kits sold throughout the country, which enabled recycling 19,000,000 plastic caps. Funds collected for the sale of those products were destined to the construction of a new vaccine center at an Argentine hospital.

"PONCHILAS" CAMPAIGN AT WONG AND METRO SUPERMARKETS

Partnered with *Pacífico Seguros* and Coca-Cola, Wong and Metro in Peru launched their campaign "Ponchilas" where an innovative and sustainable product was created from recycled plastic bottles. This product is a school bag which can also be used as a poncho for kids. The campaign was in effect from 24 November 2016 to 28 February 2017, and led to recycling 17.7 tons of plastic.

GHG Reduction to Mitigate Climate Change Effects

Aware of the contribution we can provide to partly mitigate the current negative effects of climate change, we are acting to reduce the greenhouse gases⁶ emissions in our operations;







- Plan to Adopt LED technology in Cencosud stores.
- Use of LED luminaires in all establishment remodeling.
- Implementation of the first refrigeration plant based on CO2 refrigerant in Jumbo Valdivia.
- Application of new refrigeration plant maintenance protocols to avoid refrigerant escapes that can damage the environment.
- Reduction of the consumption of electric energy by means of operative practices of power efficiency and implementation of LED technology.
- Use of low emission energy sources such as solar, hydraulic and wind power. Examples: Portal Rancagua that uses NCRE which are low emission energy sources (95% less gr. of CO2 per each KWH).

⁵ Greenhouse gases are the main cause of climate change.

Calculation of the Company's Carbon Footprint

In 2016, Cencosud continued calculating its carbon footprint at a corporate level based on Direct Emissions (Scope 1) and Indirect Emissions (Scope 2) for our business units in Chile.

As you may see in the following chart, Scope 1 Direct Emissions include emission sources that use fossil fuels and refrigerating gases (refrigerating and conditioning equipment) and Scope 2 Indirect Emissions relate to those generated by electric power consumption during different operations.

	UNIT OF MEASURE						
Direct emissions of Greenhouse gases (Scope 1) -Total-	tCO2e	52,797	93,979	1,144	1,097	2,705	476
Fuel Purchases	tCO2e	5,420	7,230	509	225	85	8
Refrigerating gases escapes	tCO2e	47,377	86,749	635	872	2,620	468
% of coverage considering calculation of emissions	%	92%	93%	92%	96%	98%	96%
Indirect emissions of GHG Power (Scope 2) -Total-	tCO2e	68,813	69,051	18,026	51,162	29,545	8,494
% of coverage considering calculation of emissions	%	98%	97%	97%	100%	100%	87%

By calculating our carbon footprint, we aim at making a standard calculation of the amount of Greenhouse Gases directly and indirectly emitted to the atmosphere due to our operations, and making the necessary management to reduce those emissions.

HUMAN RESOURCES

General

At December 31, 2016, we had a total of 138,160 employees, of which approximately 40.5% were in Chile, 17.8% in Argentina, 20.7 % in Brazil, 10.6 % in Peru and 10.4% in Colombia. Approximately 43.3% of our store employees were represented by unions under several collective bargaining agreements. We do not employ a significant number of temporary employees.

As of December 31st

Consolidated Headcount by type of Company	2016	2015	2014
Holding	1,163	1,112	1,152
Subsidiaries	136,997	139,362	152,082
Cencosud	138,160	140,474	153,234
Consolidated Headcount by type of Employee	2016	2015	2014
Managers and Main Executives ⁽¹⁾	374	369	349
Professionals and Technicals	17,841	18,652	19,007
Workers	119,945	121,453	133,878
Cencosud	138,160	140,474	153,234
Consolidated Headcount by Country	2016	2015	2014
Chile			
Stores	50,615	50,562	55,409
Distribution Facilities ⁽²⁾	3,287	2,823	2,844
Headquarters	2,530	2,422	3,382
Total Chile	56,432	55,807	61,635
Argentina	2016	2015	2014
Stores	21,671	22,316	24,032
Distribution facilities ⁽²⁾	1,173	1,209	1,286
Headquarters	2,074	2,065	2,161
Total Argentina	24,918	25,590	27,479
Brazil	2016	2015	2014
Stores	24,516	26,219	29,374
Distribution facilities ⁽²⁾	1,682	1,717	1,922
Headquarters	2,142	2,379	2,250
Total Brazil	28,340	30,315	33,546
Peru	2016	2015	2014
Stores	12,016	12,309	13,389
Distribution facilities ⁽²⁾	1,430	1,438	1,368
Headquarters	1,044	1,049	1,251
Total Peru	14,490	14,796	16,008
Colombia	2016	2015	2014
Stores	12,925	12,649	13,485
Distribution facilities ⁽²⁾	232	206	882
Headquarters	823	1,111	199
Total Colombia	13,980	13,966	14,566

¹ These categories are based on the IFRS normative that defines which positions correspond to “Managers and Main Executive”, “Professionals and Technicals” and “Workers”. This classification does not correspond to the GGS level.

² Distribution facilities refer to our distribution centers, warehouses and transportation

Diversity

Diversity is a unique feature of our culture and one of our greatest assets. In Cencosud, we are convinced that to attract, develop and retain a base of contributors as a true reflection of the communities we serve, is essential to our success.

Our Company recognizes that the diversity of gender, race, politics, religion, age, sexual orientation, disability, marital status or any other enriches our work environment and allow us to better connect with the needs and interests of our customers.

	At the Organization			Managing Areas			At the Board of Directors		
	2016	2015	2014	2016	2015	2014	2016	2015 ⁽³⁾	2014
Headcount by Gender									
Female	69,627	71,478	78,979	81	74	68	1	1	1
Male	68,533	68,996	74,255	293	295	281	8	7	8
Total Cencosud	138,160	140,474	153,234	374	369	349	9	8	9
Headcount by Country⁽⁴⁾	2016	2015	2014	2016	2015	2014	2016	2015	2014
Chile	56,432	55,807	61,635	224	225	221	7	6	6
Argentina	24,918	25,590	27,479	92	90	70	1	1	1
Brazil	28,340	30,315	33,546	19	21	20	1	1	1
Peru	14,490	14,796	16,008	15	12	13	-	-	1
Colombia	13,980	13,966	14,566	18	17	15	-	-	-
China	-	-	-	6	4	10	-	-	-
Total Cencosud	138,160	140,474	153,234	374	369	349	9	8	9
Headcount by Age Range	2016	2015	2014	2016	2015	2014	2016	2015	2014
Less than 30 years	55,637	57,454	65,946	2	1	-	-	-	-
Between 31 and 40 years	43,243	44,508	46,631	135	131	108	-	-	-
Between 41 and 50 years	25,294	24,762	25,981	171	178	165	2	2	2
Between 51 and 60 years	11,442	11,213	11,913	58	49	60	-	-	-
Between 61 and 70 years	2,296	2,279	2,470	8	10	15	5	3	5
Over 70 years	248	258	293	-	-	1	2	3	2
Total Cencosud	138,160	140,474	153,234	374	369	349	9	8	9
Headcount by Seniority Range	2016	2015	2014	2016	2015	2014	2016	2015	2014
Less than 3 years	56,697	62,665	77,439	55	81	90	1	-	1
Between 3 and 6 years	27,981	24,859	22,958	62	51	48	3	3	2
Between 6 and 9 years	15,085	18,122	19,909	49	62	69	-	-	1
Between 9 and 12 years	13,768	10,261	10,143	71	52	42	-	1	1
More than 12 years	24,629	24,567	22,785	137	123	100	5	4	4
Total Cencosud	138,160	140,474	153,234	374	369	349	9	8	9

³ Mr. Erasmo Wong was a member of our Board of Directors from 2008 until August 25, 2015, the date on which Mr. Wong presented his resignation to the Board.

⁴ Headcount by country is shown by location for "At the Organization", and by nationality for "Managing Areas" and "Board of Directors"

Labor Relations

We maintain the great challenge of developing policies and practices at our workplace to ensure the building of trust, transparency, effective two-way communication, and the concrete development of opportunities for professional and personal development for our employees.

Our relationships with unions are based in mutual respect and a regular and permanent relationship, which greatly exceeds each country's local legal requirements, resulting in ongoing constructive dialogue between us and the local labor unions.

2016

Country	Total Headcount	Unionized Headcount	Percentage Unionized	N° of Unions
Chile	56,432	40,221	71.3%	114
Argentina	24,918	11,622	46.6%	73
Brazil	28,340	1,207	4.3%	87
Peru	14,490	402	2.8%	1
Colombia	13,980	6,285	45.0%	2
Cencosud	138,160	59,737	43.2%	277

2015

Country	Total Headcount	Unionized Headcount	Percentage Unionized	N° of Unions
Chile	55,807	37,240	66.7%	110
Argentina	25,590	11,239	43.9%	97
Brazil	30,315	1,234	4.1%	73
Colombia	14,796	6,253	42.3%	2
Peru	13,966	183	1.3%	1
Cencosud	140,474	56,149	40.0%	283

2014

Country	Total Headcount	Unionized Headcount	Percentage Unionized	N° of Unions
Chile	61,635	38,718	62.8%	181
Argentina	27,479	12,286	44.7%	121
Brazil	33,546	1,296	3.9%	72
Colombia	16,008	5,002	31.2%	1
Peru	14,566	158	1.1%	1
Cencosud	153,234	57,460	37.5%	376

In Chile, by the end of the third quarter of 2016, collective bargaining with unions involved more than 30 processes and more than 35% of our workforce in Chile. During this period there were no strikes or work stoppages. In April 2017, implementation of the labor reform will begin, increasing the bargaining power of unions, which could result in increased labor costs and/or a higher probability of interruptions, which could affect our results.

In Argentina, our employees are affiliated with trade unions. One of these is the “Sindicato de Comercio” (“Commerce Union”), the only union with a collective bargaining agreement (mandatory by law) for all non-management employees, which has been in effect since 1975. We have experienced strikes at our stores, each lasting few hours. However, none of these strikes have materially affected our overall operations.

In Brazil, although less than 4.1% of our employees are affiliated with trade unions, all employees are entitled to the benefits set forth in our collective labor agreements, as determined by applicable labor legislation. The deceleration of activities in commerce, industry and services that occurred throughout 2016 boosted the growth of the unemployment rate. We believe that we have a good relationship with our employees and related trade unions, and our Brazilian operations have not recorded any significant strikes or stoppages over the last three years.

In Peru, less than 3% of our employees are affiliated with the only trade union, which was formed in 2013. We have a collective contract with these employees that has a term of one year and which ends in June 2017. We have not had any strikes that have materially affected our operations in Peru.

Considered one of our priorities, we are constantly working to build a good relationship with both our employees and trade union.

We have not had any strikes that have materially affected our operations in Colombia.

Benefits

We operate a merit-based bonus program for our managers both at the headquarters and store levels as well as for department heads at each store. In general, the bonus fluctuates between one and six monthly salaries and is determined in accordance with clearly defined criteria, including our overall performance, the performance of the employee’s store, the employee’s performance relative to specific targets established at the beginning of the year and more subjective standards such as fostering an open, constructive working environment.

In Chile, our employees receive benefits established by the collective bargaining agreements, salaries in accordance with our own policies, benefits provided for by Chilean law (including disability insurance) and certain additional benefits provided by us. Among the benefits provided by us are educational training for our employees and opportunities for their families (including educational scholarships for children of employees).

In Argentina, our employees receive benefits established by our collective bargaining agreement, salaries established according to our policies, benefits provided for by Argentinean law (including disability insurance) and certain additional benefits provided by us, including educational training.

In Brazil, our employees receive benefits established by our collective bargaining agreement, salaries established according to our policies, benefits provided for by Brazil law and certain additional benefits provided by us.

In Peru, our employees receive standard benefits and salaries established according to our policies, benefits provided for by Peruvian law (including disability insurance) and certain additional benefits provided by us, including discounts on products purchased at our stores, educational training and certain merit-based bonuses.

In Colombia, our employees receive standard benefits and salaries established according to our policies, benefits provided for by Colombia law (including disability insurance) and certain additional benefits provided by us, including discounts on products purchased at our stores and educational training for our employees.

Wage gap by Gender

Cencosud has a Corporate Compensation Policy, based on “internal equality” and “external competitiveness” principles with application in all businesses and countries in which we operate.

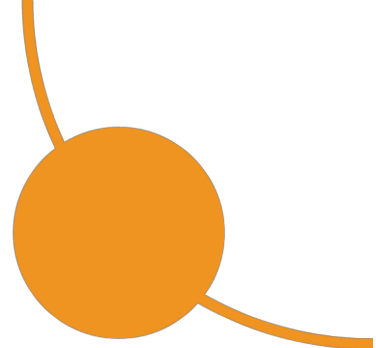
This Policy determines main guidelines for total compensation management at all levels. As part of this policy, Cencosud applies a unique methodology for position valuation based on an internal grading system. Each position receives a grade, which is related to its responsibilities and competencies required. Positions in the same grade, and country, receive the same salary range. Employees in a certain grade receive a certain position in the salary range, depending on performance and seniority.

The analysis of wage difference by gender, from 2016, was done considering men and women, in the same grade and same country, in order to compare employees in same level of responsibility and comparable positions to identify potential gaps. The gap is then summarized by country to reach a weighted average of female employees by level. The process is done to measure the total gap for Cencosud globally.

As part of our policy, we apply a unique methodology for position valuation called “Global Grading System” (“GGS”, from Towers Watson), which guarantees people performing similar functions in the same country receive the same salary, no matter the gender or working area, among others. The GGS system classifies employees into certain positions and determines the salary range according to performance and seniority. The analysis of wage differences for gender was based on GGS. The analysis first looked at wages according to GGS positions and country. The analysis⁵ then analyzed wages of only the female population by GGS position and country demonstrating the following wage gaps between men and women inside the organization in the different groups:

Group	2016	2015	2014
Managers and Main Executives	(4,20)%	(5,16)%	(8,56)%
Professionals and Technicals	(0,24)%	(0,16)%	(0,27)%
Workers	(3,34)%	(2,90)%	(3,74)%

⁵ Interpretation: For example, in 2016, women were paid 4.2% less than men holding the same GGS at the managers and main executives group.



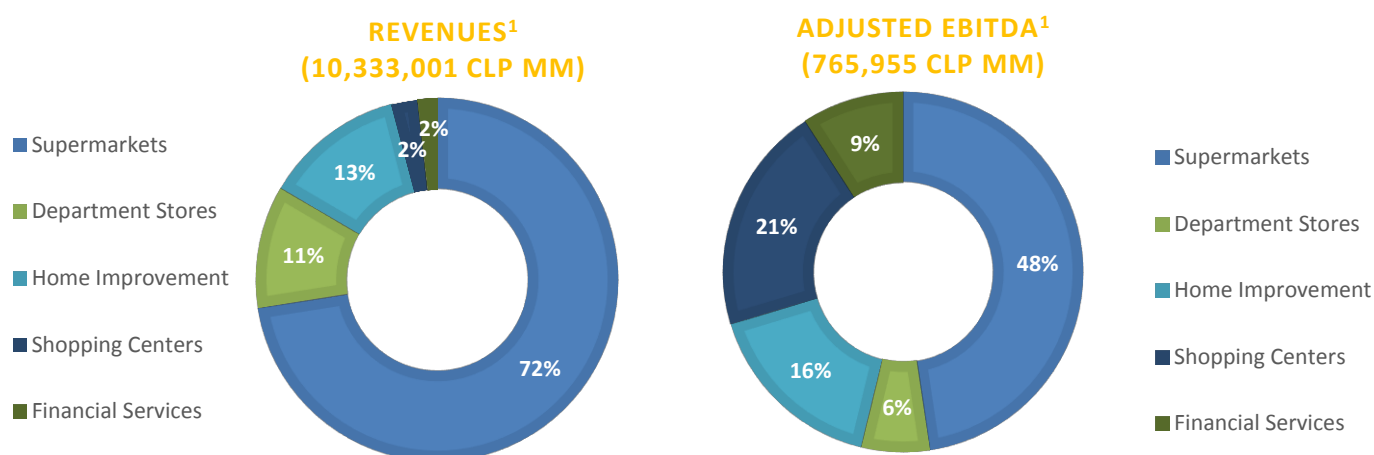
OPERATIONAL HIGHLIGHTS

We believe that we are one of the leading multi-format retailers in Latin America. We operate Supermarkets, Home Improvement stores, Shopping Centers and Department Stores. Our headquarters are located in Chile and we have operations in Chile and Argentina, markets in which Cencosud started and consolidated its leading position, Brazil, Colombia and Peru. To complement our main retail business, we are involved in the real estate business in Chile, Argentina, Peru and Colombia with 53 shopping centers representing 784,949 square meters of gross floor space leasable to third parties as of December 31, 2016. We also offer Credit, consumer loans and financial services to our customers.

Revenues and Adjusted EBITDA by business

Our most important business division is Supermarkets, representing approximately 72.5% and 55.8% of revenues and Adjusted EBITDA, respectively. We have a quality-service and quality-price strategy, which helps them to segment our customers. Second, our most relevant division in terms of revenue is Home Improvement, followed by Department Stores. Our Shopping Centers division represents only 2.3% of revenues, but is the second most relevant division in terms of EBITDA, contributing approximately 24.1% of Cencosud's consolidated adjusted EBITDA. Finally, the Financial Services division represents approximately 1.7% and 10.7% of our revenues and adjusted EBITDA respectively.

Our main objective is to deepen the relationship with our customers, offering a more complete service and generating a greater added value from the synergies that exist between the businesses and all the subsidiaries of Cencosud. The contribution of each of the businesses in revenues and adjusted EBITDA is shown below. The figures are expressed in Chilean pesos as of December 31, 2016.

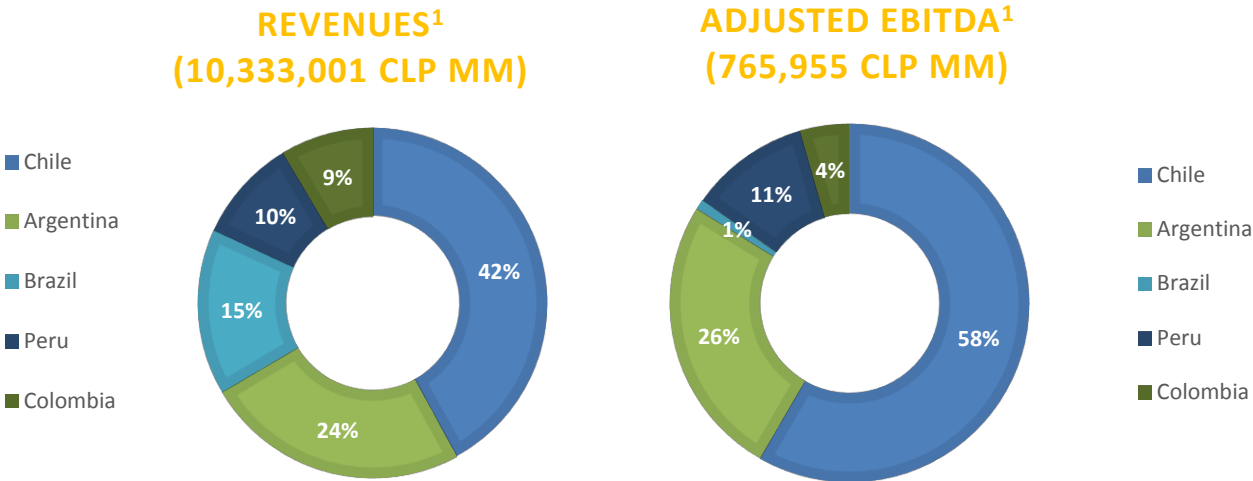


¹ Doesn't include segment "Others"

Revenues and Adjusted EBITDA by country

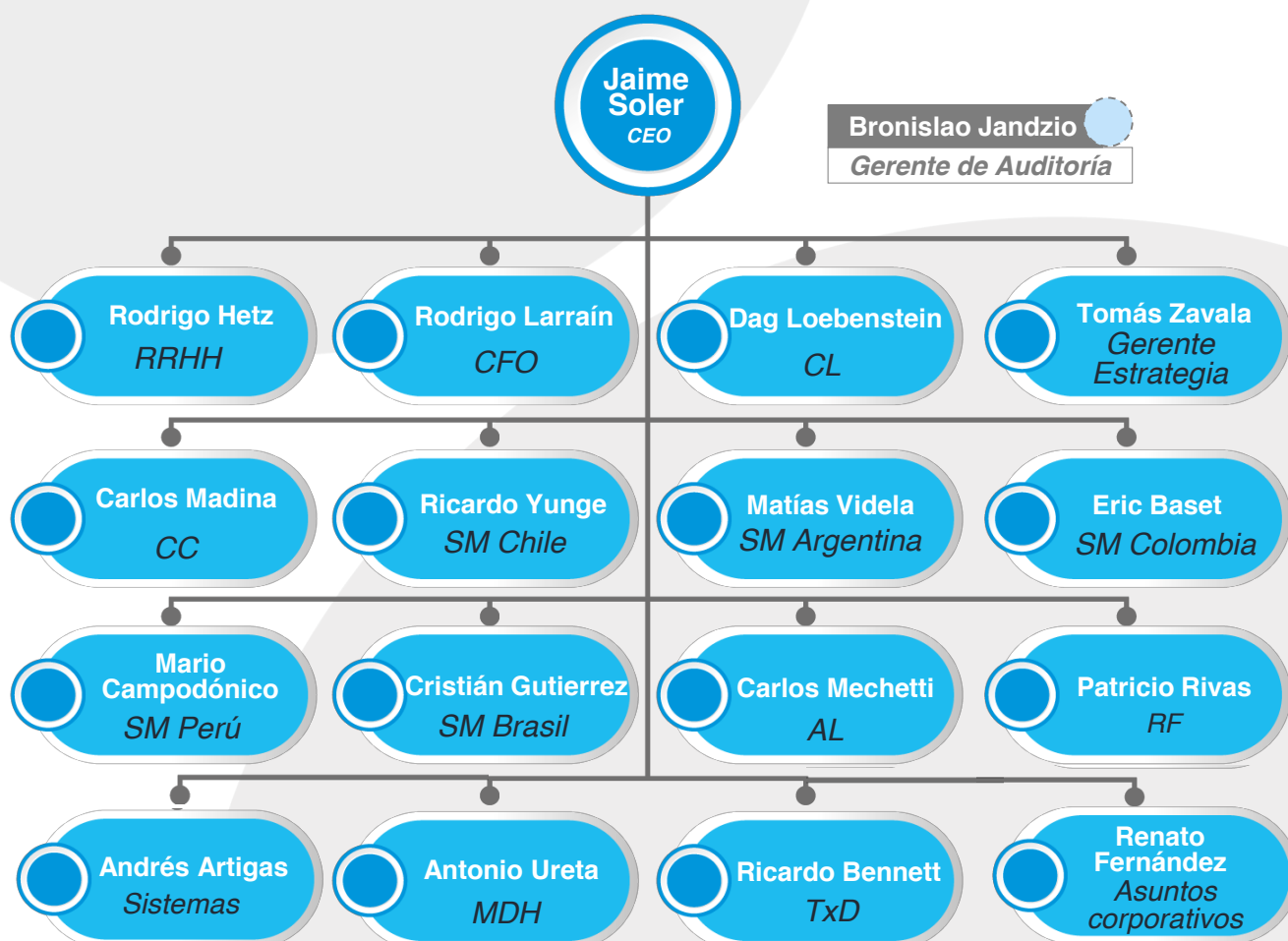
The most relevant markets in terms of revenues are Chile and Argentina, accounting for 42.1% and 24.5% of consolidated revenues, respectively. Chile is the market where the Company was founded, with the opening of the first supermarket in the city of Temuco in 1960 and the opening of the first Jumbo hypermarket in the city of Santiago in the mid-1970s.

Cencosud then expanded to Argentina, with the opening of the first Jumbo hypermarket in 1982, and the subsequent construction of Unicenter in 1988, the largest shopping center in Argentina. After the consolidation of Cencosud and its brands in the markets of origin, the Company began an aggressive phase of growth, in which, through a combination of openings and acquisitions, it expands its geographical footprint to Brazil, Peru and Colombia. Each of these markets represents 15.4%, 9.5% and 8.6% of consolidated revenues, respectively.



¹ After the close of the transaction with Scotiabank in Chile on May 1, 2015, 49% of the results of the business are included in "Profit sharing (loss) of associates and joint ventures accounted for using the equity method ". That is why the revenues of Financial Services Chile were eliminated from the graphical representation.

ORGANIZATIONAL STRUCTURE



Chief Executive Officer: CEO. RRHH: Human Resources. CFO: Chief Financial Officer. CL: Logistics Corporate Manager. CC: Shopping Centers Manager. SM: Supermarket Manager, SF: Financial Services Manager. AL: Legal Affairs Manager. MDH: Home Improvement Manager. TxD: Department Stores Manager.

Main Executives: Rodrigo Hetz, Rodrigo Larraín, Carlos Medina, Mario Campodónico, Carlos Mechetti, Patricio Rivas, Antonio Ureta y Ricardo Bennett

Our Trademarks and Licenses

The Cencosud group has various trademarks registered or in the registration process in Chile, Argentina, Colombia, Brazil and Peru, including; Jumbo, Johnson, Easy, Santa Isabel, Disco, Veá, Las Palmas del Pilar, Plaza Veá, Paris, Tarjeta Cencosud, Wong, Metro, Gbarbosa, Sky Costanera and Puntos Cencosud, among others.

In addition, we continue to develop our own private labels like Krea, URB, Alpes Outdoor, Roots, Veeden, Alaniz Home, Alaniz, Attimo, Green Field, Opposite, Tribu, Aussie, Mini Tribu, Nex, Foster, J.J.O., Umbrale, Umbrale Kids, Pets Fun, Beef Maker and Moon by Foster, which have been very successful in the market.

Cencosud Group has signed license contracts with recognized international brands such as American Eagle, Carter's, Women's Secret, Topshop, Topman, Aerie y Miss Selfridge.

The company has duly registered –or is in the process of registration- in the National Institute of Industrial Property under the Ministry of Economy, all the trademarks necessary for its operations.

Our Customers

We operate in five countries in Latin America, serving a variety of clients through its different formats. As of December 31st 2016, no customer reached to concentrate individually 10% of total revenues of each of our divisions.

Our Suppliers

Our main suppliers come from the retailing industry. The following are the top 20 suppliers as of December 31, 2016: Agrosuper Com.de Alimentos Ltda., Nestlé Chile S.A., Cerveca y Maltería Quilmes SAI, Unilever Chile S.A., Samsung Electronics Chile, Unilever Argentina S.A., Comercial Santa Elena S.A., Mastellone Hnos. S.A., Empresas Carozzi S.A., CMPC Tissue S.A., Molinos Rio de la Plata S.A., Sancor Cooperativas Unidas Ltda., JBS S.A., Watt's Comercial S.A., BRF S.A., Danone Argentina S.A., Organización Terpel S.A., Cooperativa Agrícola and Lechera de la Unión Ltda., Embotelladora Andina S.A., LG Electronics Chile Ltda.

None of the suppliers listed above individually concentrate 10% of all purchase that each business made during the period.

Properties, Plant and Equipment

Below is a list of the main¹ stores used for the development of our business in each of the countries we operate in.

Supermarkets

Below is a list of the main super/hypermarket stores utilized for the development of the business in each of the countries in which we operate:

Country	Store	Location	Owned/Leased
Chile	J Bilbao	Av. Francisco Bilbao 4144	Owned
Chile	J Kennedy	Av. Kennedy 9001	Owned
Chile	J Costanera	Av. Andres Bello 2433	Owned
Chile	J La Reina	Av. Francisco Bilbao 8750	Leased
Chile	J Maipu	Av. Américo Vespucio 1001	Owned
Chile	J Antofagasta - Angamos	Av. Angamos 745, Antofagasta	Owned
Chile	J La Florida	Av. Vicuña Mackenna 6100	Owned
Chile	J La Dehesa	Av. La Dehesa 1445	Owned
Chile	J Peñalolen	Av. Sanchez Fontesilla 12000	Owned
Chile	J Viña Del Mar	Av. 1 Norte #2901	Owned
Argentina	J Unicenter	Paraná 3617	Owned
Argentina	J Palermo	Av. Bullrich 345	Owned
Argentina	J Pilar	Las Magnolias 698	Owned
Argentina	J Lomas	Av. Antártida Argentina 799	Owned
Argentina	J Neuquén	J J Lastra 2400	Owned
Argentina	J Quilmes	Avenida Calchaquí N° 3950	Owned
Argentina	J Nordelta	Av de los Lagos 6660	Leased
Argentina	J Plaza Oeste	Lobos 2585	Owned
Argentina	J Parque Brown	Av.Fernandez de la cruz Gral Francisco 4602	Owned
Argentina	J San Martín	San Lorenzo 3773	Owned
Argentina	Veá 52 San Luis.	Julio Argentino Roca 300	Leased
Argentina	J Mendoza	Gdor Gral J R Balcarce 735	Owned
Argentina	J Escobar	Ruta Provincial 25 n° 1710	Owned
Argentina	J Comodoro	Av. Hipolito Yrigoyen y Baj.Alsina 5277	Leased
Argentina	J Salta	Av. Sarmiento esq Latorre	Owned
Argentina	J Tucumán	Fermín Cariola 42	Owned

¹ Cencosud defined as main all the stores that together make up 25% of the business sales by country.

Argentina	Veá Santiago del Estero.	Acceso Av. Rivadavia	Owned
Argentina	Veá 28 25 de Mayo y Jujuy.	25 de Mayo Este 400	Owned
Argentina	J Acoyte	Av. Acoyte 702	Owned
Argentina	J Tronador	Tronador 850 - Villa Urquiza	Owned
Argentina	J Rosario	Nansen 255	Owned
Brazil	M Calçada	Av. Jequitaia numero 411-Agua de Meninos	Leased
Brazil	PREZ BOTAFOGO	Rua General Polidoro, 260 - Botafogo - RJ. CEP 22.280-003	Leased
Brazil	PREZ RECREIO	Av. das Américas, 16.100 - Recreio dos Bandeirantes - RJ. CEP 22.790-704	Leased
Brazil	PREZ CAXIAS CENTRO	Rua José de Alvarenga, 95 - Centro - Duque de Caxias - RJ. CEP 25.020-140	Leased
Brazil	G Hiper Jardins	Av. Silvio Teixeira N° 831	Leased
Brazil	G Costa Azul	Rua Arthur de Azevedo Machado N° 3443	Leased
Brazil	PREZ CAMPO GRANDE	Estrada do Cabuçu, 1654 - Campo Grande - RJ. CEP 23.052-230	Leased
Brazil	M Jabotiana	Av. Tancredo Neves - cep:49.080-470	Owned
Brazil	PREZ BARRA DA TIJUCA	Av. das Américas, 13.850 - Recreio dos Bandeirantes - RJ. CEP 22.790-702	Leased
Brazil	PREZ NILOPOLIS	Av. Getulio de Moura, 1.591- Centro - Nilópolis - RJ. CEP 26.525-001	Leased
Brazil	PREZ MEIER	Rua Dias da Cruz, 579, Méier - RJ. CEP 20.720-011	Leased
Brazil	PREZ FREGUESIA	Estrada de Jacarepaguá, 7.153 - Freguesia -RJ. CEP 22-753-033	Leased
Brazil	PREZ ILHA DO GOVERNADOR	Estrada do Galeão, 1.800 - Ilha do Governador - RJ. CEP 21.931-524	Leased
Brazil	PREZ JAURU	Praça Jaurú, 32 - Taquara - RJ. CEP 22.725-520	Leased
Brazil	PREZ SANTA CRUZ	Rua Dom Pedro I, 53 - Santa Cruz - RJ. CEP 23.510-010	Leased
Brazil	G Hiper Norte	Av. Osvaldo Aranha, 1240	Leased
Brazil	PREZ PECHINCHA	Estrada do Tindiba 565	Leased
Brazil	G Hiper Francisco Porto	Av. Francisco Porto 250	Leased
Colombia	J 19- Santa Ana	Calle 110 # 9 B - 04, Bogota	Owned
Colombia	J 15- Los Hayuelos	Av. Carrera 86 # 19 A - 50, Bogota	Owned
Colombia	J 14- Calle 170	Calle 170 # 64-47, Bogota	Owned
Colombia	J 11- Calle 80	Av. Calle 80 # 69 Q-50, Bogota	Owned
Colombia	J 23- De La 65	Carrera 65 # 45-85 , Medellin	Owned
Colombia	J 70- Suba	Av. ciudad de Cali N° 146 A No 106-20, Bogota	Owned
Colombia	J 13- Valle Del Lili	Carrera 98 No. 16-50 , Cali	Owned
Colombia	J 16- Carrera 30	Carrera 32 #17 B-04, Bogota	Owned
Peru	Wong Chacarilla.	Calle Monte Bello 150, Lima	Owned + Third parties
Peru	Wong Ovalo Gutierrez.	Av. Santa Cruz 771, Lima	Owned
Peru	Wong Benavides.	Av. Alfredo Benavides 1475, Lima	Owned + Third parties
Peru	M Hiper San Juan de Lurigancho	Av. Proceres de la Independencia 1632, Lima	Owned + Third parties
Peru	Wong Dos de Mayo.	Av. Dos de Mayo 1099, Lima	Owned + Third parties
Peru	Wong San Miguel.	Esq. Av. La Marina y Av. Universitaria C.C. Plaza San Miguel	Leased
Peru	M Hiper PLN	Km. 14.5 Panamericana Norte , Lima	Leased

Home Improvement

Below is a list of the main Home Improvement stores utilized for the development of the business in each of the countries in which we operate:

Country	Store	Location	Owned/Leased
Chile	Easy Rancagua	Carretera El Cobre # 750 L-1100 Rancagua	Owned
Chile	Easy Temuco	Av. Caupolican # 0650 Temuco	Owned
Chile	Easy Maipu	Av. Americo Vespucio # 1001 Maipu	Owned
Chile	Easy La Reina	Av. Francisco Bilbao # 8750 Las Condes	Leased
Chile	Easy Viña del Mar	Av.1 Norte # 2901 Viña del Mar	Owned
Chile	Easy La Serena	Parcela 69, Ruta 5 Norte Vega Sur La Serena	Owned
Argentina	Easy Neuquen	Av. J.J. Lastra 2400, Neuquén, Prov. de Neuquén	Owned
Argentina	Easy Mendoza	General Balcarce N°897, Godoy Cruz, Prov.de Mendoza	Owned
Argentina	Easy San Isidro	Fondo de la Legua N°2513, Villa Adelina, Buenos Aires	Owned
Argentina	Easy Quilmes	Av. Calchaquí 3950, Quilmes, Prov.de Buenos Aires	Owned
Argentina	Easy Palermo	Av. Bullrich N°345, Cdad.Aut.de Buenos Aires	Owned
Argentina	Easy Cordoba	Av.O´higgins N°3859, Córdoba, Prov. de Córdoba	Owned
Argentina	Easy Pilar	Las Magnolias N°698, Pilar, Prov. de Buenos Aires	Owned
Argentina	Blaisten Palermo	Av. Juan B. Justo 1380	Leased
Argentina	Blaisten Floresta	Av. Juan Alberdi 3928	Owned
Colombia	Easy Centro Mayor	Calle 34A SUR No. 34D - 50	Owned
Colombia	Easy Americas	AV. AMERICAS No. 68 – 94	Leased

Department Stores

Below is a list of the main department stores utilized for the development of the business in each of the countries in which we operate:

Country	Store	Location	Owned/Leased
Chile	Paris Arauco	Av. Presidente Kennedy #5225, Las Condes	Leased
Chile	Paris Viña	Av. Libertad #1390, Viña del Mar	Leased
Chile	Paris Costanera Center	Av. Andrés Bello 2447, Local 1200	Owned
Chile	Paris ALC	Av. Presidente Kennedy #9001, Las Condes	Owned
Chile	Paris Plaza Oeste	Américo Vespucio 1501, Cerrillos	Leased
Chile	Paris Vespucio	Vicuña Mackenna 7110, La Florida	Leased
Peru	Paris Plaza Lima Norte	Cruce Panamericana Norte /Tomás Valle /Tupac Amaru	Leased
Peru	Paris Mega Plaza	Av. Alfredo Mendiola #3698, Independencia.	Leased

Shopping Centers

Below is a list of the main Shopping Centers utilized for the development of the business in each of the countries in which we operate:

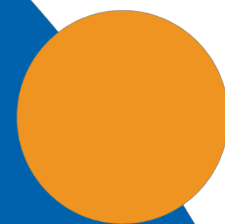
Country	Store	Location	Owned/Leased
Chile	Alto Las Condes	AV. KENNEDY 9001, LAS CONDES	Owned
Chile	Costanera Center	AVDA. ANDRES BELLO N°2425, Providencia , Santiago	Owned
Argentina	Unicenter	Paraná 3745, Martinez , Buenos Aires	Owned
Peru	Plaza Lima Sur	Prol.Paseo de la República S/N , Chorrillos	Leased
Colombia	Calle 80	Av. Calle 81, #68-50	Owned
Colombia	Hayuelos	Carrera 86, #19A-50	Owned
Colombia	Vegas	Carrera 48, #25 SUR -136	Owned
Colombia	La 65	Carrera 65, #45-85	Owned

Land for the development of future projects

The company has the following properties for the development of future projects:

Country	Number of Properties	Area (m ²)	Owned/Leased
Argentina	75	3.284.711	Owned
Brazil	25	351.087	Owned
Brazil	5	19.120	Leased
Chile	51	2.368.360	Owned
Chile	8	306.747	Leased
Colombia	3	71.681	Owned
Peru	24	132.517	Owned
Peru	6	11.625	Leased
Total	197	6.545.848	

CORPORATE GOVERNANCE



BOARD OF DIRECTORS

The following table presents information of our Directors as of December 31, 2016: Below is a brief description of work and academic experience made by each Director as follows:

Name	Position	Age	Years at Cencosud ¹	RUT	Nationality	Gender
Horst Paulmann Kemna ²	President	81	38	3.294.888-k	Chilean	Male
Heike Paulmann Koepfer	Director	47	17	8.953.510-7	Chilean	Female
Peter Paulmann Koepfer	Director	48	20	8.953.509-3	Chilean	Male
Richard Büchi	Director	64	4	6.149.585-1	Chilean	Male
Cristián Eyzaguirre	Director	68	12	4.773.765-6	Chilean	Male
David Gallagher	Director	72	6	3.413.232-1	Chilean	Male
Julio Moura	Director	64	5	21.814.616-3	Brazilian	Male
Roberto Philipps	Director	70	14	4.556.079	Argentine	Male
Mario Valcarce	Director	67	1	5.850.972-8	Chilean	Male

Horst Paulmann Mr. Paulmann is our Chairman of the Board and founder of Cencosud S.A. He has served on our Board since November 1978. He has served as a Director of the Chilean—German Chamber of Commerce (CAMCHAL) and the Chilean Chamber of Commerce.

Heike Paulmann Mrs. Paulmann has been a member of our Board of Directors since April 1999. She has a degree in business from the Universidad de Chile and an MBA from Universidad Adolfo Ibáñez.

Peter Paulmann Mr. Paulmann has been a member of our Board of Directors since September 1996. Mr. Paulmann currently is the Chief Executive Officer for Importadora y Comercial Regen Ltda. and has also served as Director of our shopping center division in Chile since 2002. He has a degree in business from the Pontificia Universidad Católica de Chile.

Richard Büchi Mr. Büchi was elected an independent member of the board in April, 2013.

He holds a civil engineering degree from Universidad de Chile and an MBA from the Wharton School of Business from the University of Pennsylvania. On March 2013 he took over the executive vice-presidency of ENTEL's mobile phone division after having acted as the company's CEO for 18 years. Additionally, Mr. Büchi was chairman of the board of Entel PCS and Entelphone.

Cristián Eyzaguirre Mr. Eyzaguirre has been a member of our Board of Directors since 2005. He has an economics degree from Universidad de Chile and a Master of Arts in Economics from The University of California, Berkeley. Mr. Eyzaguirre is the former Chief Executive Officer of Banco Bice and Chief Financial Officer of Empresas CMPC S.A., and was a professor of Economics at the Universidad de Chile. He is currently a Director of Besalco, E-CL, Agunsa, Grupo GTD Teleductos, Telefónica del Sur, IPAL, Banco París, Banco Cencosud (Perú) and Wenco. He also is Vice chairman of the advisory committee for the Chilean sovereign investment fund.

¹ Including years in other positions at Cencosud S.A.

² Horst Paulmann Kemna is the father of Heike Paulmann Koepfer and Peter Paulmann Koepfer

David Gallagher Mr. Gallagher has been a member of the Board of Directors since April 2011. He has an MA in Modern Languages from Oxford University. He is Chairman and Founding Partner of ASSET Chile S.A, and is a director and Executive Committee member of the Centro de Estudios Públicos. Prior to founding ASSET Chile in 1984, Mr. Gallagher spent 10 years at Morgan Grenfell, where he became head of Latin American investment banking and director of Morgan Grenfell International.

Julio Moura Mr. Moura has been a member of our Board of Directors since September 2011. Mr. Moura also serves as a director of Natura Cosméticos, Adecoagro and Brinox and as Chairman of Instituto Arapyau. Prior to joining Cencosud, Mr. Moura served as Chairman of Masisa from 2002 to 2007 and as Executive Vice President of Schindler Group, Switzerland, from 1992 to 1997. Mr. Moura holds a Master's Degree from MIT's Sloan School of Management and an Engineering Degree from the Swiss Federal Institute of Technology (ETH).

Roberto Philipps Mr. Philipps has been a member of our Board of Directors since 2003. He has held several executive positions with the Techint Organization and previously with Exxon Corporation. He is a former President of the Argentine Financial Executives Association and serves on the board of companies in Chile and Argentina. Mr. Philipps has a degree in business administration and accounting from the Universidad de Buenos Aires and completed the Advanced Executive Program at the Kellogg School, Northwestern University.

Mario Valcarce Mr. Valcarce has been a member of our Board of Directors since April 29, 2016. Mr. Valcarce has a degree in Business from Pontificia Universidad Católica de Valparaíso. Mr. Valcarce was CEO of Enersis S.A. from 2003 until 2006 and the Chairman of Endesa S.A. from 2006 to 2009. Currently he is on Board of Directors of Grupo Costanera SpA, Energía de la Patagonia, Aysén S.A., Empresas Navieras S.A., Besalco S.A. and Transelec S.A., since 2010.

MANAGEMENT

Executive Officers

The following table shows certain information with respect to our senior management as of the date of this annual report:

Name	Position	Age	Years at		RUT	Nationality	Gender
			Cencosud				
Jaime Soler	Chief Executive Officer	45	12		7.107.025-5	Chilean	Male
Carlos Mechetti	General Counsel	47	23		22.118.310-k	Argentine	Male
Rodrigo Larraín	Chief Financial Officer	45	4		10.973.139-0	Chilean	Male
Bronislao Jandzio	Audit Managing Director	62	18		22.111.590-2	Argentine	Male
Patricio Rivas	Financial Retail Managing Director	54	14		7.516.353-3	Chilean	Male
Antonio Ureta	Home Improvement Stores Director	43	15		10.745.810-7	Chilean	Male
Rodrigo Hetz	Human Resources Managing Director	42	6		12.016.317-5	Chilean	Male
Renato Fernandez	Corporate Affairs Managing Director	44	5		10.871.675-4	Chilean	Male
Ricardo Bennett	Department Stores Managing Director	42	11		12.584.647-5	Chilean	Male
Carlos Madina	Real Estate Managing Director	50	25		21.231.962-7	Argentine	Male
Marcelo Reyes ³	Corporate Risk Manager	50	14		8.547686-6	Chilean	Male

Jaime Soler Mr. Soler was named Chief Executive Officer effective as of January 1, 2015. Previously he was our Corporate Retail Managing Director from February 2014. Prior to his appointment as head of that division, Mr. Soler had worked as our Department Stores Managing Director since 2008, and successfully commanded the turnaround process for our Johnson acquisition in Chile. He received his degree in Commercial Engineering from the Universidad de Chile and an MBA from The Kellogg School of Management

Rodrigo Larraín Mr. Larraín was our Real Estate Managing Director from March 2013 until he became our Chief Financial Officer on October 2, 2015.

He has a degree in civil engineering and an MBA from the University of Michigan, Ross School of Business and also completed the school's General Management program. Prior to joining Cencosud he worked as Chief Financial and Investment officer at Enjoy S.A. Mr. Larraín also has over 10 years of work experience in corporate and investment banking at Citigroup and BBVA.

Carlos Mechetti Mr. Mechetti has been our General Counsel since 1999. He graduated from *Universidad del Museo Social Argentino* in 1993 and joined us in 1994 as counsel to our shopping center division in Argentina. Mr. Mechetti has taken different post graduate courses at UBA, UADE, CEMA and Harvard University.

³ Marcelo Reyes presented his resignation to the Company on March 31st 2017.

Bronislao Jandzio Mr. Jandzio has been our Audit Managing Director since 1998. Before joining Cencosud, he was the Regional Chief for the Global Accounting Department for the Deutsche Bank Group in Frankfurt, Germany. Mr. Jandzio has a Banklehre diploma from the German Banking Academy.

Patricio Rivas Mr. Rivas has been our Financial Retail Managing Director since 2011. Previously he served as our Corporate Risk Managing Director from 2010 to 2011. He graduated with a degree in Business Administration from the Pontificia Universidad Católica de Chile.

Antonio Ureta Mr. Ureta has been a member of Cencosud since 2002, acting in different positions within the Supermarket and Department Store divisions, including Chief Executive Officer at Eurofashion, Head of the Commercial Office in Shanghai from 2010 to June 2014 and CEO for the Chilean Home Improvement operation from July 2014 to March 2015. Since then, Mr. Ureta has been our Home Improvement Stores Managing Director. He has a degree in Industrial Engineering from Pontificia Universidad Católica de Chile and previous joining Cencosud worked in investment banking at IM Trust.

Rodrigo Hetz Mr. Hetz has been our Human Resources Director since April 2011. He has a degree in Industrial Engineering from Universidad de Chile and an MBA from the University of California—Berkeley. He also worked at McKinsey & Co. from 2006 to 2011, advising companies in different countries on strategy and organizational effectiveness. From 1999 to 2004, Mr. Hetz worked at Citibank in Human Resources

management roles including Senior HR generalists, compensation & benefits, M&A/Integration, and organizational development positions.

Renato Fernandez Mr. Fernandez has been our Corporate Affairs Manager since 2011 when he joined Cencosud. Prior to that, he served as Communications Director at Endesa Chile. He received his degree in Journalism from Universidad Gabriela Mistral.

Ricardo Bennett Mr. Bennett was appointed as our Department Store Managing Director in February 2014. He joined Cencosud in 2008 as Department Store Business Development Manager. Mr. Bennett holds a degree in civil engineering and an MBA from ESADE, Barcelona, Spain. Prior to joining Cencosud Mr. Bennett was a buyer at Falabella.

Carlos Madina Mr. Madina has been part of Cencosud since March 1992 and developed his whole professional career in the Shopping Centers division. In 1996 he was appointed as Commercial Manager for Shopping Centers Argentina. In August 2002, Mr. Madina was transferred to Chile to take on the position of CEO of Shopping Centers Chile. He returned to Argentina in October 2009 as CEO for the Argentine Shopping Centers division. From March 2012 to October 2015 he was our Regional Sales Manager in conjunction with his position in Argentina. In October 2015, after Rodrigo Larrain was designated as Corporate CFO, Mr. Madina was promoted and became Real Estate Managing Director.

Marcelo Reyes Mr. Reyes has been our Corporate Risk Managing Director since December 2011. He has previously served as Risk Director of Credit Card Business in Chile. He graduated with a degree in Business Administration from the Pontificia Universidad Católica de Valparaíso and earned an MBA degree from Tulane University, New Orleans, and from the Universidad de Chile. Mr. Reyes presented his resignation to the Company effective on March 31, 2017.

COMPENSATIONS

For 2016, the aggregate amount of compensation we paid to executive officers was Ch\$6,311 million. We do not disclose to our shareholders or otherwise make public information as to the compensation of any individual executive officers.

In accordance with Article 33 of Law N° 18,046 in Chile governing corporations, Director Compensation amounts for the 2017 period will be determined at the next Ordinary Shareholders' Meeting, which will be held in late April 2017.

At the Ordinary Shareholders' Meeting held on April 29, 2016, the following Director Compensation amounts were set for the 2016 period:

- Fees paid for attending Board meetings: payment of UF330 (equivalents to ThCh\$8,548) each month for those holding the position of Director and twice this amount for the Chairman of the Board, provided they attend a minimum of 10 ordinary meetings each year.

- Fees paid for attending the Directors' Committee meetings: payment to each Director of UF110 (equivalents to ThCh\$2,849) for each meeting they attend.

The details of the amounts paid to our directors for the years ended December 31, 2016, 2015 and 2014, are as follows:

		For the year ended December 31,		
Name	Role	2016	2015	2014
Horst Paulmann Kemna	Chairman	206,280	198,458	184,487
Heike Paulmann Koepfer	Director	103,140	99,229	92,243
Peter Paulmann Koepfer	Director	103,140	99,229	92,243
Richard Büchi Buc	Director	137,526	132,305	122,991
Cristián Eyzaguirre	Director	103,140	99,229	92,243
David Gallagher	Director	137,526	132,305	122,991
Julio Moura	Director	103,140	99,229	92,243
Roberto Philipps	Director	137,526	132,305	122,991
Mario Valcarce	Director	92,177	-	-
Total		1,123,595	1,057,838	1,014,675

None of our non-executive directors has a service contract with us that provides for benefits upon termination of employment.

Executive Incentive Programs

In order to reward commitment and with the goal of retaining executives, the board has approved the terms and conditions of an Executive Stock Options Program, entitled Long Term Incentive Plan 2016 (the “2016 Plan”). This plan replaced the previous plans for 2014 (base and additional) and 2015.

The objective of our incentive plan is to motivate executive performance over the long term, thereby increasing the long-term value of the Company.

Executives can only exercise their options under the incentive plans if they are employed by the Company at the specific subscription dates or by any of its subsidiaries in Chile or abroad without any interruption in its employment relationship. In order to be eligible to receive a share payment no executive can be found in serious breach of its employment duties from the date of signing of the stock option contract until the exercise date. The determination of a serious breach is at the Company’s sole discretion. The 2016 Plan grants executives the right to subscribe shares at a set price of Ch\$1,000 throughout the entire duration of the incentive plan as long as the required employment conditions are fulfilled within the period.

A small number of employees maintain previous Stock Options Plans under the 2014 plan (the “2014 Plan”) (base and additional) and 2015 plan (the “2015 Plan”) (base and additional), and were not migrated into this new plan.

The 2015 Plan grants each executive the right to subscribe shares in four installments, with 25% of their total subscription rights entitlements available each year from 2015 to 2018. The 2015 Plan grants executives the right to subscribe shares at a set price of Ch\$1,646 throughout the entire duration of the incentive plan as long as the required employment conditions are fulfilled within the period. The 2014 Plan grants each executive the right to subscribe shares in four installments, with 25% of their total subscription rights entitlements available each year from 2014 to 2017. The additional plan under the 2014 Plan (the “Additional 2014 Plan”) grants each executive the right to subscribe shares in different quantities between 2014 and 2016. Both the 2015 Plan and 2014 Plan grant executives the right to subscribe shares at a set price of \$2,600 throughout the entire period of the respective incentive plan as long as employment conditions for the executive are met within each subscription period.

As ratified, the incentive plans include 375 company executives as of December 31, 2016, segregating them according to management level and position within the company, and make available a total of 20.7 million shares for awards. The shares being made available under these incentive plans reflect shares that were reserved for this specific purpose and were issued in capital increases approved by Cencosud SA shareholders during extraordinary shareholder meetings held on April 29, 2011 and November 20, 2012.

The following table sets forth, as of December 31, 2016, the total number of shares of common stock to be issued upon exercise of the options granted to each of our executive officers under our 2014 Plan (including Additional 2014 Plan), 2015 Plan and 2016 Plan:

Plan under which options were awarded	Number of Share	Exercise Price	Date of Grant	Expiration date
2016 Plan	20.511.075	Ch\$ 1.000	September 28, 2015	October 31, 2017
2015 Plan	120.000	Ch\$ 1.646	September 26, 2014	February 28, 2018
Additional 2015 Plan	2.500	Ch\$ 1.646	September 26, 2014	February 28, 2018
2014 Plan	57.500	Ch\$ 2.600	March 22, 2013	October 31, 2017
Additional 2014 Plan	0	Ch\$ 2.600	April 26, 2013	October 31, 2016
Total	20.691.075			

By virtue of his position as our controlling shareholder, Mr. Horst Paulmann has the power to nominate 7 directors to our Board of Directors. At the ordinary shareholders' meeting held on April 29, 2016, a new board of directors was elected for the 2016-2019 period, composed of 9 directors. As of this date, Mr. Mario Valcarce joins the company's Board of Directors.

Below is the table of compensation for senior management at Cencosud for 2016, 2015 and 2014:

Key Management Team⁴	2016 M\$	2015 M\$	2014 M\$
Monthly Salaries and other paid benefits (bonds)	4,928,236	4,732,048	5,195,504
Payments based on shares	1,382,504	1,039,827	612,501
Total	6,310,740	5,771,875	5,808,005

The Cencosud group has established an incentive plan for its executives that is based on meeting individual goals in contribution to the Company's earnings. These incentives are structured in minimum and maximum gross salaries and are paid once a year.

Board Practices

Our Bylaws provide that shareholders elect nine regular directors. Directors are elected at the annual shareholders' meeting for terms of three years. The legal responsibilities of each board member are established in accordance with the Chilean Corporations Law.

Director's Committee

As required under Chilean law, we have established a Directors' Committee composed of three directors. The following are the current members of our Directors' Committee: Richard Büchi (President), David Gallagher (Secretary) and Mario Valcarce. The Directors' Committee has the following principal duties:

- reviewing external audit reports and financial statements and providing its opinion regarding such items prior to their submission to the shareholders for approval;

⁴ Executives between 18 and 22 on our global grading system ("GGS", which is discussed further below) are included in this group.

- proposing to the board of directors the names of independent external auditors and credit rating agencies that will be submitted for approval at the annual shareholders' meeting;
- reviewing related party transactions for potential conflict of interest and providing reports as required in certain defined cases;
- reviewing the salary and compensation benefits for officers and senior management; preparing an annual report of the board's activities, which will include its main recommendations to shareholders;
- advising the board as to the hiring of external auditors to perform non-audit services, particularly whether such services might be prohibited in accordance with article 242 of the Chilean Securities Market Law as such services could jeopardize the independence of such external auditor; and
- Performing any other responsibility entrusted to the Directors' Committee by the Chilean Corporations Law, our Bylaws, the shareholders' meeting or the board of directors.

During Fiscal Year 2016, the Directors Committee met on 11 occasions to carry out the following activities:

Meeting: January 28, 2016

The Committee was informed and issued an opinion on the preliminary financial statements of Cencosud S.A. as of December 31, 2015, and received information on the results of the Impairment Test as of September, 2015.

- The Committee received information on the report on the acquisition of minority interest in the Easy S.A. associate, authorizing the transaction.
- The Committee received information on the report by the external auditors on the progress of the external audit process during 2015.
- The Committee received information on the progress status of actions leading to comply with Company's Crime Prevention Model during 2015.
- The Committee received information on the summary of the tasks performed by the Internal Audit Manager during 2015 and its main results.

Meeting: March 3, 2016

- The Committee received information and pronounced on Cencosud Annual Consolidated Financial Statements as of December 31, 2015.
- The Committee reviewed the transactions with related parties until December, 2015 and came to the conclusion that they had been carried out at arm's length as established in the Company's General Customary Policy.
- The Committee received information on the Technical Memo referring to the 2015 Annual Impairment Test Process and its results.
- The Committee received information on the Audit Report on the Financial Statements as of December 31, 2015 and the SOX review status.

Meeting: March 31, 2016

- The Committee received information on the proposal to be submitted to the Board of Directors regarding dividends distribution.
- The Committee reviewed and agreed to make available to the Company's Board of Directors the proposal for external audit companies, as well as private Risk Ranking agencies.
- The Committee received information on the report corresponding 20-F form as regards the Financial Statements as of December 31, 2015 under IFRS standards.
- The Committee reviewed and approved the proposal for budget and operation expenses of the Committee for Fiscal Year 2016.
- The Committee reviewed and approved the text of Management's Annual Report on its performance during Fiscal Year 2015 to be presented to the Ordinary Shareholders Meeting.
- The Committee received information on the objection by the Colombia Taxation Management to assets amortization at Easy Colombia, rejecting that Management's proposal.
- The Committee received a report from the external auditors on the closing of the PCAOB integrated audit as of December 31, 2015.
- The Committee reviewed and approved the report on Corporate Governance Practices as adopted during Fiscal Year 2015 and its posting on the SVS web page.
- The Committee received information on the 2016 Internal Audit Plan and the Operation Audits carried out in Colombia and its improvement plan.

Meeting: April 28, 2016

- The Committee reviewed and approved the eventual retention of different services belonging to audit which are rendered by the External Auditors to the Company's Management.
- The Committee received and reviewed the Preliminary Consolidated Financial Statements as of March 31, 2016.
- The Committee received information on the results of the store Operation Audits at Home Improvement in Argentina, Chile and Colombia.
- The Committee received information on the Corporate Risk Management Process, its progress and work plan for 2016.
- The Committee received information on the cases reported through Cencosud Ethical Line during 2015, specifications and investigation progress level.

Meeting: May 25, 2016

- The Committee received from the Accounting Regional Manager a report regarding transactions with related parties until March, 2016 and came to the conclusion that they had been carried out at arm's length as established in the Company's General Customary Policy and remuneration paid to the Directors in 2016.
- The Committee received information and approved Cencosud S.A. Consolidated Interim Financial Statements as of March 31, 2016.
- The Committee received the Independence Statement form the External Auditors.
- The Committee received information on the function of the Internal Audit Committee.

Meeting: July 1, 2016

- The Committee reviewed and approved presenting the Board of Directors with the proposal for collaboration of the Company in divestiture process of Cencosud S.A. secondary shares.

Meeting: July 28, 2016

- The Committee received information on the presentation of the Accounting Regional Manager on the preliminary results of the Consolidated Financial statements as of June 30, 2016.
- The Committee received information on the opinion of the external auditors regarding the limited review of Consolidated Financial Statements as of June 30, 2016.
- The Committee received information on the progress of actions towards due compliance with the Company's Crime Prevention Model.
- The Committee received information on the Free Competition Compliance Program inside the Company at regional level during 2016.
- The Committee received information on the Corporate Governance practice of General Standard N°385 declared by the Company and other open stock companies.

Meeting: August 25, 2016

- The Committee reviewed and approved the Company's Consolidated Financial Statements as of June 30, 2016.

- The Committee reviewed the transactions between related parties until June, 2016 coming to the conclusion that they had been carried out at arm's length as established in the Company's General Customary Policy.
- The Committee also analyzed the remuneration paid to the Directors in 2016, and the Ordinary Office Letter 3592 from the Superintendence of Insurance and Securities requesting the disclosure of Cencosud S.A. transactions with its subsidiaries.
- The Committee received the opinion of the external auditors regarding the limited review to the Consolidated Financial Statements as of June 30, 2016 highlighting that it basically consists in performing analytical procedures and making inquiries to individuals responsible for financial and accounting issues.
- The Committee received the report from the Internal Audit Regional Manager on the progress status of the Corporate Risk process, cause analysis, mitigation activities and action plans per country.
- The Committee received the presentation from the Corporate Risk Manager on the current situation of the SOX process.
- The Committee welcomed the Internal Audit Corporate Manager, who reported on the progress and improvements of the operation audit process in Colombia, among other.

Meeting: October 27, 2016

- The Committee reviewed the presentation of the Interim Financial Statements as of September 30, 2016.
- The Committee received the opinion from the external auditors regarding the limited review to the Financial Statements as of September 30, 2016 learning about the materiality defined for this limited review.
- The Committee received the presentation from the external auditors about the framework of the 2016 Audit Planning.
- The Committee was presented with the report on the Free Competition training process to different business units of the Company.

Meeting: November 22, 2016

- The Committee reviewed and approved the Company's Consolidated Financial Statements as of September 30, 2016.
- The Committee reviewed the transactions between related parties until September, 2016 coming to the conclusion that they had been carried out at arm's length as established in the Company's General Customary Policy.
- The Committee also analyzed the remuneration paid to the Directors in 2016, and the Ordinary Office Letter 3592 from the Superintendence of Insurance and Securities requesting the disclosure of Cencosud S.A. transactions with its subsidiaries.

- The Committee received the opinion from the external auditors regarding the end of the limited review to the Consolidated Financial Statements as of September 30, 2016 and on the summary of the internal control preliminary letter, highlighting that there were no material issues affecting the Auditors statement.

Meeting: December 15, 2016

- The Committee receives the presentation from External Auditors on the internal control preliminary letter, highlighting that there are no material issues affecting the Auditors statement, their Independence statement and the progress of the external audit tasks at the end of Fiscal Year 2016.
- The Committee received the report from the Crime Prevention Officer on the progress of the actions adopted for the due compliance with the Company's Crime Prevention Model, together with a report on the last amendment of the Law on Corporate Criminal Responsibility.
- The Committee is informed about the different practices of Corporate Governance contemplated in the General Standard N°385 of the SVS.
- The Directors Committee has made no comments or proposals for Fiscal Year 2016 as regards Cencosud businesses performance, having had all necessary elements to perform its task in response to its legal obligations.
- During 2016 no consultants were retained by the Directors Committee.

Audit Committee

We have established an audit committee, comprised of three non-management members of our Board of Directors. The members of the audit committee are David Gallagher, Roberto Philipps and Cristián Eyzaguirre, each of whom is independent within the meaning of the SEC corporate governance rules.

Our board of directors has determined that Roberto Philipps is “audit committee financial expert” as defined by the SEC.

The audit committee’s primary responsibilities are:

- Assist the Board of Directors in fulfilling its oversight responsibilities relating to the integrity of the Company’s financial statements, including periodically reporting to the Board of Directors on its activity and the adequacy of the Company’s systems of internal controls over financial reporting;
- Make recommendations for the appointment, compensation, retention and oversight of, and consider the independence of, the Company’s external auditors;
- Review material transactions between the Company or its subsidiaries with related parties to determine whether their terms are consistent with market conditions or are otherwise fair to the Company and its subsidiaries; and
- Perform such other duties imposed on it by the laws and regulations of the regulated market(s) on which the shares of the Company are listed, applicable to the Company, as well as any other duties entrusted to it by the Board of Directors.

The audit committee’s purpose and responsibilities, including those outlined above, have been set forth in the charter of the audit committee.



INFORMATION TO THE SHAREHOLDERS

MAJOR SHAREHOLDERS

General Information

As of December 31st 2016, the capital of Cencosud S.A is composed of **2.862.536.947** shares subscribed and paid, distributed among **2.024** shareholders.

<u>Shareholders</u>	<u>Percentage</u>
<i>Controlling Shareholders</i>	53,36%
<i>AFP's</i>	22,08%
<i>ADS's</i>	0,84%
<i>Others</i>	23,7%

Major Shareholders

The following table sets forth information with respect to the beneficial ownership of our shares of common stock, as of the date of this annual report, for:

- each person known to us to own beneficially more than 5% of our shares of common stock; and
- our directors and executive officers as a group.

Shareholders ¹	Numbers of Shares of Common Stock	Percentage Beneficial Ownership
<i>Inversiones Quinchamalí Limitada</i> ²	573,754,802	20.0435%
<i>Inversiones Latadia Limitada</i> ³	550,823,211	19.2424%
<i>Inversiones Tano Limitada</i> ⁴	287,328,548	10.0375%
<i>Banco de Chile por cuenta de terceros</i>	197,355,845	6.894%
<i>Banco Itau por cuenta de Inversionistas</i>	157,660,854	5.508%
Directores y ejecutivos		
<i>Horst Paulmann Kemna</i> ⁵	1.527.449.715	53,36%
<i>Peter Paulmann Koepfe</i> ⁶	*	*
<i>Heike Paulmann Koepfe</i> ⁷	*	*
<i>David Gallagher</i>	-	-
<i>Roberto Philipps</i>	-	-
<i>Cristián Eyzaguirre</i>	-	-
<i>Richard Bûchi Buc</i>	*	*
<i>Julio Moura</i>	-	-
<i>Mario Valcarce</i>	-	-
<i>Rodrigo Hetz</i>	*	*
<i>Carlos Mechetti</i>	*	*
<i>Andrés Artigas</i>	*	*
<i>Bronislao Jandzio</i>	*	*
<i>Antonio Ureta</i>	*	*
<i>Jaime Soler</i>	*	*
<i>Patricio Rivas</i>	*	*
<i>Renato Fernández</i>	*	*
<i>Ricardo Bennett</i>	*	*
<i>Rodrigo Larrain</i>	*	*
<i>Carlos Madina</i>	*	*
Total shares of common stock issued and outstanding	2.862.536.947	100,0%

¹ Our principal shareholders do not have different voting rights than other shareholders. All holders of our shares of common stock are entitled to one vote per share of common stock in all shareholders' meetings.

² Inversiones Quinchamali Limitada is a Chilean company controlled by Horst Paulmann Kemna, our Chairman of the Board, who is the largest shareholder therein, with the remainder owned by members of the Paulmann family. Members of the Paulmann family include Horst Paulmann Kemna, Manfred Paulmann Koepfer, Peter Paulmann Koepfer and Heike Paulmann Koepfer. The address for Inversiones Quinchamali Limitada is Avenida Kennedy 9001, Piso 7, Las Condes, Santiago, Chile.

³ Inversiones Latadia Limitada is a Chilean company majority owned by Inversiones Quinchamali Limitada, with the remainder owned indirectly by members of the Paulmann family. Its address is Avenida Kennedy 9001, Piso 7, Las Condes, Santiago, Chile.

⁴ Inversiones Tano Limitada is a Chilean company majority owned by Inversiones Quinchamali Limitada, with the remainder owned by Inversiones Latadia Limitada and Horst Paulmann Kemna. Its address is Avenida Kennedy 9001, Piso 7, Las Condes, Santiago, Chile.

⁵ Horst Paulmann Kemna owns 2.46% of our shares of common stock directly and the remaining amount through direct and indirect ownership in Inversiones Quinchamali Limitada, Inversiones Latadia Limitada and Inversiones Tano Limitada. Horst Paulmann Kemna, our Chairman of the Board, is the father of Heike Paulmann Koepfer and Peter Paulmann Koepfer, who both serve on our Board of Directors.

⁶ Peter Paulmann Koepfer owns 0.5% of our shares of common stock.

⁷ Heike Paulmann Koepfer owns 0.5% of our shares of common stock.

* Represents beneficial ownership of less than one percent of ordinary shares outstanding.

Differences in Voting Rights

Our major shareholders do not have different voting rights.

Controlling Shareholder

In 2012 and 2013, we experienced a significant change in the percentage of shares beneficially owned and controlled by our major shareholder as a result of our initial public offering and follow-on offering. Prior to our initial public offering, our founder, Mr. Horst Paulmann, beneficially owned 64.9% of our shares, directly and indirectly, through Inversiones Quinchamali Ltda., Inversiones Latadia Ltda. and Inversiones Tano Ltda. As of the date of this annual report, Mr. Horst Paulmann and his family beneficially owns 53.36% of our shares.

By virtue of this position as our controlling shareholder, Mr. Horst Paulmann has the power to nominate 5 directors to our Board of Directors. However, in 2013, in an effort to strengthen corporate governance, Mr. Horst Paulmann chose to nominate only four directors at our Ordinary Shareholders' Meeting, essentially granting him the right to nominate an additional director to our remaining shareholders.

As at 31 December 2016, Mr. Horst Paulmann Kemna and the direct members of his family (Heike Paulmann Koepfer, Peter Paulmann Koepfer, Manfred Paulmann Koepfer and the succession of Helga Koepfer Schoebitz) directly or indirectly have 53.36% of Cencosud S.A.

Securities Held in Host Country

As of March 17, 2017, the most recent practicable date, 8,037,761 ADSs (equivalent to 24,113,283 shares, or 0.8% of the total outstanding shares of our common stock) were outstanding and held of record by one holder. We are aware that many ADSs are held of record by brokers and other nominees, and accordingly the above numbers are not necessarily representative of the actual number of U.S. persons who are beneficial holders of ADSs or the number of ADSs beneficially held by such persons.

Main Shareholders

Major Shareholders as of 31/12/2016	Number of Shares	Percentage of Ownership
Inversiones Quinchamalí Limitada	573.754.802	20.0435%
Inversiones Latadia Limitada	550.823.211	19.2424%
Inversiones Tano Limitada	287.328.548	10.0375%
Banco de Chile por cuenta de terceros	197.355.845	6.8944%
Banco Itaú por cuenta de inversionistas	157.660.854	5.5077%
Fondo de Pensiones Provida C	75.326.810	2.6315%
Horst Paulmann Kemna	70.336.573	2.4571%
Banco Santander – JP Morgan	63.837.132	2.2301%
Fondo de Pensiones Habitat C	59.963.690	2.0948%
Fondo de Pensiones Capital C	48.811.913	1.7052%
Fondo de Pensiones Cuprum C	45.676.632	1.5957%
Fondo de Pensiones Provida B	43.323.908	1.5135%
Other Shareholders	688.352.029	24.05%

Dividends Policy

In accordance with Chilean law, we must distribute mandatory cash dividends of 30% of our consolidated net income unless otherwise decided by a unanimous vote of the holders of the Shares. At our option, the portion of any dividend which exceeds the mandatory limits established pursuant to Chilean law may be paid in cash, in our shares or in shares of corporations owned by us.

Dividends paid last year are detailed below:

The Ordinary Shareholders meeting held on April 29, 2016 resolved the payment of the following dividends, charged to the previous fiscal year:

- A final dividend of \$10 per share
- An interim dividend of \$16 per share, which was paid in December 2015; and

- An eventual dividend of \$50 per share, charged to retained earnings from prior years.

At the Ordinary Session of the Board of Directors held on October 28, 2016, the proposal for the payment of an interim dividend of \$20 per share was approved, charged to the profits for the year 2016.

Stock Market

Our common shares are currently traded on the Santiago Stock Exchange, the Santiago Stock Exchange, the Chilean Stock Exchange, the Valparaíso Stock Exchange under the symbol "CENCOSUD" and the New York Stock Exchange (NYSE) Under the symbol "CNCO" (ADRs)

Below is a chart with the information regarding the price, volume and amounts transacted for the year 2016:

Santiago Stock Exchange						
	Shares	Amount CLP	High CLP	Low CLP	Middle CLP	Close CLP
1 Quarter	140.527.471	213.474.733.733	1.747	1.315	1.499	1.690
2 Quarter	139.613.101	252.101.603.573	1.918	1.670	1.811	1.889
3 Quarter	356.968.513	656.808.140.594	2.101	1.750	1.931	1.975
4 Quarter	144.907.354	289.229.480.942	2.225	1.820	1.993	1.880

Bolsa Electrónica						
	Shares	Amount CLP	High CLP	Low CLP	Middle CLP	Close CLP
1 Quarter	4.689.314	7.016.456.238	1.714	1.325	1.485	1.690
2 Quarter	7.177.903	12.689.721.900	1.902	1.685	1.809	1.897
3 Quarter	13.708.990	25.354.139.575	2.092	1.750	1.925	1.984
4 Quarter	6.009.809	12.135.818.272	2.198	1.826	1.996	1.878

NYSE						
	Shares	Amount USD	High USD	Low USD	Middle USD	Close USD
1 Quarter	3.035.336	19.702.295	7,88	5,30	-	7,68
2 Quarter	6.212.873	50.453.624	8,95	7,32	-	8,95
3 Quarter	12.040.376	102.789.606	9,45	7,78	-	9,01
4 Quarter	4.438.401	40.015.234	10,13	8,02	-	8,40

Valparaíso Stock Exchange						
	Shares	Amount CLP	High CLP	Low CLP	Middle CLP	Close CLP
1 Quarter	4.661	7.748.450	1.693	1.450	1.603	1.693
2 Quarter	20.910	38.168.183	1.847	1.819	1.819	1.819
3 Quarter	37.126	68.670.348	1.873	1.820	1.849	1.850
4 Quarter	-	-	-	-	-	-

Filiales y Coligadas

Chile

Sociedad	Directorio	Capital	Objeto Social
Cencosud S.A.	<p>Presidente: Horst Paulmann Kemna</p> <p>Directores: Peter Paulmann Koepfer Heike Paulmann Koepfer Julio Moura Roberto Oscar Phillips Cristián Eyzaguirre Johnston David Gallagher Richard Büchi Buc</p> <p>Comité de Directores: Roberto Oscar Phillips Richard Büchi Buc David Gallagher Mario Valcarce Durán</p> <p>Gerente General Corporativo: Jaime Soler Botinelli Ingeniero Comercial RUT: 7.107.025-5</p>	<p>El Capital suscrito y pagado al 31 de diciembre del año 2016 es de M\$.2.420.564.735</p>	<p>La sociedad tiene por objeto:</p> <p>a) El ejercicio del comercio en general, incluyendo la compra, venta, consignación, distribución, importación, exportación, representación, comisión, envase, fraccionamiento y comercialización por cuenta propia o ajena de toda clase de bienes corporales muebles.</p> <p>b) Efectuar en el país o en el extranjero inversiones permanentes o de renta en toda clase de bienes, corporales o incorporales. Para estos efectos la sociedad podrá adquirir, conservar, vender, enajenar, y negociar en cualquier forma y a cualquier título, toda clase de bienes, corporales o incorporales. Para estos efectos la sociedad podrá adquirir, conservar, vender, enajenar y negociar en cualquier forma y a cualquier título, toda clase de bienes ya sea en el país o en el extranjero y percibir sus frutos y rentas;</p> <p>c) Ejecutar o celebrar todo acto o contrato conducente al cumplimiento del objeto social.</p>
Banco Paris S.A.	<p>Presidente: Cristián Eyzaguirre Johnston</p> <p>Directores: Peter Paulmann Koepfer Fredy Astudillo Poblete Nicolás Larco Dávila</p> <p>Gerente General: Marcelo Reyes Sangermani</p>	<p>El Capital suscrito y pagado al 31 de Diciembre del año 2016 es de M\$ 39.579.421</p>	<p>La sociedad tiene por objeto:</p> <p>El Banco tendrá por objeto ejecutar todos los negocios, actos y contratos que la Ley General de Bancos y disposiciones que la complementen o que en el futuro se dicten permitan o autoricen efectuar a las empresas bancarias, sin perjuicio de ampliar o restringir su esfera, en armonía con esa legislación, sin necesidad de modificar por ello los presentes estatutos.</p>
Easy Retail S.A.	<p>Presidente: Horst Paulmann Kemna</p> <p>Directores: Tomás Zavala Mujica Diego Hammerer</p> <p>Gerente General: Antonio Ureta Vial</p>	<p>El Capital suscrito y pagado al 31 de Diciembre del año 2016 es de M\$32.315.578.-</p>	<p>La sociedad tendrá por objeto la explotación y administración en todas sus formas de la actividad del comercio en general, y especialmente la compra, venta, distribución, importación, exportación, representación, comisión, envase, fraccionamiento y comercialización por cuenta propia o ajena de toda clase de bienes corporales muebles.</p>

**Cencosud
Retail S.A.**

Presidente: El Capital suscrito y
Horst Paulmann pagado al 31 de
Kemna Diciembre del año
2016 es de M\$

Directores: 414.501.698

Ricardo Yunge Scheel
Ricardo Bennett De La
Vega

Gerente General:
Jaime Soler Bottinelli

La sociedad tiene por objeto:

a) La explotación de establecimientos comerciales de autoservicios, supermercados, distribuidoras, grandes tiendas y otras similares, bajo la modalidad de mayorista o minorista;

b) Realizar en forma directa o a través de otras empresas, la compra, venta, importación, exportación, elaboración o producción, comercialización y distribución, por cuenta propia o ajena de toda clase de bienes, mercaderías o servicios que digan relación con la letra a) precedente;

c) Crear, formar o participar en sociedades civiles o comerciales cuyo objeto diga relación con las actividades señaladas en las letras a) y b) precedentes;

d) La compra y venta de mercaderías de toda clase, distribución de las mismas, importación y exportación de ellas, fabricación de muebles, compra, venta, distribución, importación y exportación de los mismos; las inversiones mobiliarias e inmobiliarias; el desarrollo y financiamiento de empresas que, relacionadas directa o indirectamente con la Sociedad, administran Tiendas de Departamentos o locales comerciales; la asesoría y prestación de servicios vinculados a los objetivos señalados y el ejercicio de cualquier actividad conducente al desarrollo de los objetivos antes mencionados;

e) La explotación, administración y operación, por cuenta propia o ajena, de farmacias, droguerías, almacenes farmacéuticos, botiquines, depósitos de productos farmacéuticos, sean éstos, humanos, veterinarios o dentales, tiendas comerciales o establecimientos de comercio cuyos giros sean similares o complementarios a los indicados, para lo cual podrá ejecutar toda clase de operaciones de carácter civil o comercial que permitan el desarrollo y operación de los mismos, todo ello dentro de la normativa legal y reglamentaria vigente;

f) La compra, envasado, transformación, producción, venta, importación y exportación y la distribución al por mayor o al detalle de toda clase de productos farmacéuticos, homeopáticos, de perfumería y, en general, de cualquier mercadería o productos médicos y de consumo que digan relación con la explotación de farmacias, droguerías, almacenes farmacéuticos, botiquines, depósitos de productos farmacéuticos, sean éstos, humanos, veterinarios o dentales, tiendas comerciales o establecimientos de comercio cuyos giros sean similares o complementarios a los indicados en esta cláusula; la representación de empresas nacionales o extranjeras y el otorgamiento o la aceptación de concesiones comerciales en los rubros señalados;

g) La adquisición, enajenación, importación, exportación, comercialización y arrendamiento, con o sin promesa de venta, de equipos, maquinarias y elementos destinados a la instalación, operación y funcionamiento de farmacias, droguerías, almacenes farmacéuticos, botiquines, depósitos de productos farmacéuticos, sean éstos, humanos, veterinarios o dentales, tiendas comerciales o establecimientos de comercio cuyos giros sean similares o complementarios a los indicados;

h) La compra, venta, construcción, arrendamiento y/o subarrendamiento, loteo, urbanización, comercialización y explotación, por cuenta propia o ajena, y en cualquiera de sus formas, de bienes raíces urbanos o agrícolas, propios o ajenos, administrar y percibir sus frutos y rentas, y en general toda otra actividad relacionada con lo anterior;

i) La fidelización de clientes, personas naturales o jurídicas, nacionales o internacionales, a través de la prestación, suministro y desarrollo de múltiples servicios, incluyendo servicios de publicidad y de promoción, procesamiento de datos y/o servicios tecnológicos, y otros relacionados con lo anterior;

j) La prestación de servicios o administración por cuenta propia o ajena, de estacionamientos de su propiedad o de terceros, bajo cualquier modalidad y/o condición; y

k) La explotación de sus locales, sistemas informáticos y puntos de venta en el país y en el extranjero para efectuar venta y distribución de entradas o tickets para todo tipo de eventos o espectáculos realizados u organizados por la Sociedad o por terceros, procesar pagos de cuentas de empresas de servicios, realizar transferencias y giros de dinero y prestar otros servicios similares. Las actividades de la Sociedad que conforman su objeto social podrán desarrollarse en el país o en el extranjero.

Cencosud Shopping Centers S.A.

Presidente:
Horst Paulmann Kemna

Directores:
Peter Paulmann
Kopefer
Jaime Soler Bottinelli
Rodrigo Larraín Kaplán
Carlos Alberto Mechetti

Gerente General:
Carlos Enrique Madina

El Capital suscrito y pagado al 31 de Diciembre del año 2016 es de M\$ 150.649.240

La sociedad tiene por objeto:

a) La compra, venta, arrendamiento, loteo, construcción y en general la realización y administración por cuenta propia o ajena de toda clase de inversiones inmobiliarias.

b) Efectuar en el país o en el extranjero inversiones permanentes o de renta en toda clase de bienes muebles, corporales o incorporales. Para estos efectos la sociedad podrá adquirir, conservar vender, enajenar y negociar en cualquier forma y a cualquier título, toda clase instrumentos financieros expresados en moneda extranjera o nacional, acciones, bonos, debentures, valores mobiliarios y percibir sus frutos y rentas;

c) Efectuar inversiones para formar, integrar, participar y representar todo tipo de sociedades o empresas, nacionales o extranjeras que exploten un giro similar a los anteriores y que sean de interés para la sociedad.

d) Invertir en forma permanente o transitoria en la compra, venta, fabricación importación, exportación, distribución, comercialización y venta de todo tipo de bienes y productos.

e) Explotar y administrar por cuenta propia o ajena estacionamientos en inmuebles propios o de terceros.

Cencosud Fidelidad S.A.

Presidente:
Heike Paulmann
Koefer

Directores:
Carla Brautigam Aguirre
Ricardo Bennett De La Vega

Gerente General:
Antonio Ureta Vial

El Capital suscrito y pagado al 31 de Diciembre del año 2016 es de M\$ 100.526

La sociedad tiene por objeto:

La fidelización de clientes de empresas nacionales e internacionales a través de la prestación, suministro y desarrollo de múltiples servicios y la participación de toda clase de negocios en Chile o en el extranjero cuyo objeto se relacione directa o indirectamente con la actividad antes señalada, para lo cual la sociedad podrá concurrir a formar, modificar y tomar parte en toda clase de sociedades o asociaciones con dicho propósito.

Costanera Center S.A.

Presidente:
Horst Paulmann Kemna

Directores:
Rodrigo Larraín Kaplán
Carlos Alberto Mechetti

El Capital suscrito y pagado al 31 de Diciembre del año 2016 es de M\$ 1.208.682

La sociedad tiene por objeto:

a) La construcción de obras, bienes inmuebles y desarrollos inmobiliarios la compra, venta, arrendamiento, loteo, construcción y en general la realización y administración por cuenta propia o ajena de toda clase de inversiones inmobiliarias.

b) Efectuar en el país o en el extranjero inversiones permanentes o de renta en toda

Gerente General:
Carlos Enrique Madina

clase de bienes muebles, corporales o incorporeales. Para estos efectos la sociedad podrá adquirir, conservar vender, enajenar y negociar en cualquier forma y a cualquier título, toda clase instrumentos financieros expresados en moneda extranjera o nacional, acciones, bonos, debentures, valores mobiliarios y percibir sus frutos y rentas;

c) Efectuar inversiones para formar, integrar, participar y representar todo tipo de sociedades o empresas, nacionales o extranjeras que exploten un giro similar a los anteriores y que sean de interés para la sociedad.

d) Invertir en forma permanente o transitoria en la compra, venta, fabricación importación, exportación, distribución, comercialización y venta de todo tipo de bienes y productos.

e) Todas las demás actividades que acuerden los accionistas.

Inmobiliaria Santa Isabel S.A.

Presidente:
Horst Paulmann Kemna

El Capital suscrito y pagado al 31 de Diciembre del año 2016 es de M\$ 650.597

Directores:
Carlos Alberto Mechetti
Tomás Zavala Mujica

Gerente General:
Sebastián Martin

La sociedad tiene por objeto:

Compra, venta, comercialización, permuta, arrendamiento y financiamiento de toda clase de bienes muebles e inmuebles, construcción de edificios y obras civiles; compraventa de terrenos, su urbanización, loteo, subdivisión, estudio, promoción y desarrollo de negocios inmobiliarios, su administración y explotación, prestación de servicios relacionados con administración y negocios de terceros y participación como socio y accionista a cualquier título en toda clase de sociedades, cualquiera fuere su objeto, naturaleza o nacionalidad.

Santa Isabel Administradora S.A.

Presidente:
Tomás Zavala Mujica

El Capital suscrito y pagado al 31 de Diciembre del año 2016 es de M\$ 2.666.836

Directores:
Rodrigo Hetz Pincheira
Alejandra Kabakian

Gerente General:
Jorge Álvarez Molina

La sociedad tiene por objeto:

a) La administración y operación de establecimientos comerciales tales como autoservicios, supermercados, distribuidoras, grandes tiendas y otras similares;

b) Realizar en forma directa o a través de otras empresas, la compra, venta, importación, exportación, elaboración o producción, comercialización y distribución, por cuenta propia o ajena de toda clase de bienes, mercaderías o servicios que digan relación con la letra a) precedente;

c) Crear, formar o participar en sociedades civiles o comerciales cuyo objeto diga relación con las actividades señaladas en las letras a) y b) precedentes. Las actividades de la sociedad que conforman su objeto social podrán desarrollarse en el país o en el extranjero.

Sociedad Comercial de Tiendas S.A.

Presidente
Horst Paulmann Kemna

Directores:
Tomás Zavala Mujica
Sebastián Martín

Gerente General:
Sebastián Martín

El Capital suscrito y pagado al 31 de Diciembre del año 2016 es de M\$ 1.421.019

La sociedad tiene por objeto:

- a) La instalación y explotación comercial de tiendas, quedando incorporadas dentro de él, la comercialización, exportación, importación de todo tipo de bienes, y también la industrialización de artículos de su giro
- b) La inversión en bienes inmuebles, administrarlos y percibir sus frutos, pudiendo adquirir propiedades, construir en ellas por cuenta propia o ajena y enajenarlos
- c) Asimismo podrá realizar todos los actos que digan relación directa o indirectamente con lo anterior
- d) Ingresar en otras sociedades y tendrá además por objeto la realización de todos los actos que acuerden sus socios
- e) Ejecutar o celebrar todo acto o contrato conducente al cumplimiento del objeto social. Todas las actividades antes descritas deberán ser llevadas a cabo cumpliendo con las disposiciones legales y reglamentarias vigentes en Chile.

Hotel Costanera S.A.

Presidente:
Rodrigo Larraín Kaplán

Directores:
Peter Paulmann
Koeper
Carlos Enrique Madina

Gerente General:
John Paul Shachackely

El Capital suscrito y pagado al 31 de Diciembre del año 2016 es de M\$ 1.830.732

La Sociedad tendrá por objeto:

- a) El desarrollo, la construcción, la implementación y explotación de hoteles y sus servicios complementarios;
- b) La selección, adquisición e instalación de los bienes muebles de los hoteles, incluido mobiliario, instalaciones y equipamiento. Para llevar adelante sus operaciones la sociedad podrá efectuar todas las inversiones, celebrar todos los contratos, otorgar garantías, dar y tomar toda clase de representaciones nacionales o extranjeras y ejecutar todos los actos que sean necesarios o conducentes para la consecución de los fines señalados.

Megajohnson's Viña del Mar S.A.

Presidente:
Tomás Zavala Mujica

Directores:
Rodrigo Hetz Pincheira
Alejandra Kabakian

Gerente General:
Raúl Lagos Santis

El Capital suscrito y pagado al 31 de Diciembre del año 2016 es de M\$ 19.798.314

La sociedad tiene por objeto:

- La administración y explotación de tiendas por departamento, pudiendo para tal efecto, confeccionar, vender, importar, exportar y/o reexportar, por mayor o menor, toda clase de productos y bienes muebles, en forma amplia. Asimismo podrá desarrollar el giro de inversiones en bienes corporales o incorporeales, muebles o inmuebles, administrar tales inversiones y percibir sus frutos.

American Fashion SPA

Administración:

La administración y uso de la razón social de American Fashion SpA corresponde a Eurofashion Limitada, que a su vez es administrada por Cencosud Retail S.A., quien la ejerce a través de sus representantes y apoderados.

El Capital suscrito y pagado al 31 de Diciembre del año 2016 es de M\$ 622.773

La sociedad tiene por objeto:

Comercialización, distribución, compra y/o venta, importación y/o exportación, reexportación y representación de toda clase de artículos y prendas de vestir de la marca "AMERICAN EAGLE OUTFITTERS"® and "AERIE"® y la operación de las tiendas que en dichos artículos sean comercializados y distribuidos, en virtud del "MultiStore Retail License Agreement" de fecha 15 de noviembre de 2014 y cualquiera de sus eventuales modificaciones, tanto en el territorio nacional como fuera de él.

Administradora TMO S.A.

Presidente:

Tomás Zavala Mujica

Directores:

Rodrigo Hetz Pincheira

Alejandra Kabakian

Gerente General:

Patricio Rivas De Diego

El Capital suscrito y pagado al 31 de Diciembre del año 2016 es de M\$ 4.500.000

La sociedad tiene por objeto:

a) La emisión y operación de tarjetas de créditos o cualquier otro instrumento que permita a su titular o usuario, disponer de un crédito otorgado por la Sociedad para ser utilizado en la adquisición de bienes o en el pago de servicios vendidos o prestados por las entidades afiliadas a la Sociedad.

b) La inversión en toda clase de bienes muebles, corporales e incorporales, tales como acciones, promesa de acciones, bonos y debentures, planes de ahorro, cuotas o derechos en todo tipo de sociedades, ya sean comerciales o civiles, comunidades o asociaciones, y en toda clase de títulos o valores mobiliarios

c) La adquisición, enajenación y explotación de toda clase de bienes muebles, corporales o incorporales; La construcción en ellos por cuenta propia o ajena, y su explotación, sea directamente o a través de terceros, en cualquier forma

d) La administración de las inversiones indicadas precedentemente y la percepción de sus frutos o rentas

e) El otorgamiento de garantías reales o personales para caucionar obligaciones a terceros en que tenga interés la Sociedad

f) El desarrollo de cualquier otra actividad lícita complementaria o accesoria a las indicadas precedentemente.

Administradora del Centro Comercial Alto Las Condes Ltda.

Administración:

La administración y el uso de la Razón Social de la Sociedad Administradora del Centro Comercial Alto Las Condes Limitada, corresponde a la sociedad Cencosud Shopping Centers S.A. quien la ejerce a través de sus representantes y apoderados.

El Capital suscrito y pagado al 31 de Diciembre del año 2016 es de M\$ 8.483

La sociedad tiene por objeto:

a) La administración del centro comercial Alto las Condes de Santiago, hoy de propiedad de Inmobiliaria las Verbenas S.A.

b) Prestar y contratar, por cuenta propia y de terceros, servicios vinculados con el objeto señalado en la letra anterior, tales como los de ingeniería, diseño, arquitectura, asesoría técnica, administración, asesoría jurídica, seguridad, publicidad, contabilidad, aseo, computación, y cobrar remuneraciones o comisiones por tales servicios.

Jumbo Supermercados Administradora Ltda.

Administración:

La administración y el uso de la Razón Social de Administradora y Jumbo Supermercados Administradora Limitada, corresponde a la sociedad Cencosud Retail S.A. quien la ejerce a través de sus representantes y apoderados.

El Capital suscrito y pagado al 31 de Diciembre del año 2016 es de M\$ 3.891.131

La sociedad tiene por objeto:

La administración y operación por cuenta propia o ajena de hipermercados, supermercados y/o almacenes. La sociedad podrá celebrar todos los actos y negocios que directa e indirectamente se relacionen al objeto social y cumplimiento de los demás objetivos que los socios acuerden.

Administradora de Servicios Cencosud Ltda.

Administración:

La administración y el uso de la Razón Social de Administradora de Servicios Cencosud Limitada, corresponde a la sociedad Cencosud Retail S.A. quien la ejerce a través de sus representantes y apoderados.

El Capital suscrito y pagado al 31 de Diciembre del año 2016 es de M\$ 140.879

La sociedad tiene por objeto:

- a) La emisión, comercialización y operación de "gift cards" u otros documentos equivalentes que puedan ser aceptados como instrumento de pago en establecimientos del grupo Cencosud;
- b) El desarrollo de otras actividades tendientes a promover la comercialización de bienes y servicios;
- c) El desarrollo de actividades que permitan vincular a las empresas de retail o prestadoras de servicios con sus clientes; y
- d) La participación en toda clase de negocios en Chile o en el extranjero, cuyo objeto se relacione directa o indirectamente con las actividades antes señaladas, para lo cual la sociedad podrá concurrir a formar, modificar y/o tomar parte en toda clase de sociedades o asociaciones con dicho propósito

Cencosud Internacional Ltda.

Administración:

La administración y uso de la razón social de la sociedad Cencosud Internacional Limitada corresponde a la sociedad Cencosud S.A., quien la ejerce a través de apoderados

El Capital suscrito y pagado al 31 de Diciembre del año 2016 es de USD M\$ 3.831.535.273

La sociedad tiene por objeto:

- a) Efectuar exclusivamente en el extranjero inversiones permanentes o de renta en toda clase de bienes muebles o inmuebles, corporales o incorporales. Para estos efectos la Sociedad podrá adquirir, conservar, vender, enajenar y negociaren cualquier forma y a cualquier título, toda clase de bienes situados en el extranjero y percibir sus frutos y rentas.
- b) Constituir y participar en todo tipo de Sociedades constituidas exclusivamente en el extranjero, sean estas civiles o mercantiles.
- c) Celebrar por cuenta propia o de terceros, todo tipo de actos o contratos civiles o mercantiles que sean necesarios para el cumplimiento del objeto social.
- d) Efectuar en Chile inversiones en documentos, instrumentos financieros u otras inversiones de corto plazo.
- e) En general, celebrar todos los actos y negocios que directa e indirectamente se relacionen al objeto social.

Comercial Food and Fantasy Ltda.

Administración:

La administración y el uso de la razón social de la Sociedad Comercial Food and Fantasy Limitada, corresponde a la sociedad Cencosud S.A. quien la ejerce a través de sus representantes y apoderados.

El Capital suscrito y pagado al 31 de Diciembre del año 2016 es de M\$42.934

La sociedad tiene por objeto:

La explotación comercial por cuenta propia o ajena de juegos y actividades de entretenimiento; La importación, comercialización y distribución de toda clase de maquinarias, equipos y juegos de entretenimiento; dar servicios de comida, bebidas y en general de restaurant; La elaboración y distribución de alimentos y bebidas de todo tipo, y su venta directamente al público; La formación de otras sociedades o participación en sociedades ya constituidas; en general cualquier actividad relacionada con las anteriores ya sea directa o indirectamente, y que se estime conveniente a los intereses sociales; y la realización de todas las actividades adicionales que los socios acuerden.

Eurofashion Ltda.

Administración:

La administración y el uso de la razón social de Eurofashion Limitada, corresponde a la sociedad Cencosud Retail S.A. quien la ejerce a través de sus representantes y apoderados.

El Capital suscrito y pagado al 31 de Diciembre del año 2016 es de M\$2.733.838

La sociedad tiene por objeto:

La fabricación por cuenta propia o ajena, la comercialización, distribución, compra y/o venta, importación y/o exportación, reexportación, representación de toda clase de artículos y prendas de vestir.

Inmobiliaria Bilbao Ltda.

Administración:

La administración y el uso de la razón social de la Sociedad Inmobiliaria Bilbao Limitada, corresponde a la sociedad Cencosud Shopping Centers S.A. quien la ejerce a través de sus representantes y apoderados.

El Capital suscrito y pagado al 31 de Diciembre del año 2016 es de M\$5.750.264

La sociedad tiene por objeto:

La construcción en general, por cuenta propia o ajena; la compra de terrenos y elementos necesarios para el cumplimiento de dicho objeto; la inversión en bienes de cualquier clase; la explotación de tales bienes; la inversión en acciones, bonos, y todo tipo de valores mobiliarios, y la prestación de servicios de consultoría o asesoría en materias inmobiliarias, financieras o técnicas. Para el desarrollo de su objeto la sociedad podrá actuar tanto en el país como en extranjero.

Logística y Distribución Retail Ltda.

Administración:

La administración y el uso de la razón social de la Sociedad Logística y Distribución Retail Limitada, corresponde a la sociedad Cencosud Retail S.A. quien la ejerce a través de sus representantes y apoderados.

El Capital suscrito y pagado al 31 de Diciembre del año 2016 es de M\$10.081.815

La sociedad tiene por objeto:

Compra y venta de bienes muebles, el almacenaje, bodegaje, transporte y distribución de estos bienes y los demás actos, contratos y negocios que los socios acuerden.

Mercado Mayorista PyP Ltda.

Administración: El Capital suscrito y pagado al 31 de Diciembre del año 2016 es de M\$9.000

La administración y el uso de la razón social de la Sociedad Mercado Mayorista P y P Limitada, corresponde al Sr. Horst Paulmann y la sociedad Cencosud S.A., quien la ejerce a través de sus representantes y apoderados.

La sociedad tiene por objeto:
La compra, venta, envase y distribución en general, por cuenta propia o ajena, de toda clase de bienes muebles; la inversión en valores mobiliarios y todo otro negocio o actividades que los socios acuerden.

Paris Administradora Ltda.

Administración: El Capital suscrito y pagado al 31 de Diciembre del año 2016 es de M\$9.570.929

La administración y el uso de la razón social de Paris Administradora Limitada, corresponde a la sociedad Cencosud Retail S.A. quien la ejerce a través de sus representantes y apoderados

La sociedad tiene por objeto:
La administración por cuenta propia o ajena de tiendas de departamento, la compra y venta de mercaderías de toda clase, distribución de las mismas, importación y exportación de ellas; fabricación de bienes muebles, compra, venta, distribución, importación y exportación de los mismos y las inversiones mobiliarias e inmobiliarias, sin perjuicio de los demás objetivos que los socios acuerden.

Johnson Administradora Ltda.

Administración: El Capital suscrito y pagado al 31 de Diciembre del año 2016 es de M\$684.284

La administración y el uso de la razón social de la Sociedad Johnson Administradora Limitada, corresponde a la sociedad Cencosud Retail S.A. quien la ejerce a través de sus representantes y apoderados

La sociedad tiene por objeto:
El objeto de la sociedad será la administración y operación por cuenta propia o ajena de tiendas de conveniencia y/o tiendas por departamento. La sociedad podrá celebrar todos los actos y negocios que directa e indirectamente se relacionen al objeto social y al cumplimiento de los demás objetivos que los socios acuerden

CAT Corredores de Seguros y Servicios S.A.

Presidente: Francisco Sardón De Taboada

Directores: Jaime Soler Bottinelli
Patricio Rivas De Diego
Fernando Sáenz Castro
Viviana Kaschel Wulf

Gerente General: Rodrigo Della Maggiora Silva

El Capital suscrito y pagado al 31 de Diciembre del año 2016 es de M\$2.274.862

La sociedad tiene por objeto:
El objeto exclusivo y único de la sociedad será actuar como corredor o intermediario en la contratación de toda clase de seguros, con cualquier entidad aseguradora, de conformidad con la normativa legal vigente, y en especial a lo establecido en el artículo 57 del Decreto con Fuerza de Ley 251, de 1931, y las disposiciones posteriores que lo sustituyan o complementen. En del desarrollo de su giro la sociedad podrá efectuar todo tipo de asesorías y prestaciones de servicios relacionados con dichos objeto, en la forma más amplia que actualmente o en el futuro lo permita la legislación Chilena.

**Meldar
Capacitación Ltda.**

Administración:

El uso de la razón social, administración y la representación judicial y extrajudicial de la sociedad le corresponde a Retail S.A, hoy Cencosud Retail S.A, quien las desempeñará por medio de sus apoderados designados mediante instrumento público o por poder otorgado en el extranjero legalizado.

El Capital suscrito y pagado al 31 de Diciembre del año 2016 es de M\$2.000

La sociedad tiene por objeto:

Servicios de capacitación

**Comercializadora
Costanera Center
SpA**

Administración:

La administración de la sociedad y el uso de la razón social, corresponderá al socio Costanera Center S.A., quien la ejercerá directamente o a través de mandatarios designados por escritura pública.

El Capital suscrito y pagado al 31 de Diciembre del año 2016 es de M\$10.000

La sociedad tiene por objeto:

Efectuar inversiones y explotar todo tipo de bienes, muebles o inmuebles, corporales e incorporeales, por cuenta propia o ajena, tanto en Chile como en el extranjero; la explotación comercial por cuenta propia o ajena de juegos y actividades de entretención y/o actividades de esparcimiento; la importación, comercialización y distribución de toda clase de equipos y juegos de entretenimiento; dar servicio de bebidas y en general de restaurant; la elaboración y distribución de alimentos y bebidas de todo tipo, y su venta directamente al público. Asimismo podrá formar, ingresar y participar en toda clase de sociedades, civiles o comerciales, sociedades anónimas o de responsabilidad limitada, cualquiera sea su objeto, así como en toda clase de comunidades, asociaciones, y cuentas en participación, cualquiera fuese su naturaleza, y la administración y explotación de estas inversiones y la percepción de sus frutos y de cualquier otro beneficio que los accionistas acuerden.

**Cencosud
Internacional
Argentina SpA**

Administración:

La administración de la sociedad y el uso de la razón social, corresponderá al socio Cencosud Internacional Limitada, quien la ejercerá directamente o a través de mandatarios designados por escritura pública.

El Capital suscrito y pagado al 31 de Diciembre del año 2016 es de M\$1.524.874.750

La sociedad tiene por objeto:

- a) efectuar inversiones de carácter pasivo, de cualquier naturaleza tanto en Chile como en el exterior, en bienes muebles o inmuebles, corporales o incorporeales, pudiendo comprar, vender, liquidar o conservar tales inversiones;
- b) tomar interés o participar como socio o accionista en empresas o sociedades de cualquier naturaleza, chilenas o extranjeras;
- c) percibir e invertir los frutos de las inversiones;
- d) participar en todo tipo de proyectos de inversión, sociedades, comunidades o asociaciones, cualquiera sea el objeto de las mismas; y
- e) la celebración de cualquier acto o contrato y el desarrollo de cualquier actividad rentística relacionada directa o indirectamente con los objetivos anteriores.

Argentina

Sociedad	Directorio	Capital	Objeto Social
Agrojumbo S.A.	<p>Directorio</p> <p>Presidente: Roberto Oscar Philipps</p> <p>Vicepresidente: Georg Prager</p> <p>Director Titular: Martín Jorge Schulz</p>	<p>El capital suscrito y pagado al 31 de diciembre del 2016 es de AR\$10.699.069.-.</p>	<p>La sociedad tiene por objeto dedicarse por cuenta propia o de terceros o asociada a terceros en cualquier parte del país o del extranjero, a la realización de actividades comerciales, financieras, inmobiliaria, mineras, industrial alimenticia, agropecuarias y de servicios agropecuarios.</p>
Agropecuaria Anjullon S.A.	<p>Directorio</p> <p>Presidente: Roberto Oscar Philipps</p> <p>Vicepresidente: Georg Prager</p> <p>Director Titular: Martín Jorge Schulz</p>	<p>El capital suscrito y pagado al 31 de diciembre del 2016 es de AR\$20.944.311</p>	<p>La sociedad tiene por objeto dedicarse por cuenta propia, de terceros, asociada o en representación de terceros, en el país o en el extranjero, a las actividades agropecuarias, industriales, comerciales.</p>
Blaisten S.A.	<p>Directorio</p> <p>Presidente: Roberto Oscar Philipps</p> <p>Vicepresidente: Matías Videla Sola</p> <p>Director Titular: Martín Jorge Schulz</p>	<p>El capital suscrito y pagado al 31 de diciembre del 2016 es de AR\$79.071.700.-</p>	<p>La sociedad tiene por objeto realizar por cuenta propia, de terceros y/o asociada a terceros las siguientes actividades:</p> <p>a. Comerciales: la compra, venta, importación, exportación, distribución, representación y cualquier otra forma de comercialización dentro o fuera del país- de artículos sanitarios, griterías, cerámicas, azulejos, cal cemento, arena, canto rodado, cocinas, calefones, termo tanques, artículos del hogar en general y todo otro bien o servicio relacionado con la industria de la construcción y decoración de inmuebles; así como mediante la compra la compra, venta , locación y negociación de títulos, acciones, debentures y toda clase de valores mobiliarios y papeles de crédito, de cualquiera de los sistemas o modalidades creados o a crearse;</p> <p>b. Industriales: la extracción y/o fabricación de productos que se relacionen directa o indirectamente con su objeto comercial, así como la explotación de empresas metalúrgicas, químicas eléctricas y todas las relacionadas con el ramo sanitario o de la construcción;</p> <p>c. Societarias: la participación en otras sociedades, a través de la adquisición de acciones que le permitan ejercer o no- su gobierno, administración, dirección y fiscalización; la celebración de contratos de compraventa, prenda usufructo de acciones y otros negocios con los títulos accionarios de su propiedad o de terceros; y la celebración de contratos de colaboración empresaria, a efectos de encarar proyectos específicos;</p> <p>d. Inversión: en la República Argentina y/o en el exterior dentro de los límites fijados por las leyes y reglamentaciones vigentes y con sujeción a las mismas;</p>

e. Mandataria y de Servicios: el ejercicio de representaciones y mandatos, comisiones, estudios, análisis y preparación de proyectos, emisión de dictámenes asesoramientos e investigaciones, todo tipo de intermediación, organización y atención técnica, informes, estudios de mercados y desarrollos de programas de promoción que se relacionen con la industria de la construcción; y

f. Financieras: mediante el otorgamiento de préstamos, financiamientos y créditos, con o sin garantía real o personal, así como el otorgamiento por la sociedad de todo tipo de garantías personales o reales, con excepción de las operaciones comprendidas en la ley de Entidades Financieras u otras por las que se requiera el concurso del ahorro público; y la celebración de contratos de leasing con o sin opción de compra en todas sus modalidades, comprendidas o no en la ley 24.441.

Carnes Huinca S.A.

Directorio

Presidente:
Matías Germán Videla Sola

Vicepresidente:
Laurent Maurice Cadillat

Secretario:
Christoph Georg Prager

Prosecretario:
Maricel Edith Caceres

El capital suscrito y pagado al 31 de diciembre del 2016 es de AR\$5.772.000.

La sociedad tiene por objeto realizar por cuenta propia, y/o de terceros y/o asociados a terceros, operaciones comerciales e industriales vinculadas a la carne.

Cavas y Viñas El Acequión S.A.

Directorio
Presidente:
Roberto Oscar Philipps
Vicepresidente:
Georg Prager
Director Titular:
Martín Jorge Schulz

El capital suscrito y pagado al 31 de diciembre del 2016 es de AR\$393.086

La sociedad tiene por objeto realizar por cuenta propia y/o asociada a terceros, actividades agrícolas, industriales, comerciales, importación y exportación y de construcción.

**Cencosud S.A.
(Argentina)**

Directorio

Presidente:
Roberto Oscar Philipps

Vicepresidente:
Martías Videla Sola

Director Titular:
Martín Jorge Schulz

El capital suscrito y pagado al 31 de diciembre del 2016 es de AR\$650.448.000

Realizar por cuenta propia, de terceros o asociada a terceros, pudiendo establecer sucursales, representaciones, agencias y filiales, tanto en el país como en el extranjero, las siguientes actividades:

COMERCIAL: a) Comprar bienes inmuebles, maquinarias, enseres e instalaciones constitutivas de centros comerciales, destinados a locaciones o concesiones a favor de terceros, con derechos de explotación comercial respecto de sectores y bienes de uso exclusivo y común o bien al funcionamiento de hipermercados que serán objeto de explotación comercial por parte de la Sociedad. b) Explotar hipermercados mediante la venta de productos nacionales e importados, adquiridos de terceros como así también de fabricación propia; c) importación y exportación de productos que habitualmente se comercializan en los indicados establecimientos comerciales.

CONSTRUCTORA: construcción de toda clase de inmuebles... la realización de obras públicas y privadas;

INMOBILIARIA: compraventa, explotación, administración, locación, intermediación y arrendamiento de toda clase de inmuebles urbanos y/ o rurales.

FINANCIERA: dar o tomar dinero en préstamo a empresas o particulares para negocios realizados o a realizarse; efectuar toda clase de operaciones de crédito...; la compra, venta y administración de títulos y acciones y demás valores mobiliarios y la realización de operaciones financieras en general, con exclusión de las comprendidas en la Ley de Entidades Financieras y de toda otra por la que se requiera el concurso público;

INVERSORA: a) constituir y/o adquirir participaciones societarias en cualquier forma asociativa respecto de las cuales la ley autorice a participar a S.A.; b) realizar todo tipo de inversiones en sociedades por acciones...; c) adquirir o tomar en garantía bienes muebles, inmuebles, semovientes, créditos, realizar todo tipo de inversión autorizada por las leyes;

REPRESENTACIÓN: el ejercicio de todo tipo de representaciones, mandatos, agencias, comisiones, consignaciones, gestiones de negocio y administraciones, con la mayor amplitud y en las condiciones permitidas por las leyes."

A tal fin la Sociedad tiene plena capacidad jurídica para adquirir derechos, contraer obligaciones y realizar todos los actos y contratos que no estén prohibidos por las leyes o estatutos.

Corminas S.A.

Directorio
Presidente:
Roberto Oscar Philipps

Vicepresidente:
Matías Videla Sola

Director Titular:
Martín Jorge Schulz

El capital suscrito y pagado al 31 de diciembre del 2016 es de AR \$10.998.455

La sociedad tiene por objeto realizar por cuenta propia, de terceros y/o asociada a terceros, actividades comercial e industrial, constructora e inmobiliaria, financiera, de minería, de importación y exportación.

Invor S.A.	Directorio	El capital suscrito y pagado al 31 de diciembre del 2016 es de AR\$3.000.000.-	La sociedad tiene por objeto realizar por cuenta propia o de terceros o asociados a terceros, en el país o en el extranjero, actividades comerciales, industriales, financieras, inmobiliarias, construcción, agrícola-ganaderas.
	Presidente: Roberto Oscar Philipps		
	Vicepresidente: Matias Videla Sola		
	Director Titular: Martín Jorge Schulz		

Jumbo Retail Argentina S.A.	Directorio	El capital suscrito y pagado al 31 de diciembre del 2016 es de AR\$ 952.170.209	Realizar por cuenta propia, de terceros o asociada a terceros, en el país o en el extranjero, actividades:
	Presidente: Roberto Oscar Philipps		Comercial: a) Comprar bienes inmuebles, maquinarias, enseres e instalaciones constitutivas de centros comerciales, destinados a locaciones o concesiones a favor de terceros, con derechos de explotación comercial respecto de sectores y bienes de uso exclusivo y común o bien al funcionamiento de hipermercados que serán objeto de explotación comercial por parte de la Sociedad.
	Vicepresidente: Matías Videla Sola		b) Explotar hipermercados mediante la venta de productos nacionales e importados, adquiridos de terceros como así también de fabricación propia.
	Directores Titulares: Martín Jorge Schulz		c) Importar y exportar los productos que habitualmente se comercializan en los indicados. Constructora: mediante la construcción de toda clase de inmuebles en terrenos propios o de terceros, incluso edificios sometidos al Régimen de Propiedad Horizontal; la realización de obras públicas y privadas, tales como la construcción de todo tipo de obra de ingeniería y arquitectura de inmuebles, obras viales e hidráulicas. Inmobiliaria: Mediante la compra-venta, explotación, administraron, locación, intermediación y arrendamiento de toda clase de inmuebles urbanos y/o rurales. Financiera: Mediante préstamos de capitales a particulares o empresas para negocios realizados o a realizarse; la compra-venta y administración de títulos y acciones y demás valores mobiliarios y la realización de operaciones financieras en general, con exclusión de las comprendidas en la Ley de Entidades Financieras y de toda otra por la que se requiera el concurso público. A tal fin la Sociedad tiene plena capacidad jurídica para adquirir derechos, contraer obligaciones y realizar todos los actos y contratos que no estén prohibidos por las leyes o este estatuto.

Pacuy S.A.	Directorio	El capital suscrito y pagado al 31 de diciembre del 2016 es de AR\$3.000.000.-	La sociedad tiene por objeto realizar por cuenta propia o de terceros o asociados a terceros en establecimientos propios o ajenos, actividades comerciales, industriales, financieros, inmobiliaria, construcción, agrícola-ganaderas.
	Presidente: Roberto Oscar Philipps		
	Vicepresidente: Matias Videla Sola		
	Director Titular: Martín Jorge Schulz		

Supermercados Davi S.A.

Directorio

Presidente:
Roberto Oscar Philipps

Vicepresidente:
Matias Videla Sola

Director Titular:
Martin Jorge Schulz

El capital suscrito
y pagado al 31 de
diciembre del
2016 es de
AR\$3.400.000

La sociedad tiene por objeto dedicarse por cuenta propia, de terceros o asociada a terceros, en el país o en el extranjero, a las actividades comerciales.

Unicenter S.A.

Directorio

Presidente:
Roberto Oscar Philipps

Vicepresidente:
Martín Jorge Schulz

Director Titular:
Carlos Enrique Madina

El capital suscrito
y pagado al 31 de
diciembre de
2016 es de
AR\$1.000.000

La sociedad tiene por objeto dedicarse por cuenta propia, de terceros y/o asociada a terceros a las siguientes actividades (se modifica el objeto social por medio de Acta de Asamblea N° 31 del 5/09/2008):

Administración de centros comerciales, compra-venta, permuta, locación, arrendamiento y explotación en todas sus formas de bienes inmuebles urbanos y/o rurales, loteos, fraccionamientos y la realización de todas las operaciones sobre inmuebles que autoricen las leyes y reglamentaciones, incluso las comprendidas en la propiedad horizontal, y contratos de concesión de derechos de explotación en centros comerciales; compra-venta y locación de muebles, especialmente enseres, máquinas e instalaciones comerciales, compra-venta de títulos, acciones, debentures y toda clase de valores inmobiliarios nacionales y extranjeros, así como la inversión de capital en empresas constituidas y/o a constituirse; la participación en otras sociedades por acciones; el otorgamiento de créditos, préstamos, avales, fianzas, hipotecas, prendas, adelantos en dinero, con o sin garantía real o personal, y/o cualquier otro tipo de garantías a favor de sociedades controladas, controlantes, vinculadas o sujetas al control común de la Sociedad o de sus accionistas.

Se excluyen las operaciones comprendidas en la Ley de Entidades Financieras y toda otra que requiera el concurso público.

Brasil

Sociedad	Directorio	Capital	Objeto Social
Cencosud Brasil Comercial Ltda.	<p>Administración:</p> <p>Director Presidente: Cristian Joel Gutiérrez Maurer</p> <p>Director Financiero: Sebastian Dario Los</p>	R/ M\$5.779.304.144	<p>La sociedad tiene por objeto:</p> <p>a) Operación de actividades relacionadas con el comercio, minorista o mayorista, de productos alimenticios en general, industrializados o no, en supermercados, e hipermercados o a través de catálogos, vía televisión, teléfono, internet u otros medios de comunicación</p> <p>b) Operación de actividades relacionadas con el comercio, minorista o mayorista, de telas, ropa, calzado, artículos de cama y baño, artículos de cuero, artículos de viaje, bebidas, tabaco, herramientas, productos químicos, máquinas de fotos y videos, artículos de higiene personal, libros, artículos de jardinería, entre otros.</p> <p>c), Operación de actividades relacionadas con el comercio, minorista o mayorista, de medicinas, productos farmacéuticos, en su empaque original, a través de farmacias o a través de catálogos, vía televisión, teléfono, internet u otros medios de comunicación, todo de acuerdo a la ley.</p> <p>d) Actividades de exploración de corresponsalía bancaria a través de servicios de recibos, pagos y otras actividades resultantes de acuerdos y servicios mantenidos con bancos, todo de acuerdo a la ley.</p> <p>d) Participación en otras compañías, nacionales o extranjeras, como socios, accionistas o tenedor de cuotas.</p> <p>e) Comerciar gasolinas, lubricantes, neumáticos, accesorios y partes de vehículos motorizados y dar servicio de lavado de autos.</p> <p>f) Actividades de panadería, pastelería y asador, incluyendo la fabricación, transformación, comercio, venta al por menor y mayor de productos alimenticios en general y productos de panadería congelado.</p> <p>g) Transportar y almacenar mercancía.</p> <p>h) Importar y exportar mercancía y materiales necesarios para desarrollar su actividad.</p> <p>i) Actividad Inmobiliaria en general, incluyendo el arrendamiento de bienes muebles e inmuebles, así como la operación de administración y funcionamiento de los centros comerciales.</p> <p>j) Explotación de estacionamientos de corto tiempo.</p> <p>k) Explotación de Restaurantes y otros establecimientos de expendio de alimentos y bebidas, servicios de banquetearía para eventos.</p> <p>l) Comercio mayorista de bebidas y bebidas alcohólicas.</p> <p>m) Organización de prestación de servicios para ferias, exposiciones y conferencias.</p> <p>n) Servicios educacionales relacionados a alimentos y su producción.</p>

**Perini Comercial
de Alimentos Ltda.**

Administración: R/ M\$11.837.256

Director Presidente:
Cristian Joel Gutiérrez
Maurer

Director Financiero:
Sebastian Dario Los

Comprende una serie de actividades, entre las que se incluyen:

a) Operación de actividades relacionadas con el comercio, minorista o mayorista, de productos alimenticios en general, industrializados o no, en supermercados, e hipermercados o a través de catálogos, vía televisión, teléfono, internet u otros medios de comunicación

b) Operación de actividades relacionadas con el comercio, minorista o mayorista, de medicinas, productos farmacéuticos, en su empaque original, a través de farmacias o a través de catálogos, vía televisión, teléfono, internet u otros medios de comunicación, todo de acuerdo a la ley.

c) Actividades de exploración de corresponsalía bancaria a través de servicios de recibos, pagos y otras actividades resultantes de acuerdos y servicios mantenidos con bancos, todo de acuerdo a la ley.

d) Participación en otras compañías, nacionales o extranjeras, como socios, accionistas o tenedor de cuotas.

e) Comerciar, de manera minorista o mayorista, telas, ropa, calzado, artículos de cama y baño, artículos de cuero, artículos de viaje, bebidas, tabaco, herramientas, productos químicos, máquinas de foto y video, artículos de higiene personal, libros, artículos de jardinería, entre otros

f) Comerciar gasolinas, lubricantes, neumáticos, accesorios y partes de vehículos motorizados y dar servicio de lavado de autos.

g) Actividades de pastelería, fabricación y elaboración de productos alimenticios en general.

h) Prestación de servicios de organización de eventos, catering, administración, entre otros.

i) Manufacturar y/o adquirir embalajes de mercancías y productos

j) Transportar y almacenar mercadería.

k) Importar y exportar mercancía y materiales necesarios para desarrollar su actividad.

l) Compraventa, arrendamiento, subarrendamiento de bienes muebles e inmuebles.

m) Importación y exportación de mercancías para el desarrollo de su actividad.

n) Explotación de estacionamientos de corto tiempo.

**Mercantil
Rodriguez
Comercial Ltda.**

Administración:	R/ M\$185.156.232	Comprende una serie de actividades, entre las que se incluyen:
Director Presidente: Cristian Joel Gutiérrez Maurer		a) Operación de actividades relacionadas con el comercio, minorista o mayorista, de productos alimenticios en general, industrializados o no, en supermercados, e hipermercados o a través de catálogos, vía televisión, teléfono, internet u otros medios de comunicación.
Director Financiero: Sebastian Dario Los		b) Operación de actividades relacionadas con el comercio, minorista o mayorista, de medicinas, productos farmacéuticos, en su empaque original, a través de farmacias o a través de catálogos, vía televisión, teléfono, internet u otros medios de comunicación, todo de acuerdo a la ley.
		c) Actividades de exploración de corresponsalía bancaria a través de servicios de recibos, pagos y otras actividades resultantes de acuerdos y servicios mantenidos con bancos, todo de acuerdo a la ley.
		d) Participación en otras compañías, nacionales o extranjeras, como socios, accionistas o tenedor de cuotas.
		e) Comerciar, de manera minorista o mayorista, telas, ropa, calzado, artículos de cama y baño, artículos de cuero, artículos de viaje, bebidas, tabaco, herramientas, productos químicos, máquinas de foto y video, artículos de higiene personal, libros, artículos de jardinería, entre otros.
		f) Comerciar gasolinas, lubricantes, neumáticos, accesorios y partes de vehículos motorizados y dar servicio de lavado de autos.
		g) Actividades de pastelería.
		h) Manufacturar y/o adquirir embalajes de mercancías y productos.
		i) Transportar y almacenar mercancía.
		j) Importar y exportar mercancía y materiales necesarios para desarrollar su actividad.
		k) Compraventa, arrendamiento, subarrendamiento de bienes muebles e inmuebles.
		l) Explotación de estacionamientos por corto tiempo.

Perú

Sociedad	Directorio	Capital	Objeto Social
Paris Marcas Perú S.A.	<p>Directorio: Horst Paulmann Jaime Soler Bottinelli Rodrigo Larraín Kaplan</p> <p>Gerente General: Cencosud Perú S.A. representado, a su vez, por su Gerente General: Mario Campodónico Castañeda</p>	<p>El capital suscrito y pagado al 31 de diciembre de 2016 es de S/. M\$ 1,196 (Nuevos Soles)</p>	<p>La instalación, habilitación, conducción y/o administración directa o indirecta de establecimientos comerciales, así como la construcción, desarrollo de proyectos inmobiliarios, centros comerciales, galerías, centros de entretenimiento y administración de centros comerciales.</p>
Cencosud Perú S.A.	<p>Directorio: Horst Paulmann Jaime Alberto Soler Bottinelli Rodrigo Larraín Kaplan</p> <p>Gerente General Mario Campodónico Castañeda</p>	<p>El capital suscrito y pagado al 31 de diciembre de 2016 es de S/. M\$2,282,782,134(Nuevos Soles)</p>	<p>La sociedad tiene por objeto: Dedicarse a la realización de inversiones de toda naturaleza en sociedades o empresas constituidas en el Perú o en el extranjero, que tengan como giro principal dedicarse a realizar negocios inmobiliarios, financieros y ventas al por mayor y por menor. Las inversiones que realice la sociedad en el ejercicio de su objeto social se hará mediante aportes en efectivo o en especie, adquisición de valores, bonos, compra de acciones, compra de activos u otras modalidades de inversión. Adicionalmente, la empresa también podrá dedicarse a prestar servicios contables, administrativos, de asesoramiento empresarial y comercial, capacitación de recursos humanos, almacenaje, compra venta, centro de inventarios, tráfico y manipulación de mercaderías, servicios logísticos, administración del sistema de vales, cupones o documento análogos para prestaciones alimentarias a favor de los trabajadores y cualquier otra actividad vinculada.</p>
Cinco Robles S.A.C.	<p>No tiene Directorio</p> <p>Gerente General: Cencosud Perú S.A. representado, a su vez, por su Gerente General, Mario Campodónico Castañeda</p>	<p>El capital suscrito y pagado al 31 de diciembre de 2016 es de S/. M\$ 119.411.436 (Nuevos Soles)</p>	<p>La sociedad tiene por objeto: La compraventa y administración de bienes inmuebles, inversiones inmobiliarias en general.</p>
Cencosud Retail Perú S.A.	<p>Directorio: Horst Paulmann Jaime Alberto Soler Bottinelli Rodrigo Larraín Kaplan</p> <p>Gerente General: Cencosud Perú S.A. representado, a su vez, por su Gerente General, Mario Campodónico Castañeda</p>	<p>El capital suscrito y pagado al 31 de diciembre de 2016 es de S/. M\$175.432.254 (Nuevos Soles)</p>	<p>La sociedad tiene por objeto: La compraventa, importación, exportación de todo tipo de productos al por mayor y menor, susceptibles de ser comercializados en establecimientos.</p>

ISMB Supermercados S.A.	<p>No tiene Directorio.</p> <p>Gerente General: Cencosud Perú S.A. representado, a su vez, por su Gerente General, Mario Campodónico Castañeda</p>	<p>El capital suscrito y pagado al 31 de diciembre de 2016 es de S/. M\$23.534.659 (Nuevos Soles)</p>	<p>La sociedad tiene por objeto: Dedicarse a actividades de compraventa, arrendamiento y administración de inmuebles; a la gestión y asesoría de negocios inmobiliarios.</p>
Las Hadas Inversionistas S.A.C.	<p>No tiene Directorio.</p> <p>Gerente General: Cencosud Perú S.A. representado, a su vez, por su Gerente General, Mario Campodónico Castañeda</p>	<p>El capital suscrito y pagado al 31 de diciembre de 2016 es de S/.M\$ 1.000 (Nuevos Soles)</p>	<p>La sociedad tiene por objeto: La sociedad tiene por objeto principal ejercer los derechos de titular de acciones representativas del capital social de otras sociedades, sean locales o extranjeras, realizar inversiones y actividades inmobiliarias y en infraestructura.</p>
Loyalty Perú S.A.C.	<p>Directorio: Fernando Romero Belismelis Mario Campodónico Castañeda Alejandro Desmaison Fernandini Carlos Gonzáles Camargo Alberto De Ferrari Morelo (Alternativo)</p> <p>Gerente General: Juan Daniel Aspillaga Elías</p>	<p>El capital suscrito y pagado por Cencosud Retail Perú SA como accionista, al 31 de diciembre de 2016, es de S/. M\$1.819.000 (Nuevos Soles), que equivalen al 42.50% de participación en el accionariado. El capital social suscrito y pagado de Loyalty Perú SAC es de S/. M\$ 4,280</p>	<p>La sociedad tiene por objeto: Fidelizar a los clientes de las compañías asociadas, mediante un sistema de identificación y recompensa que premie su lealtad, satisfaciendo y excediendo sus expectativas, contribuyendo con el crecimiento de los asociados en un esquema de operaciones autofinanciadas.</p>
Tres Palmeras S.A.	<p>Directorio: Horst Paulmann Jaime Alberto Soler Bottinelli Rodrigo Larraín Kaplan</p> <p>Gerente General: Cencosud Perú S.A. representado, a su vez, por su Gerente General, Mario Campodónico Castañeda</p>	<p>El capital suscrito y pagado al 31 de diciembre de 2016 es de S/. M\$757.172.608 (Nuevos Soles)</p>	<p>La sociedad tiene por objeto: La compraventa y administración de bienes inmuebles, inversiones inmobiliarias en general.</p>
Travel International Perú S.A.	<p>No tiene Directorio.</p> <p>Gerente General: Cencosud Perú S.A. representado, a su vez, por su Gerente General, Mario Campodónico Castañeda</p>	<p>El capital suscrito y pagado al 31 de diciembre de 2016 es de S/. M\$806.100 (Nuevos Soles)</p>	<p>La sociedad tiene por objeto: Las operaciones de servicios turísticos, dedicado a la elaboración, producción, organización y venta de programas y demás servicios turísticos, nacionales e internacionales, reserva y venta de boletos y pasajes en cualquier medio de transporte.</p>

Banco Cencosud S.A.

Directorio
Patricio Rivas de Diego
Mario Campodónico
Castañeda
Marcelo Reyes
Sangermani
Cristian Eyzaguirre
Johnston
Santiago Mangiante

Gerente General
Bruno Antonello
Novella Zavala

El capital suscrito y pagado al 31 de diciembre de 2016 es de S/. M\$196.610.000 (Nuevos Soles)

La sociedad tiene por objeto:
Entidad bancaria.

Colombia

Sociedad	Directorio	Capital	Objeto Social
Cencosud Colombia S.A.	<p>Directorio</p> <p>Principales: Eric Basset Jaime Soler Antonio Ureta</p> <p>Suplentes: Rodrigo Larrain Carlos Mechetti Martín Walker</p> <p>Gerente General Principal: Eric Basset Suplente: Martín Walker</p>	<p>El capital suscrito y pagado al 31 de diciembre del 2016 es de COP M\$97.523.525.000</p>	<p>Constitución y puesta en marcha de establecimientos de comercio dedicados a proveer servicios bajo el formato de bricolaje.</p> <p>Desarrollar actividades relacionadas con el sector de la construcción, como elaboración de diseños, adecuación, demolición, restauración o remodelación de inmuebles. La compra, importación, exportación, adquisición, preparación, fabricación, elaboración, venta, distribución, y en general la producción y comercialización de productos de consumo masivo, la compra y venta de toda clase de medicamentos para el consumo humano y/o animal, todos estos bienes y servicios pueden ser propios y/o de terceros, actividades que se realizarán en almacenes y establecimientos de comercio al detal y/o al mayoreo; la emisión, venta y comercialización de bonos y/o tarjetas canjeables por bienes y/o servicios, y la prestación de servicios adicionales, tales como agencias de viajes, centros de servicio para automóviles, estaciones de gasolina, boletería para espectáculos de recreación, restaurantes y cafeterías, droguerías y farmacias que expendan medicamentos para el consumo humano y/o animal, el recaudo de dineros para la prestación y pagos de toda clase de bienes y servicios, así como el establecimiento, administración y operación de dichos almacenes y negocios previas las autorizaciones correspondientes.</p>



OUR ENVIRONMENT AND RISK FACTORS

OUR ENVIRONMENT

Retail industry

Chile

Chile, our main market in terms of income has a population of approximately 18.0 million inhabitants, according to what is estimated by the INE for 2016, and is expected to reach 18.9 million inhabitants for the year 2020. The country has experienced GDP growth of 1.8% in 2014, 2.3% in 2015 and is expected to grow by 1.6% by 2016, as reported by the Central Bank of Chile. The Chilean market is the only one where Cencosud operates through its five business formats, with supermarkets being the most relevant of these. During the year 2016, the indicator of Supermarket Sales (ISUP) published by INE in real terms increased by 2.9% over the previous year.

Cencosud, through its Jumbo and Santa Isabel brands, is the second operator in terms of revenues with a market share of approximately 29.2%, according to the latest figures reported by Nielsen. Our main competitors are Wal-Mart Chile, Unimarc (SMU) and Tottus (Falabella). Table 1 below with the number of stores and respective sales room:

	Stores	Area (m ²)
Walmart Chile ²	363	926,717
Cencosud	245	578,362
SMU	511	591,000
Tottus	61	207,067

With its Paris and Johnson brands, Cencosud is the number one store-to-department operator in terms of number of stores and sales hall, but second in terms of revenue, competing directly with Falabella, the market leader, and Ripley, the third relevant. Additionally, we compete with La Polar, abcdin / Dijon and Hites. Below is a table³ with the number of stores and respective market share

	Stores	Area (m ²)	Market Shares ⁴
Falabella	44	304.233	35,59%
Paris y Johnson	78	370.688	25,2%
Ripley	42	269.446	18,09%
abcdin/Dijon	139	89.508	8,50%
La Polar	38	155.000	7,62%
Hites	21	120.987	5,01%

¹ Figures of Cencosud, SMU and Tottus correspond to their last publication as of December 31, 2016

² Source: Planet Retail as of December 31, 2016

³ Figures correspond to the last publication of each competitor as of September 30, 2016.

⁴ Market share calculated based on the published income of each competitor.

In the Home Improvement Stores segment, we estimate that Easy is the second player in the market in terms of revenue, operating a total of 35 stores with a sales area of 325,315 m2 as of December 31, 2016. Our main competitor is Sodimac, belonging to the Falabella group, market leader and which at the same time had a total of 85 stores with a sales area of 711,839 m2. The SMU Group is the third most important operator, operating through the Construmart brand, and as of September 30 it had 35 stores with 192,500 m2 of sales room. Below is a table with the number of stores and respective market share:

	Stores	Area (m ²)	Market Share ⁶
Sodimac (Falabella)	85	711.839	72,4%
Easy (Cencosud)	35	325.315	18,8%
SMU	35	192.500	8,8%

At the end of January 2017, the unemployment rate published by the National Statistics Institute (INE) for the November-January mobile quarter in Chile stood at 6.2%. This resulted in an increase of 0.4 percentage points in the last twelve months and growth of 0.1 percentage point compared to the previous mobile quarter.

Retail sales, measured as the Retail Sales Index reported by the INE increased by 4.0% real compared to last year. In December, the indicator grew 4.1% real in 12 months. According to the latest economic expectations survey conducted in March 2017, it is estimated that GDP would grow 1.8% in 2017 and 2.5% in 2018, according to the Central Bank of Chile, while inflation would be positioned in 3.0% for 2017 and 3.0% in 2018.

Argentina

our second most important market in terms of income, has a population of 43.4 million according to the Central Bank of Argentina. In this line, the country experienced annual GDP growth of 2.9% in 2013, 0.5% in 2014, 2.4% in 2015 and fell 2.3% in 2016. During 2016, inflation remained high Reaching 40.3% in the year, however, in the last two months the average inflation was 1.7% per month. The presence of Cencosud in Argentina is through the brands Jumbo, Disco and Veja in supermarkets, Easy in home improvement, 22 shopping centers and financial services. In the supermarket format, Cencosud competes with Carrefour, Wal-Mart and Coto, Cencosud being the second most relevant player in terms of market share, which reached 16.7% in December 2016, according to Nielsen. Carrefour, Coto and Wal-Mart are the first, third and fourth actor. In the home improvement segment, Cencosud is the first player in the market, with a total of 51 stores and 391,546 m2 of sales room, followed by Sodimac, with a total of 8 stores and 85,941 m2 of sales room. In the Shopping Centers segment, according to the leasable area reported by both operators as of December 31, 2016, and considering only the first two market players, IRSA has the first place with a 62.4% market share⁷ and Cencosud the Second with 37.6%.

⁵ Figures correspond to the last publication of the competitors as of December 31, 2016

⁶ Market share calculated based on the published income of each competitor.

⁷ Market share calculated based on the published income of competitors IRSA and Cencosud as of December 31, 2016.

Brazil

Brazil, our third largest market in terms of revenues, has a population of approximately 207.8 million and, according to the Central Bank of Brazil, experienced annual GDP growth of 3.0% in 2013, 0.5% in 2014, a contraction of 3.8% in 2015 and a decrease of 3.6% during 2016. According to the latest available ABRAS ranking, the Brazilian supermarket industry accounted for approximately 5.4% of Brazil's GDP in 2016 and industry Food retailer in Brazil had a nominal expansion of 7.1% compared to 2015, from gross income of R \$ 315.8 billion in 2015 to R \$ 338.7 billion in 2016. In this country we operate our Format of supermarkets through different brands in three different regions of the country, the northeast (Gbarbosa), Minas Gerais and Goias (Bretas) and Rio de Janeiro (Prezunic), having leadership positions in each of the regions. According to information available by Nielsen, our market share at December 31 reached 5.1% in the country. The main competitors in Brazil include CBD, Walmart Bz and Carrefour.

Peru

In Peru we operate through the Wong and Metro brands in supermarkets, Paris in the format of stores by department, four shopping centers and we provide financial services through the Cencosud Bank. In this market, as in the rest of the markets in which we operate, the most relevant segment is supermarkets, contributing with more than 85% of the income generated in Peru. In this segment we lead the industry with 35.9% market share according to Nielsen, competing with Peruvian Supermercados (InRetail) and Tottus (Falabella). In the Shop by Department business, we entered the Peruvian market in early 2013, where we competed with the same operators established in Chile, Falabella and Ripley and with local actors such as Oechsle.

Peru has a population of approximately 31.4 million inhabitants, according to the Central Reserve Bank of Peru GDP growth was 5.8% in 2013, 2.4% in 2014, 3.3% in 2015 and 3.9% in 2016. The Central Bank revealed through its latest economic expectations survey conducted on January 30, 2017, that GDP growth estimates will be placed at 3.9% in 2017 and 4.1% in 2018. Unemployment was 6.6% in the metropolitan area of Lima in the mobile quarter November-December 2015-January 2016.

Colombia

Colombia has a population of approximately 48.2 million and, according to the Central Bank of Colombia, GDP growth in 2014, 2015 and 2016 was 4.4%, 3.1% and 2.0%, respectively. Retail sales grew 0.9% from February 2016 - January 2017 / February 2015 - January 2016 and in the same period of the previous year the variation was 2.1% according to DANE. Unemployment in the country was 11.9% in January 2016, as published by the Central Bank, an increase from 8.7% in December 2016

In Colombia, Cencosud is the third most important supermarket chain in the industry, with a market share of 15.7%. It operates through its Jumbo and Metro brands, and competes with Éxito, the market leader. In addition, Cencosud operates its Home Improvement format through 10 stores under the Easy brand, with a total of 82,320 m² of sales room. In this market we also compete with Sodimac (Falabella), the most relevant operator in the market with 38 stores and 366,282 m² of sales room.

Environmental Regulations & Compliance

Environmental Regulations and Compliance

In each of Argentina, Brazil, Chile, Colombia and Peru, we are subject to the full range of governmental regulation and supervision generally applicable to companies engaged in business in each country, including labor laws, social security laws, public health, consumer protection and environmental laws, securities laws and antitrust laws. These include regulations to ensure sanitary and safe conditions in facilities for the sale and distribution of foodstuffs and requirements to obtain construction permits for our new facilities. We believe that we are in compliance in all material respects with all applicable statutory and administrative regulations with respect to our business in each of the countries in which we operate, including applicable environmental regulations.

The regulation of matters relating to the protection of the environment is not as well developed in Argentina, Brazil, Chile, Colombia and Peru as in the United States and certain other countries. Accordingly, we anticipate that additional laws and regulations will be enacted over time in these countries with respect to environmental matters. We believe that there are no material judicial or administrative proceedings pending against us with respect to any environmental matter and that we are in compliance in all material respects with all applicable environmental regulations in Argentina.

Chile

We and all of our subsidiaries with operations in Chile are subject to the *Ley de Protección al Consumidor*. Compliance with the *Ley de Protección al Consumidor* is enforced by SERNAC. We do not have any material proceedings arising from the *Ley de Protección al Consumidor*, and we believe we are in compliance with all material aspects of such law.

Our supermarkets are subject to inspection by the corresponding *Secretaría Regional Ministerial de Salud* (the Regional Sanitary Authority or “*SEREMI de Salud*”) which inspects supermarkets on a regular basis and takes samples for analysis. We regularly hire a private inspection company to undertake private inspections of our facilities to ensure that they meet or surpass all Chilean health standards. Our supermarkets are also subject to inspection by the *Servicio Agrícola y Ganadero* (the Agricultural and Livestock Service or “*SAG*”). Concessionaires that operate pharmacies within some of our supermarkets are also subject to licensing and inspection by the *SEREMI de Salud*. Except for government licenses required for the sale of alcoholic beverages, baked goods, pharmaceuticals, seafood and vegetables and customary business licenses required by local governmental authorities, there are no special governmental licenses or permits required for the sale and distribution of foodstuffs or other products sold by us.

⁸ Con excepción de lo descrito en el punto 8. Información Financiera – A. Declaraciones consolidadas e Información Financiera- Procedimientos legales y administrativos del documento anual 20-F.

Additionally, the Chilean antitrust authorities have broad regulatory powers and have authority to deny acquisitions which they consider will have adverse competitive effects on the relevant market or will promote anticompetitive behavior. The antitrust authorities have, from time to time, denied authorization for certain acquisitions, such as the denial of the proposed Falabella acquisition of D&S in January 2008.

Banco Paris and CAT are under the supervision of the SBIF, and *Paris Corredores de Seguros Limitada* is under the supervision of the SVS. Additionally, Banco Paris is subject to the Ley General de Bancos (the General Banking Law) and its regulations, and is inspected by the SBIF at least once a year. The inspection includes a review of the bank's credit risk policies and procedures, operational risks and control policies and other issues such as customer service, accounting rules, interest rates, information and technology and financial operations. Banco Paris is in compliance in all material respects to the regulations to which it is subject, Banco Paris closed on January 1, 2017.

CAT started its credit card operations in 2003 and until 2006 was not subject to any special regulation. In 2006 the SBIF issued a set of special regulations targeting the credit card business and placing under its supervision companies engaged in the issuance or operation of credit cards, including CAT, or any other similar systems, where the operator assumes monetary obligations to the public. Moreover the SERNAC regulates credit cards issued by retailers in matters related to consumers' protection. There is a maximum interest rate that can be charged, but there are certain other fees that are not considered for such purposes which allow retail credit card issuers to increase margins.

In December 13, 2013, an amendment to Law No. 18,010 (governing credit operations) became effective. The amendment resulted in several modifications to the then existing rules, including: (i) the establishment of lower limits on interest charged to outstanding amounts below UF 200, (ii) reductions in the amount of fees charged for prepayment, and (iii) an increase in the minimum period before early payment could be demanded for transactions of UF 200 or below, to 60 days.

Paris Corredores de Seguros Limitada, today CAT Corredores de Seguros y Servicios S.A., obtained in 1998 an insurance brokerage company authorization with the SVS and is subject to its supervision and regulations. In May 2015, Cencosud signed an agreement with Scotiabank to jointly develop the financial services business in Chile. Since then, the insurance business is run by CAT Corredores de Seguros y Servicios S.A., 49% owned by Cencosud. CAT Corredores de Seguros y Servicios S.A. is in compliance in all material respects with the regulations to which it is subject.

We are required to obtain a series of permits and authorizations to operate our shopping centers, which include the approval of the corresponding Dirección de Obras Municipales (Municipal Works Bureau), among others. Additionally, we are required to obtain for every new project a construction permit and be in compliance with a series of land use, commercial real estate and environmental regulations.

In an initiative by President Michelle Bachelet the Chilean Congress approved a modification to the Chilean labor codes amending the regulation governing employment by retail establishments on Sundays and holidays. Both houses agreed to add 7

Sundays a year to the required days off by entities governed by the regulation. This amendment increased days off from the 2 Sundays a month already contemplated in the Chilean labor code for such entities. Hourly wages were also amended by this initiative implementing a minimum 30% surcharge on already agreed upon wages for hours worked on Sundays. Commissions and bonuses are not taken into consideration when calculating said surcharge. The right of an employee to have designated Sundays off cannot be negotiated by employers, and employers cannot compensate employees in cash or by rolling over the number of Sundays from one year to the next.

Argentina

We and all of our subsidiaries with operations in Argentina are subject to the Consumer Protection Law (“CPL”). This law requires providing accurate information regarding the products and services provided, as well as offers made to consumers. Also, the CPL establishes joint and several liability for all of the providers involved in the commercialization of such products or services (including the producer, importer, distributor and the owner of the trademark). Compliance with said law is enforced by the *Secretaría de Comercio Interior* on a national level. On the provincial and municipal levels, there are numerous agencies that also enforce violations. We are facing several proceedings arising from the CPL. However, we believe we are in adequate compliance with all material aspects of this law.

Our supermarkets are subject to inspection by national, provincial and municipal authorities, including the *Servicio Nacional de Sanidad y Calidad Agroalimentaria*, *Administración Nacional de Medicamentos, Alimentos y Tecnología Médica* (“ANMAT”) and the *Secretaría de Comercio Interior*. We regularly hire a private inspection company to undertake private inspections of our facilities to ensure that we meet or surpass all Argentine health standards. Concessionaires that operate pharmacies within some of our supermarkets are also subject to licensing and inspection by the ANMAT. Except for government licenses required for the sale of alcoholic beverages, baked goods, pharmaceuticals, meat, seafood and vegetables and customary business licenses required by local governmental authorities, there are no special governmental licenses or permits required for the sale and distribution of foodstuffs or other products sold in our stores. Our supermarkets, shopping centers and home improvement stores in Argentina are required to have a series of authorizations and permits to operate. Also, our new projects in the province of Buenos Aires are required to comply with law 12.573 on major commercial areas to obtain the necessary authorizations. All existing and projected supermarkets are required to comply with the regulations concerning land use, commercial real estate and the environment.

Our credit card operations are subject to the Credit Card Law and its regulations, enforced by the *Secretaría de Comercio Interior*. We are also subject to regulations issued by the Central Bank of Argentina.

Cencosud acts as a distribution agent for several Argentine insurance companies, selling insurance to our customers on behalf of these insurance companies and collecting a fee for such sales. As such, Cencosud is registered with the *Superintendencia de Seguros de la Nación* as a distribution agent under Resolution SSN 38,052.

Additionally, the Argentine Antitrust Commission has broad regulatory powers and has authority to deny acquisitions which it considers will have adverse competitive effects on the relevant market or will promote anticompetitive behavior.

Brazil

We are subject to a wide range of governmental regulation and supervision generally applicable to companies engaged in business in Brazil, including federal, state and municipal regulations, such as labor laws, public health and environmental laws. In order to open and operate our stores in Brazil, we need a business permit and site approval, an inspection certificate from the local fire department as well as health and safety permits. Our stores are subject to inspection by municipal authorities. We believe that we are in compliance in all material respects with all statutory and administrative regulations applicable to our business.

Our business operations in Brazil are primarily affected by a set of consumer protection rules regulating matters such as advertising, labeling and consumer credit. We believe we are in compliance

in all material respects with these consumer protection regulations.

As a result of significant inflation during long periods in the past, it was common practice in Brazil not to label individual items. However, a federal regulation establishes that products exposed to consumers must contain information about prices (for instance price tags, signs or bar codes which can be read with scanners) in order to facilitate the identification of prices of each product by the consumer. Pursuant to these new rules, pricing information must be physically attached or adjacent to the product. When bar codes are used, the commercial establishment is required to provide easily accessible scanners. We believe that we are in compliance with these provisions in all material aspects.

The Brazilian Congress is discussing a bill requiring a prior assessment of the impact of the construction of a hypermarket in excess of 1,000 square meters on the relevant neighborhood. The proposed regulation is intended to protect traditional family-owned retailers that have increasingly lost market share in Brazil to the larger chains and hypermarkets. Regulations of this type already exist at the municipal level. For example, governmental authorities in the city of Porto Alegre in the State of Rio Grande do Sul issued a city ordinance in January 2001 prohibiting the construction of food retail stores with a selling area greater than 1,500 square meters, which in May 2005, was amended as to increase from 1,500 to 2,500 squares meters the selling area of food retail stores. Other Brazilian regions may adopt similar laws, and, if the bill pending before the Brazilian Congress becomes law, our future expansion and growth may be subject to significant constraints.

Additionally, the Brazilian antitrust authorities have broad regulatory powers and have authority to deny acquisitions which they consider will have adverse competitive effects on the relevant market or will promote anticompetitive behavior.

Pharmacies

Pharmacies owned or operated by us are subject to the control and monitoring of the Brazilian National Health Surveillance Agency (“ANVISA”) and public state and municipal health authorities. According to Law No. 6,360, of September 23, 1976, and Decree No. 79,049, of January 5, 1977, ANVISA has the power to control, monitor and issue authorizations to companies to legally extract, produce, pack, import, export, and store medications, pharmaceutical items, drugs and related products, cosmetics, personal hygiene products, perfumes and similar products, domestic cleaning products and beauty products. The authorization issued by ANVISA enables those kinds of companies to have operations in Brazil, as a whole, during an indeterminate period of time. The ANVISA authorization must be renewed whenever there is a change in a company’s activities, shareholders, officers or managers. Moreover, each establishment selling therapeutic, pharmaceutical, cosmetic and/or personal hygiene products, or developing any of the above-mentioned activities must also be licensed by the competent state or municipal sanitary authority, and have a technically responsible person duly authorized by the Pharmacy Regional Committee. On August 17, 2009, ANVISA enacted Regulation No. 44, which made significant changes to existing regulations establishing the (i) types of products that can be commercialized; (ii) how such product are displayed; (iii) pharmaceutical services offered; and (iv) internet sales.

Peru

Our subsidiaries with operations in Peru are subject to the Antitrust Law and the Consumer Protection Law. Compliance with these laws is enforced by the *Instituto Nacional de Defensa de la Competencia y de la Protección de la Propiedad Intelectual* (“INDECOPI”), the Peruvian public antitrust and consumer protection agency. Acquisitions are not subject to authorization from INDECOPI.

In addition to government licenses required for the sale of alcoholic beverages, baked goods, pharmaceuticals, seafood and vegetables and customary business licenses required by governmental authorities, such as the Agriculture Ministry, there are special governmental licenses or permits required for the sale and distribution of foodstuffs or other products sold at our stores. Our supermarkets are subject to inspection by the *Dirección General de Salud* (the General Health Office), a governmental office of the Health Ministry, which verifies the quality of our products. The sanitary inspection of our supermarkets is in charge of the local municipality. We believe that we are in compliance in all material respects with all applicable statutory and administrative regulations with respect to our business.

Our shopping centers are required to obtain a series of authorizations, such as an operation license from the local municipality, to operate. Additionally, we are required to obtain for every new project a construction permit and license from the local authority. We believe that we are in compliance in all material respects with these requirements.

Colombia

In Colombia, we are subject to laws that regulate competition and consumer protection. These laws include the *Ley de Protección al Consumidor* (Consumer Protection Law), which is enforced by the *Superintendencia de Industria y Comercio* (Superintendency of Industry and Commerce). Additionally, mergers and acquisitions are reviewed by the Superintendency of Industry and Commerce and by the Colombian Superintendency of Companies for compliance with antitrust and general corporate law requirements.

We are required to obtain a series of permits and authorizations to operate our businesses depending on the type of products and services that are offered to the public, but generally we are required to seek the approval of local and national agencies for sales of pet supplies, personal consumer products whether imported or of domestic origin, and compliance with noise and energy regulations. Each business we operate is also required to obtain environmental approvals. In addition, we are also subject to environmental regulation in respect of waste disposal at each of our stores.

Consumer finance and credit card operations are also subject to approval by the *Superintendencia Financiera de Colombia* (Colombian Financial Superintendency).

In an effort to eliminate plastic bags from stores, the Environmental Ministry enacted Resolution 0668 and law 1819, articles 207 and 208 in 2016, which imposed a tax on consumers that use plastic bags. This tax will take effect by July, 2017.

Pharmacies

Pharmacies owned or operated by us are subject to the control and monitoring of the *Superintendencia Nacional de Salud* ("SUPERSALUD") through the *Instituto Nacional de Vigilancia de Medicamentos y Alimentos* ("INVIMA") and city health authorities. According to Law No. 100, of 1993, art. 245, INVIMA has the power to control, monitor and issue authorizations to companies to legally extract, produce, pack, import, export, and store medications, pharmaceutical items, drugs and related products, cosmetics, personal hygiene products, perfumes and similar products, domestic cleaning products and beauty products. The authorization issued by INVIMA enables those kinds of companies to have operations in Colombia, as a whole, during an indeterminate period of time. The INVIMA authorization must be renewed whenever there is a change in a company's activities, shareholders, officers or managers.

On November 4, 2015 Cencosud announced the agreement to sell 39 pharmacies that the group operated within its supermarkets in Colombia, to Droguerías Cruz Verde. Cencosud no longer owns any pharmacies in Colombia. On February 10, 2016, Cencosud announced the sale of 47 pharmacies that the group operated within its supermarkets in Peru, to Mifarma. The deal included the transfer of assets and leasing of the stores for a period of 10 years starting in March 2016.

Gas Stations

According to section 212 of the Petroleum Code and Law 39 of 1987, distribution of liquid fuels and their derivatives is considered a public utility activity. Consequently, individuals or entities that engage in these activities are subject to regulations issued by the government in the interest of Colombian citizens. The Colombian government has the power to determine quality standards, measurement and control of liquid fuels, and establish penalties that may apply to dealers who do not observe such rules.

The Ministry of Mines and Energy of Colombia is the entity that controls and exercises technical supervision over the distribution of liquid fuels derived from petroleum, including the refining, importing, storage, transport and distribution in the country. Law 812 of 2003 identified the agents of the supply chain of petroleum-derived liquid fuels.

The distribution of liquid fuels, except LPG, is regulated by Decree 4299 of 2005, as modified by Decrees 1333 and 1717 of 2007 and 2008, respectively, which establish the requirements, obligations and penalties applicable to supply agents in the distribution, refining, import, storage, wholesale, transport, retail sale and consumption of liquid fuels.

Decrees 283 of 1990 and 1521 of 1998, and their modifications, establish minimum technical requirements for the construction of storage plants and service stations. The Decrees also regulate the distribution of liquid fuels, establishing the minimum requirements for distributors and the activities and types of agreements permitted for these agents. The Ministry of Mines and Energy also regulates the types of liquid fuels that can be sold and purchased and the penalties for noncompliance with governmental regulations.

As of May 2012, the CREG (*Comisión de Regulación de Energía y Gas*) determines the prices for regulated crude oil by-products, except for gasoline, diesel and biofuels (all of which are determined by the Ministry of Mines and Energy). The ANH (*Agencia Nacional de Hidrocarburos*) determines the price for crude oil corresponding to royalty payments. Jet fuel prices are determined according to Law 1450 of 2011.

The distribution of fuels in areas near Colombian borders is subject to specific regulations that impose stringent control procedures and requirements. Currently, Ecopetrol is no longer responsible for fuel distribution in these areas. That responsibility was transferred to the Ministry of Mines and Energy, pursuant to Law 1430 of 2010.

RISK FACTORS

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

Risks Related to Our Business and Our Industries

Economic conditions that impact consumer spending could materially affect us.

Ongoing economic uncertainty in the world economy could negatively affect consumer confidence and spending, including discretionary spending.

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

We face intense competition in each of our markets.

The retail industry in Chile, Argentina, Brazil, Peru and Colombia is characterized by intense competition and increasing pressure on profit margins. The number and type of competitors and the degree of competition experienced by individual stores varies by location. Competition occurs on the basis of price, location, quality of products and service, product variety and store conditions.

Efforts by others to enter the markets in which we operate, or to expand their existing businesses in such markets, could adversely affect our business. For example, SMU S.A., the owner of *Unimarc* supermarkets, completed an initial public offering in January 2017, and we expect that the proceeds therefrom would better position it to invest in its supermarkets business, including expansion of convenience stores in Chile. In addition, in March 2017, Walmart announced plans to invest U.S.\$800 million in Chile over the next three years, including to open new supermarkets, remodel certain existing stores, and to develop a distribution center and its online business. Other domestic and international players have also expressed their interest in expanding their business in certain of our markets. For example, clothing retailers Forever 21 and H&M have both announced plans to expand their presence in Chile and Peru. To the extent any of the foregoing measures implemented, our market share in the affected countries may decline, which could adversely affect our results.

We face strong competition from international and domestic operators of supermarkets, home improvement stores, department stores and shopping centers, including Carrefour, Walmart, Falabella and Casino, and providers of financial services, and it is possible that in the future other large international retailers or financial services providers may enter the markets in which we compete, either through joint ventures or directly. Some of our competitors have significantly greater financial resources than we do and could use these resources to take steps that could have a material and adverse effect on us. We also compete with numerous local and regional supermarket and retail store chains, as well as with small, family-owned neighborhood stores, informal markets, and street vendors.

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

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

In recent years, retail sales of food, clothing and home improvement products over the internet have increased significantly in each of the countries in which we operate, and we expect this trend to continue as more traditional retailers enter into the online retail field or expand their existing infrastructure therein. For example, Amazon recently announced that it would focus more resources on its business in certain of our markets. Growth in the internet retail business of our competitors would harm not only our retail operations but also our internet retail operations. Internet retailers are able to sell directly to consumers, diminishing the importance of traditional distribution channels such as supermarkets and retail stores. Certain internet food retailers have significantly lower operating costs than traditional hypermarkets and supermarkets because they do not rely on an expensive network of retail points of sale or a large sales force. As a result, such internet food retailers are able to offer their products at lower costs than we do and in certain cases are able to bypass retailing intermediaries and deliver particularly high-quality, fresh products to consumers. We believe that our consumers are increasingly using the internet to shop electronically for food and other retail goods, and that this trend is likely to continue. If internet sales continue to grow, consumers' reliance on traditional distribution channels such as our supermarkets, home improvement stores, department stores and shopping centers could be materially diminished, which could have a material adverse effect on us.

Our markets are undergoing rapid consolidation.

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

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

Chilean, Argentine, Brazilian, and Colombian antitrust laws contain provisions that require authorization by the antitrust authorities in those countries for the acquisition of, or entering into joint venture agreements with, companies with a relevant market share. Such authorizations have been denied in some cases involving the industries in which we operate. Peru does not currently apply such controls, but we cannot assure you that it will not impose them in the future.

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

Moreover, on December 14, 2011, the Chilean antitrust authority (*Fiscalía Nacional Económica*, or “FNE”) announced an investigation into anti-competitive practices in the food retail industry including several local operators such as Cencosud. In connection with this investigation, on January 6, 2016, the FNE presented a suit against Cencosud, Walmart Chile and SMU (holding company of *Unimarc* supermarkets), accusing them of colluding in order not to sell poultry products below a certain price.

Cencosud believes that it has complied with all applicable regulations in conducting its business will defend itself in court and expects to prove that it has not colluded with other supermarket operators to control prices, however we cannot guarantee such an outcome.

While the suit may result in the imposition of fines on the parties being investigated, including Cencosud, Cencosud does not believe that such fines, if any, would have a material adverse effect on its results of operations. Potential fines in this case could be up to 30,000 UTA (approximately U.S.\$23 million at the time of the suit filing). However, we cannot assure you that this investigation, or future investigations, will not result in a material adverse effect on us, including financial and reputational harm.

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

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

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

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

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

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

We have historically experienced seasonality in our retail sales in Chile, Argentina, Brazil, Peru and Colombia, principally due to stronger sales during the Christmas and New Year holiday season and during the beginning of each school year in March, and reduced sales during the months of January and February due to the summer holidays. For example, in 2014, 2015 and 2016, 28.0%, 27.7% and 27.6% of our consolidated revenues were generated during the fourth quarter, respectively. Any economic slowdown, interruption to our business or to the business of our suppliers, or the occurrence of any other circumstance that may impact our business during the first or last quarter of any fiscal year may therefore have a material adverse effect on us.

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

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

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

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

We receive from our suppliers rebates, allowances and promotional incentives that reduce our cost of inventories and related costs of goods sold, improving our gross margins.

For example, commercial allowances from suppliers include fees from suppliers for the sale of their products in our stores, supplier rebates and bonuses, supplier promotional allowances and fees, and fees from publicity activities carried out for third parties using our proprietary customer information. For the year ended December 31, 2016, supplier allowances and promotional incentives amounted to 16.4% of costs in our supermarket division, 9.5% of costs in our home improvement division and 6.0% of costs for our department store division. For the year ended December 31, 2016, the amount of these allowances and promotional incentives amounted to Ch\$1,237,454 million and were recorded as a reduction to inventory costs and related costs of sales. We cannot assure you that we will be able to obtain a similar level of such fees, rebates, bonuses or allowances in the future. Should any of our key suppliers reduce or otherwise eliminate these arrangements, our profit margin for the affected products could be impacted, which could in turn have a material adverse effect on us.

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

Our strategy aims to provide our customers with a superior shopping experience, delivering a greater variety of quality products and services than our competitors. This strategy is based on savings achieved through operational efficiencies that are transferable to the customer.

We couple this strategy with a focus on expanding our position both in Chile and other markets in Latin America that we believe offer attractive prospects for growth. The long-term success of our strategy is subject to significant risks, including failure to generate the expected number of additional sales volume and to reduce selling and administrative expenses; price reductions by competitors; difficulties in obtaining additional vendor allowances from suppliers in the expected amounts and necessary timeframe; difficulties in expanding operations due to adverse economic scenarios; difficulties in finding employees and delays in implementing our strategy. Any one of these factors could have a material adverse effect on us.

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

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

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

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

In developed markets consumers have begun to express a preference for small-box stores shunning away from traditional big-box outlets. This trend in markets such as the U.S. and the U.K. has been more evident in fresh, on-the-go foods and the grocery channel. As a consequence retailers in these markets such as Walmart, Tesco and Target have responded by turning to small-box stores as drivers for growth, as a means to target a more urban consumer and as an engine for revenue expansion. This has led to the rolling out of new formats such as Walmart Express, Tesco Express and Fresh and Easy Express in formats of 1,400 square meters distancing themselves from the traditional big-box 10,000 square meters outlets. As our markets have become more saturated and developed, we have noted the beginning of a similar trend in certain of the countries in which we operate.

We are currently undertaking a strategy that includes all types of formats in order to cater to a wide range of consumers. If such trend favoring small-box stores were to materialize in the markets in which we operate, it could materially and adversely affect our results of operations and financial condition.

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

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

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

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

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

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

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

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

Although not a part of our core business, our credit card and consumer finance operations in Chile, Argentina, Peru, Colombia and Brazil are a growing segment of our business. We currently bear all of the credit risk associated with our credit cards in Argentina and Peru. In Brazil, where we operate our credit card through a joint venture with Brazil's Banco Bradesco, we bear 50% of the credit risk associated with our cards, including defaults in payment and losses with Banco Bradesco bearing the remaining risk. In Colombia we are currently engaged in a joint venture with Colombia's Banco Colpatria through which we bear 50% of the credit risk associated with issued credit cards. In Chile we are currently engaged in a joint venture with Scotiabank through which we bear 49% of the credit risk associated with issued credit cards. Results of our financial business in Chile, Brazil and Colombia for the years ended December 31, 2016, 2015 and 2014 were included in the Financial Services segment.

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

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

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

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

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

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

Our failure to comply with credit card and banking laws and related permit requirements could subject us to investigations, enforcement actions, fines or penalties. For example, on April 24, 2013, the Supreme Court of Chile ruled on the class action suit filed by the Servicio Nacional del Consumidor (the National Consumer Service, or “SERNAC”), a Chilean government entity, against our former subsidiary Cencosud Administradora de Tarjetas S.A. (“CAT”), ordering CAT to reimburse certain cardholders for excess monthly maintenance fees charged since 2006 plus adjustments for inflation and interest. We have made all such required payments during 2013 through 2015, and have no further liability in connection with this matter following our disposition of CAT in 2015.

More recently, SERNAC initiated a voluntary collective mediation process in connection with CAT regarding an alleged change in credit card commissions’ policies, to which we have been invited. We believe we have been in compliance with all legal requirements and all contract terms, are actively collaborating in the process to ensure our customers are not affected, and do not expect any material impact from this mediation process.

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

Our food retail business sources fresh products from local producers and certain stores rely heavily on sales of perishable products. Climate changes and product supply disruptions may affect local producers’ ability to provide and our ability to sell such products, which may have a material adverse effect on us.

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

We have a significant focus on perishable products. Sales of perishable products accounted for approximately 37.9%, 38.4% and 35.8% of our total sales in 2016, 2015 and 2014, respectively. As we source part of our fresh products from local producers, such changes in climate could impair or limit our ability to source such products, thus affecting our capacity to offer the full assortment of products that we normally carry. Any such disruption could have a material adverse effect on us.

We rely on various suppliers and vendors to provide and deliver our product inventory on a continuous basis. We could suffer significant perishable product inventory losses in the event of the loss of a major supplier or vendor, disruption of our distribution network, extended power outages, natural disasters or other catastrophic occurrences. For example, recent reports of tainted Brazilian beef have affected the global beef supply chain, and eroded customer confidence in the product in Brazil and our other markets which import beef from Brazil, like Chile. As more countries suspend beef imports from Brazil, the global price for available beef is expected to rise, which, coupled with consumer perception after the scandal, could adversely affect our sales in Brazil and Chile. We have implemented certain systems to ensure our ordering is in line with demand. We cannot assure you, however, that our ordering systems will always work efficiently, in particular in connection with the opening of new stores, which have no, or a limited, ordering history. If we were to over-order, we could suffer inventory losses, which could have a material adverse effect on us.

We are dependent on key personnel.

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

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

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

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

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

We have entered into thirteen credit support agreements in connection with derivative transactions with different international and local financial intuitions. Each credit support agreement provides collateral obligations between swap counterparties to mitigate the existing credit risk inherent to operation. If a credit downgrade event occurs, it could result in our having to post additional collateral in connection with a “Margin Call” and us having to pay cash or any other eligible collateral to cover the incurred liabilities at a given valuation date. As of December 31, 2016, notional amounts in cross currency swaps with different counterparties stood at approximately U.S.\$2.5 billion.

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

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

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

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

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

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

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

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

We are subject to risks associated with real estate investments.

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

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

- exercise by our tenants of their legal right to terminate their leases early; and
- the inability to find new tenants as leases on our properties expire or terminate early.

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

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

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

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

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

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

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

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

Our future success depends on our ability to select and purchase quality merchandise at attractive prices. While we have historically been able to locate and purchase quality merchandise at good prices, such merchandise may become subject to higher import taxes than currently apply.

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

Labor relations may have a material adverse effect on us.

As of December 31, 2016, approximately 43.2% of our retail store employees were represented by unions under several collective bargaining agreements. Although we currently enjoy good relations with our employees and their unions, we have experienced labor strikes in the past and we cannot assure you that labor relations will continue to be positive or that deterioration in labor relations will not have a material adverse effect on us.

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

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

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

Although all of our distribution centers have a backup network link, uninterruptible power supply and emergency power systems, we cannot guarantee that our current backup systems and procedures will operate satisfactorily in the event of a regional emergency. Any substantial failure of our back-up systems to respond effectively or on a timely basis could have a material and adverse effect on us.

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

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

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

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

Natural disasters could disrupt our business and affect our results of operations. In particular, Chile, Argentina, Peru and Colombia are located in a seismically active region.

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

Peru in particular is exposed to recurring flooding and mudslides resulting from the heavy rain attributable to the El Niño phenomenon.

The first quarter of 2017 had Peru witness unusually heavy rains not seen in almost 20 years, causing damage to the country's infrastructure, caused shortages in food and water, and the deployment of armed forces to maintain order. While the economic impact of this disaster has not yet been quantified, we expect that it will negatively affect economic growth in Peru and our results from our Peruvian operations.

Chile, Argentina, Peru and Colombia are prone to earthquakes due to their location in the proximity of several major fault lines. A major earthquake, like the one that struck Chile in 2010 and 2015, could have significant negative consequences for our operations and for the general infrastructure in Chile or any of the other countries that were abovementioned, such as roads, rail and access to goods. Even though we maintain insurance policies standard for this industry with earthquake coverage, we cannot assure you that a future seismic event will not have a material adverse effect on us.

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

Despite the economic recovery and relative stabilization since the early 2000's, social and political tensions and high levels of poverty and unemployment continue throughout Latin America. For example, wide scale protests throughout Brazil have called for the impeachment of President Dilma Rousseff following ongoing investigations into allegations of corruption in state-controlled enterprises, which finally ended with the removal of the president from his position by the Senate in September 1, 2016.

The unstable political scenario may have contributed to the decline of the confidence of investors and the public in general, resulting in the current recession. If growth were to slow in the countries in which we operate, this could result in heightened political tension and protests, similar to the recent Agricultural strikes in Colombia and civil unrest in Brazil and Argentina. If these situations were to become widespread and government measures to reduce inequality failed, they could have an adverse effect on our business.

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

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

Our computer and communications systems and operations could be damaged or interrupted by fire, flood, power loss, telecommunications failures, earthquakes, acts of war or terrorism, acts of God, computer viruses, physical or electronic break-ins, and similar events or disruptions. Any of these events could cause system interruption, delays, and loss of critical data, and could prevent us from

accepting and fulfilling customer orders, which could make our product offerings less attractive and subject us to liability. Any of these events could damage our reputation, and accordingly, may have an adverse effect on our sales and results of operations.

Chile's tax reform, approved in September 2014, introduced changes that come into effect in the following years that may increase our operating and compliance costs.

The corporate tax rate in Chile has been increasing gradually in the years following the tax reform. The rate will be 25.5% for 2017 and 27% for 2018. The effects of this tax reform may increase our operating and compliance costs, which could negatively affect our financial results and our ability to grow our business. The Tax Reform Act was amended in February, 2016, but the key changes and impact of the reform remained.

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

The Chilean peso, Argentine Peso, Brazilian Real and Colombian Peso has been subject to large devaluations and appreciations in the past and could be subject to significant fluctuations in the future. The main driver of exchange rate volatility in the past years was the significant devaluations in other Latin American countries, as well as general uncertainty and trade imbalances in the global markets. More recently, the primary driver of exchange rate volatility has been the substantial depreciation of Latin American currencies, including the Chilean peso, Argentine Peso, Brazilian Real and Colombian peso against the U.S. dollar.

The value of the Chilean peso against the U.S. dollar may continue to fluctuate significantly in the future, as can be the same case for Brazilian Real and Colombian Peso.

Historically, a significant portion of our indebtedness has been denominated in U.S. dollars, while a substantial part of our revenues and operating expenses has been denominated in Chilean pesos. In addition in February 2015 the company accessed the international debt markets through a dual-tranche bond issuance. This new issuance significantly increased Cencosud's exposure to the U.S. dollar. If the Chilean peso's value declines against the dollar, we will need more Chilean pesos to repay the same amount of dollar-denominated debt. As a result, fluctuations in the Chilean peso to U.S. dollar exchange rate may affect us. As of December 31, 2016, after cross currency swaps and forward exchange agreements that fully hedge against the variation between the Chilean peso and the U.S. dollar, 17% of our net financial debt (bank borrowings and bonds) was denominated in U.S. dollars. The remainder of our interest-bearing debt is primarily UF- or Chilean peso-denominated and therefore not subject to exchange rate risk. We cannot assure you that our hedging policies will avoid future losses related to exchange rate variations.

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

Significant developments stemming from the recent U.S. presidential election could have a material adverse effect on us.

On November 8, 2016, Mr. Donald J. Trump was elected the president of the United States, and he took office on January 20, 2017. As a candidate, President-Elect Trump espoused antipathy towards existing and proposed trade agreements, greater restrictions on free trade generally and significant increases on tariffs on goods imported into the United States. Changes in U.S. social, political, regulatory and economic conditions or in laws and policies governing foreign trade, manufacturing, development and investment in the countries where we currently operate could adversely affect economic growth in these countries, and accordingly may have an adverse effect on our business.

Risks related to Chile

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

42.0%, 37.6% and 36.3% of our revenues from ordinary activities in the years ended December 31, 2016, 2015 and 2014, respectively, were derived from revenues in Chile. Accordingly, our results of operations and financial condition are dependent to a significant extent on the level of economic activity in Chile. The Chilean economy has been influenced, to varying degrees, by economic conditions in other emerging market countries. We cannot assure you that the Chilean economy will continue to grow in the future or that future developments in or affecting the Chilean economy, including further consequences of economic difficulties in Brazil, Argentina and other emerging markets, will not have a material adverse effect on us.

In difficult economic conditions, consumers may seek to reduce discretionary spending by forgoing purchases of some of our products, electing to use fewer higher-margin services or obtaining products and services under lower-cost programs offered by competitors. If any of these events were to occur, it could have a material adverse effect on us.

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

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

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

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

Chile is currently involved in litigation at the international court at The Hague with its neighboring country Bolivia over its current borders and water rights of the Silala River. We cannot assure you that crisis and political uncertainty in other Latin American countries will not have a material adverse effect on the Chilean economy, and, as a result, our results of operations and the market value of our securities.

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

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

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

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

Chile has experienced high levels of inflation in the past when compared to the country's Central Bank inflationary target, including increases in the Chilean consumer price index of inflation of 4.6% in 2014, inflation of 4.4% in 2015 and inflation of 2.7% in 2016 according to the National Institute of Statistics of Chile.

The measures taken by the Chilean Central Bank to control inflation have often included maintaining a tight monetary policy with high interest rates, thereby restricting the availability of credit and retarding economic growth. Inflation, measures to combat inflation and public speculation about possible additional actions have also contributed materially to economic uncertainty in Chile and to heightened volatility in its securities markets. Periods of higher inflation may also slow the growth rate of the Chilean economy, which could lead to reduced demand for our products and services and decreased sales. Inflation is also likely to increase some of our costs and expenses, given that the majority of our supply contracts are denominated in *Unidades de Fomento* or are indexed to the Chilean consumer price index, and we may not be able to fully pass any such increases on to our customers, which could have a material adverse effect on us. Furthermore, at December 31, 2016, approximately 19% of our outstanding debt was UF-denominated. As a result, severe increases in inflation could affect the Chilean economy and could have a material adverse effect on us.

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

Financial reporting and securities disclosure requirements in Chile differ in certain significant respects from those required in the United States. There are also material differences between IFRS and U.S. GAAP. Accordingly, the information about Cencosud S.A. available to you will not be the same as the information available to holders of shares issued by a U.S. company. In addition, the Chilean Securities Market Law, which governs open or publicly listed companies, such as us, imposes disclosure requirements that are more limited than those in the United States in certain important respects. In addition, although Chilean law imposes restrictions on insider trading and price manipulation, applicable Chilean laws are different from those in the United States, and the Chilean securities markets are not as highly regulated and supervised as the U.S. securities markets.

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

On December 29, 2014 the executive branch of the Chilean government, led by President Michelle Bachelet, signed an extensive labor reform bill which was sent to the Chilean Congress for parliamentary proceedings and approval. A revised version of the bill was approved by the Senate and the lower house, and was enacted into law on August 29, 2016.

This bill includes the following:

- Extension of collective bargaining coverage of workers who work on a temporary basis, or those who work in a company in an intern capacity.
- Expansion of matters covered by collective bargaining.
- Establishment of collective bargaining agreement provisions as the basis for negotiations between workers and employers, where a collective bargaining has been entered into. In the absence of a collective bargaining agreement, the employer's response, which is required to include benefits that are at least equal to the benefits granted union employees, will constitute the basis of the negotiation.
- Granting autonomy to companies and trade union organizations that agree on special working conditions, such as accommodation of employees with family responsibilities and the distribution of weekly working hours.

- Regulation of the trade union organizations' right to information regarding the financial conditions of the company and remuneration of workers in executive positions.
- Recognition of the effective strike as a right of collective exercise and prohibition of the replacement of workers on strike.
- Requirement that women represent no less than 30% of the directors in a union.
- Creation of the Superior Labor Council, whose regulations will establish mechanisms to ensure that at least one-third of its members are women.
- Recognition of inter-company unions, small unions and micro unions, though negotiations with such unions is voluntary.

During 2016, collective bargaining with unions resulted in up to 30 processes involving over 35% of our total headcount in Chile. During this period no strikes were registered. Starting in April 2017, the implementation of the labor reform will begin, increasing the bargaining power of the unions, which could result in increased labor costs and/or a higher probability of disruptions at our operations, which could have an adverse effect on our operations.

Risks related to Argentina

From April 1, 1991 until the end of 2001, the Convertibility Law No. 23,928 and Regulatory Decree No. 529/91 (together, the “Convertibility Law”) established a fixed exchange rate under which the Central Bank of Argentina was obliged to sell U.S. dollars at a fixed rate of one Argentine peso per U.S. dollar. On January 6, 2002, the Argentine Congress enacted the Public Emergency Law, which suspended certain provisions of the Convertibility Law, including the fixed exchange rate of Ar\$1.00 to U.S.\$1.00, and granted the executive branch of the Argentine government the power to set the exchange rate between the Argentine peso and foreign currencies and to issue regulations related to the foreign exchange market. Following a brief period during which the Argentine government established a temporary dual exchange rate system, pursuant to the Public Emergency Law, the Argentine peso has been allowed to float freely against other currencies since February 2002. For the last few years the Argentine government has maintained a policy of intervention in foreign exchange markets, conducting periodic transactions for the sale and purchase of U.S. dollars. This trend has changed with the current Administration, which shows a more market friendly orientation.

Presidential and Congressional elections in Argentina took place on October 25, 2015, and a runoff election (ballotage) between the two leading presidential candidates was held on November 22, 2015, which resulted in Mr. Mauricio Macri being elected President of Argentina.

The Macri administration took office on December 10, 2015. The Macri administration implemented, after December 17, 2015, several reforms to the foreign exchange market to provide greater flexibility and easier access to the foreign exchange market.

In December 2015 the Argentine Central Bank returned to a free-float policy with interventions designed to enhance the operation of the foreign exchange market. However, immediately after a significant portion of the foreign exchange controls were lifted, the peso devalued by approximately 40%, as the peso-U.S. dollar exchange rate reached Ps. 13.76 to U.S. \$1.00 on December 17, 2015. The peso has since floated freely with limited intervention by the Central Bank, and the nominal exchange rate experienced moderate variations.

Although general economic conditions in Argentina have recovered significantly after the 2002 crisis, there is uncertainty as to whether this growth is sustainable, especially considering the lower growth rates of recent years, and current public fiscal deficit. This is mainly because the economic growth was initially dependent on a significant devaluation of the Argentine peso and a high excess production capacity derived after a long period of deep recession, and was favored by high commodity prices. The global economic crisis of 2008 has led to a sudden deceleration of the economy, accompanied by political and social unrest, inflationary and Argentine peso depreciation pressures and lack of consumer and investor confidence.

According to the *Instituto Nacional de Estadísticas y Censos* (the Argentine National Institute of Statistics and Census, or “INDEC”), Argentina’s gross domestic product, in real terms, grew by 0.1% in 2009, 9.4% in 2010 and is estimated to have grown 8.5%, 0.9% and 2.9% in 2011, 2012 and 2013, respectively while expanding 0.5% in 2014. In 2015, real GDP increased by 2.4% compared to 2014. INDEC reported that real GDP decreased by 2.3% in 2016 compared to 2015. We cannot assure you that GDP will increase or remain stable in the future. Economic growth in Argentina could face challenges related to its balance of payments and levels of reserves.

Following IMF reports regarding the data produced by the INDEC, in 2014, the INDEC released the IPCNu, an index that measures prices on goods across the country replacing the previous index that only measured inflation in the urban area of the Autonomous City of Buenos Aires. The Macri administration appointed new authorities at INDEC, to implement methodological changes and adjust statistics on the basis of these reforms. In January 2016, the new INDEC authorities announced the discontinuance of the methodology used by the previous administration and declared a state of statistical emergency, through which it suspended the publication of indexes indefinitely until the INDEC is able to calculate them on accurate official data.

Argentina has reached an agreement with a significant portion of holdout creditors of its foreign debt discussed in the New York courts, which was approved by the Argentine Congress on March 31, 2016. The Argentine Congress passed the Debt Authorization Law, thereby repealing the legislative obstacles to the settlement and approving the settlement proposal with the holdout creditors.

On April 22, 2016, Argentina issued U.S.\$16.5 billion of new debt securities in the international capital markets, and applied U.S.\$9.3 billion of the net proceeds to satisfy settlement payments on agreements with holders of approximately U.S.\$4.2 billion principal amount of untendered debt. Upon confirmation that the conditions set forth in its March 2, 2016 order had been satisfied, the New York court, on April 22, 2016, ordered the vacatur of all *pari passu* injunctions. As of January 2017, agreements in principle have been executed with holders of approximately 83% of principal amount of untendered debt (outstanding as of December 31, 2015).

The impact that the measures taken by the new administration will have on the Argentine economy as a whole and the financial sector in particular cannot be predicted. In addition, there is uncertainty as to which measures announced during the presidential election campaign will be implemented by the Macri administration and when. In particular, we cannot predict how the Macri administration will address certain political and economic issues that were central during the presidential election campaign, such as the financing of public expenditures, public service subsidies and tax reforms, or the impact that any measures related to these issues that are implemented by the Macri administration will have on the Argentine economy as a whole. Additionally, in the recent elections, political parties opposed to the Macri administration retained a majority of the seats in the Argentine Congress, which will require the Macri administration to seek political support from the opposition for its economic proposals. This creates further uncertainty in the ability of the Macri administration to pass any measures. The inability of the Macri administration to implement its proposed

measures as a result of lack of political support may adversely affect the Argentine economy and financial condition and, as a consequence, our financial condition.

Changes in statistic figures published by INDEC may affect its credibility and ability to provide reliable information about the Country's main economic indicators.

In January 2007, the INDEC modified its methodology used in calculating the consumer price index. At the same time, the Argentine government also replaced several key personnel at the INDEC, prompting complaints of government interference from the technical staff at the INDEC. In addition, the IMF requested that the government clarify its inflation rates. In June 2008, the INDEC published a new consumer price index that eliminated nearly half of the items included in previous surveys and introduced adjustable weightings for fruit, vegetables and clothing, which have seasonal cost variations.

The new index was criticized by economists and investors after its initial report found prices rising well below expectations. These events affected the credibility of the consumer price index published by INDEC, as well as other index published by INDEC that use the consumer price index in their calculation, including the poverty index, the unemployment index and real GDP. On February 1, 2013 Argentina became the first member nation of the IMF to be censured due to concerns that it may be underreporting inflation and GDP figures.

The IMF gave Argentina a deadline of September 29, 2013 to take “remedial measures” to boost the accuracy of the data provided. In January 2014 the Argentine government revealed a new inflation index based on a new calculation methodology. In 2014, and 2015, the IMF reacted cautiously to the index stating that it would continue to review progress made by the Republic of Argentina revising inflation and gross domestic product statistics later in 2016.

The Macri administration replaced the authorities of INDEC. The new INDEC Director, Mr. Jorge Todesca, made substantial changes to the Institute methods and thus, more reliable statistics and data had been produced. During the first six months of this reorganization period, the INDEC published official Consumer Price Index (“CPI”) figures published by the City of Buenos Aires and the Province of San Luis for reference. Certain revised foreign trade, balance of payment and GDP data for the years 2011 through 2015 and the CPI for May, June and July 2016 were released by the INDEC after the state of administrative emergency was declared on January 8, 2016. In October 2016, the INDEC reported that real GDP decreased by 2.4% in the first nine months of 2016 compared to the same period in 2015. On June 15, 2016, the INDEC resumed publishing inflation rates, reporting an increase of 1.1% for September 2016, 2.4% for October 2016, 1.6% for November 2016 and 1.2% for December 2016 using its new methodology for calculating the CPI. We expect that INDEC will continue in this trend.

Intervention by the Argentine government in the Argentine economy has decreased but certain policies of the former government are still in force.

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

Currently price controls in the Republic of Argentina are enforced under the "Precios Cuidados" program, an agreement between the government and retailers. This program reflects the basic basket of products for the country's population and as of March, 2016, was comprised of more than 500 products in supermarkets and in the home improvement industry. Recently, the Argentine Secretary of Commerce ("*Secretaría de Comercio Interior*") has extended the duration of this program until May 2017. If these programs were to be expanded, they could have a materially adverse effect on us.

In December 2015, President Macri enacted two decrees in an effort to promote the inflow of foreign currency into Argentina and limit export duties (i) Decree 133/2015, which eliminated taxes on exports of wheat and corn, bovine meat, and decreased the tax on soybean exports; and (ii) Decree 160/2015 eliminating almost all of the duties on industrial exports. The Macri administration also eliminated foreign exchange restrictions to the payments of imports.

Recently implemented increases in the cost of public transportation and services may have a negative effect on our operating results

The economic policies implemented by Macri's Administration aim to reduce the State deficit by, among other things, raising the fares and prices of public transportation and services. These increases had been challenged in the courts due to the excessive Degree of increases, which in certain cases, such as fares for public transportation and gas and electricity prices, are proposed to increase by approximately 500%. While these increases are expected to occur gradually, they may result in a decrease in consumption by consumers, and accordingly, may have an adverse effect on our business.

Risks related to Brazil

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

In the years ended December 31, 2014, 2015 and 2016 our operations in Brazil represented 20.1%, 15.3% and 15.4% of our consolidated revenues from ordinary activities for such periods, respectively. Accordingly, our financial condition and results of operations are dependent on economic conditions in Brazil. The Brazilian economy has experienced significant volatility in recent decades, characterized by periods of low or negative growth, high and variable levels of inflation, currency devaluation, downgrades of Brazil's investment credit rating and high levels of unemployment. Brazil is currently going through a deep recession. In 2015 and 2016, the Brazilian Real appreciated approximately 18.3% and devaluated 49.8% against the U.S. dollar, respectively. Brazil's gross domestic product, in real terms, grew 1.9% in 2012, 3.0% in 2013 and 0.5% in 2014 and decreased 3.8% in 2015 and 3.6% in 2016. We cannot assure you that GDP will increase or remain stable in the future.

Future developments in the Brazilian economy may affect Brazil's growth rates and, consequently, the consumption of our products. As a result, these developments could have a material adverse effect on us.

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

Currently, Brazilian markets are experiencing heightened volatility due to the uncertainties derived from the ongoing Lava Jato investigation, being conducted by the Office of the Brazilian Federal Prosecutor, and its impact on the Brazilian economy and political environment. Members of the Brazilian federal government and of the legislative branch, as well as senior officers of large state-owned companies as well as privately held companies, have faced allegations of political corruption, since they have allegedly accepted bribes by means of kickbacks on contracts granted by the government to several infrastructure, oil and gas and construction companies. The profits of these kickbacks allegedly financed the political campaigns of political parties of the current federal government coalition that were unaccounted for or not publicly disclosed, and personally enriched the recipients of bribes under this bribery scheme. The potential outcome of these investigations is uncertain, but they have already had an adverse impact on the image and reputation of the implicated companies, and on the general market perception of the Brazilian economy. Most recently, the Brazilian president was removed by the senate in connection with such investigations.

In addition, certain states in Brazil, in particular Rio de Janeiro, have been experiencing significant financial troubles. In June 2016, Rio de Janeiro declared a state of "financial disaster" in order to change budgetary priorities while remaining in compliance with Brazil's fiscal laws. The economic conditions there have continued to worsen, with many state civil servants not receiving their salaries. This turmoil has led to an increase in unemployment, impacted GDP growth, and adversely effected the general economic conditions in Brazil.

The fiscal instability, ongoing investigations into allegations of corruption in state-controlled enterprises and the unstable political scenario that has slowed the pace of the fiscal adjustment were factors that may have contributed to the decline of the confidence of investors and the public in general, resulting in the current recession. The political and economic crises facing the country have contributed to undermining the confidence of consumers and investors. The unstable political scenario may also have an adverse impact on our business, financial condition, results of operations and the market price of our preferred shares and ADSs. For more information on the economic situation in Brazil.

Changes in Brazilian tax laws may increase our tax burden.

The Brazilian government frequently implements changes to tax regimes that may affect us and our customers. These changes include changes in prevailing tax rates and, occasionally, enactment of temporary taxes, the proceeds of which are earmarked for designated governmental purposes.

Some of these changes may result in increases in our tax payments, which could adversely affect industry profitability and increase the prices of our products, restrict our ability to do business in our existing and target markets and have a material adverse effect on us. We cannot assure you that we will be able to maintain our projected cash flow and profitability following any increases in Brazilian taxes applicable to us.

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

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

- interest rates
- monetary policy
- exchange controls and restrictions on remittances abroad
- currency fluctuations
- Inflation
- liquidity of domestic capital and financial markets
- Tax policy and,
- Other political, social and economic policies or developments in or affecting Brazil

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

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

Brazil has historically experienced high rates of inflation. In the recent past, inflation, as well as government efforts to combat inflation have had significant negative effects on the Brazilian economy and contributed to heightened volatility in the Brazilian securities market. In 2016, inflation measured by the Brazilian consumer price index (*Índice de Preços ao Consumidor*), or IPCA, fell notably after ending 2015 at 10.67%, above the upper limit of 6.5%, established by the Brazilian monetary council. As a result of the decline, inflation is now within the Central Bank's target band of 2.5% to 6.5% closing at 6.3% in 2016. The inflation target for 2017 is set at 4.5%, allowing for a range two percentage points below or above this target. In 2017, factors that may adversely affect consumer inflation are, among others, (i) the depreciation of the Real against global benchmark currencies, (ii) a possible decision by the Brazilian federal government to raise utility prices (such as electricity tariffs) and (iii) potential tax increases. The market consensus forecast see inflation closing at 4.9% for 2017. The market expects inflation of 4.7% for 2018.

The Brazilian government's measures to control inflation have often included maintaining a tight monetary policy with high interest rates, thereby restricting the availability of credit and reducing economic growth. As a result, interest rates have fluctuated significantly. The Special System for Settlement and Custody (Sistema Especial de Liquidação e Custódia, or "SELIC") interest rate in Brazil at December 31 was 10.0% in 2013, 14.25% in 2014, 13.25% in 2015 and 13.00% in 2016, as determined by the Central Bank of Brazil's Monetary Policy Committee (Comitê de Política Monetária do Banco Central).

The government has proposed a set of macroeconomic adjustment measures and is setting the stage for structural reforms. The proposal is based on an ambitious fiscal consolidation plan, to reduce the inflation expectations and enable a drop in the real exchange rate, to boost competitiveness, productivity and investments. However, implementation of the reform program has proven difficult given the challenges in reaching a consensus in Congress.

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

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

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

Our business in Brazil is subject to governmental regulation.

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

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

Brazil's power generation sector relies on, among others, hydroelectric plants, whose generation levels are affected by prevailing hydrological conditions, which are dependent on rainfall levels and heat levels. If hydrological conditions result in a low supply of electricity in Brazil, that could cause, among other things, the implementation of broad electricity conservation programs, including mandatory reductions in electricity generation or consumption. Brazil has experienced record heat levels in January 2014 which, coupled with a prolonged lack of rain, have left hydroelectric reservoirs at low levels. The recurrence in the future of unfavorable hydrological conditions could lead to the implementation of broad electricity conservation programs or increases in energy prices. In the event of electricity shortages, our operations and inventory management could be materially and adversely affected. This may in turn adversely affect our financial conditions and results from operations.

Risks related to Peru

Economic, social and political developments in Peru, including political instability, could have an adverse effect on us.

Our operations in Peru represented 8.7%, 9.1% and 9.6% in 2014, 2015 and 2016 respectively, of our consolidated revenues from ordinary activities. Our results of operations and financial condition may be affected by changes in economic and other policies of the Peruvian government.

In the 1980's, Peru suffered through periods of high inflation, which materially undermined the Peruvian economy and the government's ability to create conditions that would support economic growth. However, the economic model has remained solid and consistent for more than 20 years, which has allowed foreign and local investors to invest freely in Peru. Furthermore, they can rely on constitutional protection of their investments.

In June 2016, after a democratic and participative presidential election in which Pedro Pablo Kuczynski ran on a pro-investment and open market platform, Mr. Kuczynski was elected as President (with 50.1% of the votes) for the 2016-2021 term. The election of Mr. Kuczynski as the new president is likely to generate a more predictable and prosperous domestic market, which in turn will generate a more attractive market for investors. However, the president will likely face opposition, as his party has a small presence in Congress (18 of 130 seats) and will have to forge alliances with other parties, in particular the "Fuerza Popular" (pro-Fujimori), which holds the majority of congressional seats (73 out of 130 seats).

In January 2017, Peru terminated a contract with a consortium led by Odebrecht SA to build a U.S.\$7.0 billion natural gas pipeline, due to Odebrecht SA's failure to secure timely financing, which was precipitated by allegations of bribery and corruption with respect to the process of awarding the pipeline contract, among other projects in and outside of Peru. The cancellation of this and other projects is expected to have a negative impact on economic growth of between 0.5% and 1.0% because of the delay of the infrastructure works affecting private investment and consumption. While the Peruvian government has introduced a package of economic measures called "Plan 150 Mil" whose objective is to achieve a 4.0% economic growth rate, there can be no assurance that these economic measures will be implemented as expected, or that they will be successful in boosting economic growth in Peru. To the extent consumption in Peru stagnates, it could have an adverse effect on our business.

We are also currently in mediation proceedings with respect to a land lease agreement we entered into with the Peruvian army in which the price of the lease of one property is under discussion. While we believe that we have complied with all legal requirements and with the terms of the lease, the outcome of the mediations proceedings is unknown. However, we do not expect that any costs or monetary penalties that could result therefrom would have any material impact on our business and operations.

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

The Peruvian currency has historically experienced a significant number of devaluations and, as a result, the Peruvian government has adopted and operated under various exchange rate control practices and determination policies, ranging from strict control to market determination of exchange rates. More recently, the Nuevo Sol appreciated against the U.S. dollar by 5.4% in 2012 and depreciated against the U.S. dollar by 9.6% in 2013, 6.7% in 2014, and 14.3% in 2015 and appreciated 1.6% in 2016. As the Peruvian economy is partially dollarized, devaluation of the Nuevo Sol against the U.S. dollar could have a negative impact on the economy. Therefore, any significant devaluation of the Nuevo Sol against the U.S. dollar could have a material adverse effect on us.

Peru's strong macroeconomic performance, dependence on minerals and metals exports and imported foodstuffs makes the economy vulnerable to fluctuations in world prices. Nonetheless, Peru continues to be a strong performing economy with some of the highest growth rates in Latin America and the world.

Tax reform measures in Peru may affect our operating results.

Recent tax reforms in Peru have resulted in a gradual increase in the corporate income tax rate. For 2017, the corporate income tax rate is increasing from 28.5% to 29.5%. While this was coupled with a decrease in the tax on dividends from 6.8% to 5% (applicable to distributions of profits originating as from 2017), these reforms may have an adverse effect on our operating results for our Peruvian operations.

Risks related to Colombia

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

As a result of our acquisition of supermarket operation in Colombia, the Colombian market has become a significant part of our supermarket business and related results of operations. Colombia has suffered periods of significant economic and political instability in the past. Colombia represented 10.2%, 8.3% and 8.6% of total consolidated revenues for 2014, 2015 and 2016, respectively.

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

Colombia's fiscal deficit and growing public debt could adversely affect the Colombian economy. The Colombian fiscal deficit was 2.2% of GDP in 2013, 2.6% in 2014, 3.2% in 2015 and last available estimates made public in February 23, 2017 place the fiscal deficit at 3.6% of GDP in 2016. Despite the recovery of Colombia's economy over the past several years, we cannot assure you that such growth and relative stability will be sustained.

If the condition of the Colombian economy were to deteriorate, we would likely be adversely affected.

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

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

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

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

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

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

Although Colombia has maintained stable economic growth since 2003 and an inflation rate below 8% during the last 10 years, in the past, economic growth has been negatively affected by lower foreign direct investment and high inflation rates and the perception of political instability. We cannot assure you that growth achieved in recent years by the Colombian economy will continue in future periods.

If the perception of improved overall stability in Colombia deteriorates or if foreign direct investment declines, the Colombian economy may face a downturn, which could negatively affect our results of operations.

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

The Colombian government has indicated that tightening credit conditions in financial markets could have a potential, although limited, negative impact on Colombian economy mainly through lower foreign direct investment flows. A significant decline in the economic growth of any of Colombia's major trading partners, such as the United States and China, could have a material adverse impact on Colombia's balance of trade and adversely affect Colombia's economic growth. According to the Colombian Ministry of Commerce, the United States is Colombia's largest export market. According to the Office of the United States Trade Representative, Colombia was the United States' 27th largest supplier of goods imports in 2015. U.S. goods imports from Colombia totaled US\$14 billion in 2015, down 23% (US\$4.2 billion) from 2014. U.S. imports from Colombia are down 39.2% from 2011 (pre-FTA). A decline in U.S. demand could have a material adverse effect on Colombian exports and Colombia's economic growth, which could, in turn, likely have detrimental results on our business activities.

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

Colombia has experienced several periods of criminal violence over the past four decades, primarily due to the activities of guerilla, paramilitary groups and drug cartels. In remote regions of the country, where governmental presence is minimal, these groups have exerted influence over the local population and funded their activities by protecting and rendering services to drug traffickers. In response, the Colombian government has implemented various security measures and has strengthened its military and police forces, including the creation of specialized units. Despite these efforts, drug-related crime and guerrilla and paramilitary activity continue to exist in Colombia. Any possible escalation in the violence associated with these activities may have a negative impact on the Colombian economy in the future. In the context of any political instability, allegations have been made against members of the Colombian government concerning possible ties with paramilitary groups. These allegations may have a negative impact on the Colombian government's credibility, which could in turn have a negative impact on the Colombian economy or our operations there in the future. In October 2016, the Colombian Government signed a peace agreement with the FARC guerilla to seek their demobilization and end of the armed conflict. The peace agreement was submitted to Colombian voters through a referendum in which voters rejected the peace agreement. In November 2016, the Colombian Government entered into a new peace agreement with FARC without submitting the agreement to voter approval. The Colombian Government is currently in negotiations for a peace agreement with the ELN guerrilla group.

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

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

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

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

Our Colombian operations are subject to regulation.

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

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

Recent tax reform in Colombia may have an adverse effect on our sales.

Effective January 2017, the VAT rate in Colombia increased from 16% to 19%. This increase will result in an increase in the effective price our customers pay for our products, which may have an adverse effect on our sales and results of operations in Colombia. In addition, effective March 2017, an increase to the income tax rates in Colombia will take effect. The resulting decrease in disposable income could have an adverse effect on our sales and results of operations.

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

The enactment of new tax laws and regulations, and uncertainties with respect to the application or interpretations of future tax policies, pose risks to us. In recent years, Colombian tax authorities have imposed additional taxes in a variety of areas, such as taxes on financial transactions and other taxes on net worth, have modified income tax withholding rates and have eliminated certain tax benefits. The last structural fiscal reform mandated an increase in the general VAT rate from 16% to 19% in 2017.

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

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

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

An administrative expropriation proceedings may occur when the factors supporting the expropriation represent an imminent risk affecting public interest. Before conducting an administrative expropriation, the Colombian government must offer to purchase the asset from its owner at market value as determined by an independent appraiser.

If no agreement is reached by the parties after 30 days of such offering, the Colombian government may expropriate the asset directly (i.e., without having to conduct a judicial proceeding) and establish the indemnification amount based on the asset's market value. After the expropriation, the parties may challenge the validity of the expropriation and the amount of the indemnification granted through a judicial process.

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

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

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

High rates of inflation may have an adverse impact us.

Rates of inflation in Colombia have been historically high, and we cannot assure you that inflation will not return to high levels. Inflation rates were 1.9% for 2013, 3.66% for 2014, 6.77% in 2015 and 5.75% in 2016. Inflationary pressures may, among other things, reduce consumers' purchasing power and we cannot assure you that measures taken by the Colombian government and Colombian Central Bank will suffice to curb inflation. A return to high inflation in Colombia may harm our results of operations.

Risks related to our Shares and the ADSs

Market volatility may affect our stock price and the value of your investment.

The market price of our ADSs may be volatile and may be influenced by many factors, some of which are beyond our control, including:

- the failure of financial analysts to cover the ADSs or our common stock or changes in financial estimates by analysts;
- actual or anticipated variations in our operating results or the operating results of our competitors;
- changes in financial estimates by financial analysts, or any failure by us to meet or exceed any such estimates, or changes in the recommendations of any financial analysts that elect to follow the ADSs or shares of common stock or the shares of common stock of our competitors;
- announcements by us or our competitors of significant contracts or acquisitions;
- future sales of the ADSs and shares of common stock, including sales by our controlling shareholder;
- investor perceptions of us and the industries in which we operate;

- failure of any of our initiatives to achieve commercial success;
- fluctuations in stock market prices and trading volumes of securities of similar companies;
- general market conditions and overall fluctuations in U.S. equity markets;
- changes in our financial guidance to investors and analysts;
- delays in, or our failure to provide financial guidance;
- additions or departures of any of our key personnel;
- changes in accounting principles or methodologies;
- changing legal or regulatory developments in the United States and other countries, including the countries in which we operate; and
- Discussion of us or our stock price by the financial press and in online investor communities.

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

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

Our shares of common stock are listed and traded on the Santiago Stock Exchange and the Chile Electronic Stock Exchange, which we collectively refer to as the “Chilean Stock Exchanges.” Although ADS holders are entitled to withdraw shares of common stock underlying the ADSs from The Bank of New York Mellon (the “Depositary”) at any time, the Chilean Stock Exchanges are substantially smaller, less liquid and more volatile than major securities markets in the United States. Although our shares of common stock are traded on the Chilean Stock Exchanges, there can be no assurance that a liquid trading market for our shares of common stock will continue to exist. As of the date of this annual report, our non-controlling shareholders hold approximately 46.2% of our outstanding shares of common stock. A limited trading market in general and our concentrated ownership in particular may impair the ability of an ADS holder to sell in the Chilean market any shares of common stock obtained upon withdrawal of such shares from the ADS facility in the amount and at the price and time such holder desires, and could increase volatility of the price of the ADSs.

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

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

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

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

We are currently controlled by our founder, Mr. Horst Paulmann, who beneficially owns and controls approximately 53.4% of our shares, through *Inversiones Quinchamali Ltda.*, *Inversiones Latadía Ltda.* and *Inversiones Tano Ltda.*, as of the date of this annual report. In 2016, Mr. Paulmann publicly sold shares representing approximately 6% of our total outstanding shares. Further dispositions by our controlling shareholder of a significant number of our shares, or the perception that such a disposition might occur, could materially and adversely affect the trading price of our shares of common stock on the Santiago Stock Exchange as well as the market price of the ADSs on the New York Stock Exchange.

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

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

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

We are a "foreign private issuer" within the meaning of the NYSE corporate governance standards. Under the NYSE listing rules, a foreign private issuer may elect to comply with the practice of its home country and not to comply with certain NYSE corporate governance requirements, including the requirements that (1) a majority of the board of directors consist of independent directors, (2) a nominating and corporate governance committee be established that is composed entirely of independent directors and has a written charter addressing the committee's purpose and responsibilities,

(3) a compensation committee be established that is composed entirely of independent directors and has a written charter addressing the committee's purpose and responsibilities, and (4) an annual performance evaluation of the nominating and corporate governance and compensation committees be undertaken. Therefore, you will not have the same protections afforded to shareholders of companies that are subject to all New NYSE corporate governance requirements.

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

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

The corporate disclosure requirements applicable to us may not be equivalent to the requirements applicable to a U.S. company and, as a result, you may receive less information about us than you might otherwise receive in connection with a comparable U.S. company. We are subject to the periodic reporting requirements of the Exchange Act of 1934, as amended (the "Exchange Act") that apply to "foreign private issuers."

The periodic disclosure required of foreign private issuers under the Exchange Act is more limited than the periodic disclosure required of U.S. issuers. For example, we will be required only to file an annual report on Form 20-F, but we are not required to file any quarterly reports. A U.S. registrant must file an annual report on Form 10-K and three quarterly reports on Form 10-Q. In addition, we will be required to file current reports on Form 6-K, but the information that we must disclose in those reports is governed primarily by Chilean law disclosure requirements and may differ from Form 8-K's current reporting requirements imposed on a U.S. issuer. Finally, we are not subject to the proxy requirements of Section 14 of the Exchange Act and our officers, directors and principal shareholders are not subject to the short swing insider trading reporting and recovery requirements under Section 16 of the Exchange Act.

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

Our corporate affairs are governed by our Bylaws (which serve the combined function of the articles of incorporation and the bylaws of a U.S. corporation), and the laws of Chile. Under such laws and our Bylaws, our shareholders may have fewer or less well-defined rights than they might have as shareholders of a corporation incorporated in a U.S. jurisdiction. For example, our shareholders would not be entitled to redemption rights in the event of a merger or other business combination undertaken by us.

Persons or entities who seek to acquire control of a publicly-held Chilean corporation through a tender offer (*oferta pública de adquisición de acciones*), must make an offer to any and all shareholders of such company.

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

Equity investments into Chile from abroad are subject to the requirement that investors provide Chile's Central Bank with information related to such equity investments and conduct any operations in connection with the repatriation of investments and earnings on them within Chile's Mercado Cambiario Formal, or Formal Exchange Market.

Holders of ADSs are entitled to receive dividends on the underlying shares to the same extent as the holders of shares. Dividends received by holders of ADSs will be converted into U.S. dollars and distributed net of foreign currency exchange fees and expenses and fees of the Depositary and will be subject to Chilean withholding tax, currently imposed at a rate of 35%. If for any reason, including changes in Chilean laws or regulations, the Depositary were unable to convert Chilean pesos to U.S. dollars, investors may receive dividends and other distributions, if any, in Chilean pesos.

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

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

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

If the value of the Chilean peso falls relative to the U.S. dollar, the value of the ADSs and any distributions to be received from the Depositary for the ADSs could be materially and adversely affected. Cash distributions made in respect of the ADSs are received by the Depositary in Chilean pesos, are then converted by the Depositary into U.S. dollars at the then prevailing exchange rate and distributed to the holders of ADSs.

In addition, the Depositary will incur foreign currency conversion costs (to be borne by the holders of the ADSs) in connection with the foreign currency conversion and subsequent distribution of dividends or other payments with respect to ADSs.

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

We are a Chilean corporation. None of our directors are residents of the United States and most of our executive officers reside outside the United States. In addition, a substantial portion of our assets and the assets of our directors and executive officers are located outside the United States. As a result, it may be difficult for ADS holders to effect service of process outside Chile upon us or our directors and executive officers or to bring an action against us or such persons in the United States or Chile to enforce liabilities based on U.S. federal securities laws. It may also be difficult for ADS holders to enforce in the United States or in Chilean courts money judgments obtained in United States courts against us or our directors and executive officers based on civil liability provisions of the U.S. federal securities laws. If a U.S. court grants a final money judgment in an action based on the civil liability provisions of the federal securities laws of the United States, enforceability of this money judgment in Chile will be subject to the obtaining of the relevant “*exequatur*” (i.e., recognition and enforcement of the foreign judgment) according to Chilean civil procedure law currently in force, and consequently, subject to the satisfaction of certain factors.

The most important of these factors are the existence of reciprocity, the absence of a conflicting judgment by a Chilean court relating to the same parties and arising from the same facts and circumstances and the Chilean courts’ determination that the U.S. courts had jurisdiction, that process was appropriately served on the defendant and that enforcement would not violate Chilean public policy. Failure to satisfy any of such requirements may result in non-enforcement of your rights.

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

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

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

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

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

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

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

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

- our transformation into a different type of legal entity;
- our merger with or into another company;
- the disposition of 50% or more of our assets, whether or not that sale includes our liabilities or the proposal or amendment of any business plan involving the transfer of more than 50% of our assets; the sale of 50% or more of the assets of an affiliate which represents at least 20% of the assets of the corporation, as well as any sale of its shares which would result in us ceasing to be in control of such subsidiary;

- the granting of security interests or personal guarantees to secure or guarantee third parties' obligations exceeding 50% of our assets, except with regard to security interests or personal guarantees are granted to secure or guarantee obligations of our subsidiaries;
- the creation of preferential rights for a class of shares or an amendment to those already existing, in which case the redemption right only accrues to dissenting shareholders of the class or classes of shares adversely affected;
- the amendment of our Bylaws to correct any formal defect in our incorporation, which might cause our Bylaws to be null and void, or any amendment of our Bylaws that grants a shareholder a redemption right;
- the approval by our shareholders of our ceasing to be subject to the regulations applicable to publicly held corporations in the event we no longer meet the requirements under Chilean law to qualify as such a corporation; and
- any other causes as may be established by Chilean law and our Bylaws (our Bylaws currently do not establish any instances).

In addition, shareholders of a publicly held corporation have a redemption right if a person acquires two-thirds or more of the outstanding voting stock of the company and does not make a tender offer for the remaining shares within 30 days of that acquisition at a price not lower than the price that would be paid shareholders exercising their redemption rights.

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

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

If an ADS holder does not become a registered shareholder of the Company prior to such record date he will not be able to exercise the redemption rights available to registered shareholders.

INVESTMENT PLAN 2017

1. For 2017 the Company expects a progressive acceleration of revenue growth, reaching USD 16,500 million in the year, due to a better performance from the businesses, increased online business growth, selected store openings and an improved economic regional environment, particularly in Peru, Argentina and Brazil
2. Continuing with the implemented Financial Strengthening and Profitability Plan, it would take Adjusted EBITDA to an expected range of 7.3% to 7.6%
3. Capex Plan reaches USD 500 million for 2017 and it is estimated at USD 2,500 million for the next 4 years

Cencosud will continue to deepen its Financial Strengthening and Business Profitability Plan, progressively accelerating sales growth, as a result of the reinforcement of its Value Proposition, online business and organic growth on markets of greatest potential. The aforementioned also supported by greater maturity reached among the countries with operations, having reached a solid financial position and the prospect of a more favorable regional economic context, particularly in Peru, Argentina and Brazil

Consolidated Revenues are expected to reach the equivalent to USD 16,500 million¹ in the year (which will depend on currency fluctuations), and an Adjusted EBITDA in the range of 7.3% to 7.6%.

The Company will continue to advance on defined strategic pillars:

Reinforcement of its Value Proposition, shopping experience and Customer loyalty

The Plan to reinforce the Value Proposition and store competitiveness considers an increased pace on store remodeling, along with the standardization of operational processes and improved logistic capabilities.

A strategic impulse will be given to CRM and Customer Loyalty, through the implementation of a world class Customer Centricity Platform. This new SAP HANA tool – which first step will be in Chile – will provide a consolidated customer view through all formats and channels, allowing to manage and optimize online commercial, marketing and planning initiatives, generating sales and margin expansions.

¹ Considers the following average Exchange rates against USD for 2017:

Chile: 687	Argentina: 17	Brazil: 3,4	Colombia: 3.020	Peru: 3,4
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Omnichannel developments, Innovation and leadership in new trends

Supermarkets: a new e-commerce platform will be implemented for Chile, Colombia, Argentina and Peru, to obtain synergies at the development and support for websites at food and greater demand adjustment capabilities. In Chile, Click & Collect and Drive thru availability will be expanded to all regional capitals, Self-Check Out will be implemented at 13 Jumbo stores and Self Scanning at 43 Santa Isabel stores, besides the 100% migration to a new check-out technology system. In Argentina, e-commerce coverage will be expanded to 100% of the cities where the brand has a store and Drive thru will be placed at 10 Disco and Jumbo stores. In Peru, Click & Collect will be executed at 4 locations and Drive thru at 2 stores; virtual kiosks will be offered at all non-food purchases and the web service for online purchases will be launched at Metro. In Colombia, 100% coverage of telephone sales will be achieved in cities where it has a store, Jumbo's e-commerce and Drive thru coverage will be expanded to Bogota, Medellin and Cali, Click & Collect to Bogotá, and will begin food e-commerce sales at Metro.

Department Stores: a new e-commerce website will be launched in Chile, to potentiate the visits conversion rate thru increased assortment and fewer steps to complete payment, allowing to optimize logistic operations and back-office. Green sales will be offered; resulting from technological integration with suppliers, which will permit us to offer greater assortment with lower inventories. In Peru, e-commerce operations will be inaugurated and a relevant step will be taken towards the widening of online assortment of products.

Home Improvement: WMS will begin to operate (Warehouse Management Software) at Easy Distribution Center in Chile, for the automation of orders; Green Sales will be potentiated and automated, Click & Collect service provided and a special module for sales to corporations will be implemented at Chile's website.

Shopping Centers: Wi-Fi service will be amplified at all of our main Shopping Centers, as well as mobile app developments.

Focus on Health & Wellness, environmental care, private label and exclusive brands penetration, and the implementation of Sustainability and CSR programs will be deepened in all the region.

Efficiency, productivity and financial discipline

We will continued to work on the review of underperforming stores and the search of efficiencies thru the consolidation of commercial and non-commercial purchase agreements (services, supplies, equipment, etc.) and over the optimization and automation of back-office services managed by the Shared Service Center.

At logistics, the construction of a new Distribution Center for Easy will be initiated in Argentina, and the installation of an automatic sorter at Buenos Aires Distribution Center. At Department Stores, CD's mechanization will be widened. In Colombia, the strengthening of perishables distribution network is foreseen at country level, and in Peru, an upgrade of ERP SAP platform will be implemented.

In Brazil, changes in processes are expected to secure levels of availability of products above 90%, the automation of the product registration system in SAP (Cadastro) will be completed and wifi collectors will be implemented to receive products in store. Cencosud will continue with the Plan of sale of non-core assets and businesses and evaluating alternatives that will accelerate the development of the real estate potential across the Region.

Although the company has a solid level of liquidity and a comfortable maturity profile, financial discipline will continue to focus on gradually strengthening of financial and debt indicators.

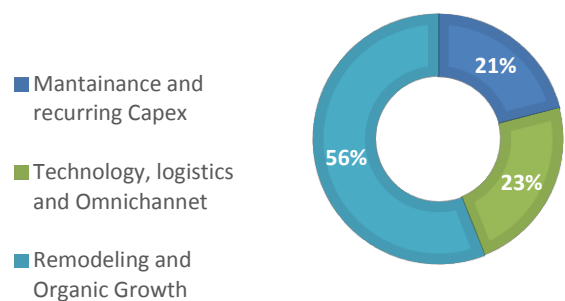
Investment Plan


During 2016, 15 new stores were opened: 12 Supermarkets, 2 Department Stores and 1 Home Improvement Store. In addition, a new Perishable Distribution Center was inaugurated in Chile, the construction of 2 Shopping Centers was started; One in La Molina, Peru and another in Valdivia, Chile and the extension of the Restaurants Boulevard in Alto Las Condes. In parallel, 38 remodeling projects were developed – distributed in the 5 countries – 27 of which were completed within the year.

By 2017, the focus of investments will continue to be on strengthening of the Value Proposition and competitiveness of stores, innovation and improvement in logistics and technological capabilities, Omnichannel development and growth in sales area through selective opening of stores and the acceleration of remodeling Plan. In addition to the above, will start the development of new Shopping Centers in the Region and expansion of existing malls.

Organic growth for the next 4 years includes investments of USD 2.5 billion, while 2017 Capex is estimated at USD 500 million, which will be financed mainly by the generation of own resources.

CAPEX distribution for 2017 by Investment type





CONSOLIDATED FINANCIAL STATEMENTS AND RELEVANT SUBSIDIARIES

